QDDR

Leading Through Civilian Power

The First Quadrennial Diplomacy and Development Review

2010

DEDICATION

Just as this report was going to press, America lost one of its most distinguished public servants. Richard C. Holbrooke was a rare talent, and he represented the best of our nation's civilian power. He understood that we cannot project our leadership unless we also promote our values. His first assignment as a Foreign Service officer in the early 1960s included a tour of duty in the Mekong Delta with the U.S. Agency for International Development. Later he oversaw the Peace Corps's efforts in Morocco. Out of government, he co-founded and led humanitarian organizations dedicated to saving lives. And in his final assignment, as the Special Representative for Afghanistan and Pakistan, he saw that the futures of the Afghan, Pakistani, and American people were inextricably connected.

As a diplomat, Ambassador Holbrooke was bold, tenacious, and creative—qualities that all of us at State and USAID aspire to. He personified the concept of Ambassador as CEO. He helped normalize our relations with China, helped Europe emerge from the Cold War, and was the main architect of the Dayton Accords, which ended the war in Bosnia 15 years ago. As a patriot and public servant, he devoted his life to the idea that American power could be used for good in the world. He left us far too soon, but his legacy will inspire Foreign Service personnel and development professionals for generations to come.

Although he spent much of his life in face-to-face negotiations, Ambassador Holbrooke always insisted that talk ultimately lead to action. In that spirit, we dedicate this report to his memory, and we rededicate ourselves to turning our ideas into action.

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How can we do better?

It's a question that business owners across the country are asking themselves every day. They want to make sure they're getting the most out of every dollar. It's an important exercise even in the best economic times. In tough times, it's critical.

Many government leaders ask themselves the same question. When I was a Senator, I served on the Armed Services Committee, where I watched the Defense Department go through its impressive Quadrennial Defense Review. I saw how the QDR provided a strategic plan for the department. It forced hard decisions about priorities, and it made sure those priorities were reflected in the budget. It was a clear-eyed answer to the question: *How can we do better?*

After I became Secretary of State, I started asking the same question. I could see that we did many things well. The State Department and USAID have phenomenal employees, from health workers serving in remote villages to Foreign Service personnel posted at bustling embassies to many other staff stationed across the United States. But I quickly learned that we could do more to equip our people to do their best work, spend our resources efficiently, achieve our objectives effectively, and adapt to the demands of a changing world.

So last year, I announced a sweeping review of diplomacy and development, the core missions of the State Department and USAID respectively. We consulted hundreds of people throughout the U.S. government and around the world. This report, the inaugural Quadrennial Diplomacy and Development Review (QDDR), is the result.

I have made the QDDR one of our highest priorities. Just as every business must get the most out of every dollar from its investors, State and USAID have to get the most out of every dollar from the American taxpayers; we also have to look ahead, planning for a changing world. It's ultimately about delivering results for the American people—protecting our interests and projecting our leadership in the 21st century.

As President Obama observed this year in his National Security Strategy, "We live in a time of sweeping change." New actors, good and bad, have the power to shape international affairs like never before. The challenges we face—nuclear proliferation, global pandemics, climate change, terrorism—are more complex than ever.

It's not enough simply to keep up with all of this change. We must stay ahead of it. To that end, we will build up our civilian power: the combined force of civilians working together across the U.S. government to practice diplomacy, carry out development projects, and prevent and respond to crises. Many different agencies contribute to these efforts today. But their work can be more unified, more focused, and more efficient.

The State Department and USAID will take a lead role in making that happen. We will provide the strategic framework and oversight on the ground to ensure that America's civilian power is deployed as effectively as possible. As the QDDR explains, we will work to break down walls between agencies. We will eliminate overlap, set priorities, and fund only the work that supports those priorities. We will empower our people to make decisions and hold them accountable for the results.

This begins with the Chiefs of Mission in our embassies around the world. Running an embassy is more complicated than ever. We will give our Chiefs of Mission the tools they need to oversee the work of all U.S. government agencies working in their host country, essentially serving as the Chief Executive Officer of a multi-agency mission. We will enhance their training, empower them to contribute to the evaluation of all personnel who serve at their posts, and engage them more fully in policymaking in Washington. It sounds basic, but it's the kind of change that will help us tap the full potential of our civilian power.

We will also pursue new ways of doing business that help us bring together like-minded people and nations to solve the pressing problems we all face. We will reform and update international institutions, and we'll use 21st century statecraft to extend the reach of our diplomacy beyond the halls of government office buildings.

In development, we are re-establishing USAID as the world's premier development agency. To make sure that our investments have the biggest possible impact, we will focus our efforts in six core areas where we have expertise. We're investing heavily in innovation to spark more advances in those areas. We're improving the way we measure results, and we will make funding decisions based on those results.

Other changes are more operational. We heard from State staff around the world that they spend too much time tied to their desks, fulfilling hundreds of reporting requirements mandated by both Congress and the Department. So we are streamlining workloads by limiting the length of reports and ending the practice of requiring two reports when one will do.

Many more reforms are detailed in the pages that follow. They all have one common purpose: to harness our civilian power to advance America's interests and help make a world in which more people in more places can live in freedom, enjoy economic opportunity, and have a chance to live up to their God-given potential. I am confident that we are on the way to fulfilling that purpose.

I would like to thank everyone who contributed their ideas and shaped this document. You set a high bar for every QDDR that will follow by helping us see how we can do better.

Hillary Rodham Clinton

Hillary Rodham Clinton

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Leading Through Civilian Power:

2010 Quadrennial Diplomacy and Development Review

EXECUTIVE SUMMARY

Somewhere in the world today, a jeep winds its way through a remote region of a developing country. Inside are a State Department diplomat with deep knowledge of the area's different ethnic groups and a USAID development expert with long experience helping communities lift themselves out of poverty. They are on their way to talk with local councils about a range of projects—a new water filtration system, new ways to elevate the role of women in the community, and so on—that could make life better for thousands of people while improving local attitudes toward the United States.

They are not strangers to this region, nor are they the only American officials to visit. Their mission is part of a larger coordinated strategy that draws on all the tools of our foreign policy. They have been preceded by colleagues from other agencies—irrigation specialists from the Department of Agriculture, public health professionals from the Centers for Disease Control and Prevention, experts in the rule of law from the Department of Justice, and more.

At the nearest U.S. embassy, our Ambassador manages a diverse and dedicated team drawn from across the U.S. government. Other U.S. posts around the region contribute insight and expertise. From Washington, colleagues are sending strategic guidance and resources.

To build an effective partnership with their host country and advance America's interests and values, these U.S. civilians on the ground will often have to work as a seamless team, bringing their unique strengths to bear and adapting together to fast-changing circumstances on the ground. That is exactly what they have been trained to do. They are the leading edge of America's forward-deployed civilian power, as comfortable in work boots as wing tips, and they are on the frontlines of our country's efforts to meet the challenges and seize the opportunities of the 21st century.

Civilian power is the combined force of women and men across the U.S. government who are practicing diplomacy, implementing development projects, strengthening alliances and partnerships, preventing and responding to crises and conflict, and advancing America's core interests: security, prosperity, universal values—especially democracy and human rights—and a just international order. They are the people who negotiate peace treaties, stand up for human rights, strengthen our economic cooperation and development, and lead interagency delegations to conferences on climate change. It is the civilian side of the government working as one, just as our military services work together as a unified force.

These civilians ask one question again and again: How can we do a better job of advancing the interests of the American people? The answer should be the same for every agency and department: We can work smarter and better by setting clear priorities, managing for results, holding ourselves accountable, and unifying our efforts. The first-ever Quadrennial Diplomacy and Development Review (QDDR) aims to meet these goals by setting forth a sweeping reform agenda for the State Department and USAID, the lead agencies for foreign relations and development respectively. It builds on the work of Secretary Clinton's predecessors, who recognized many of the needs we address here in reports such as Secretary Rice's *Transformational Diplomacy*. The QDDR follows in the footsteps of the quadrennial reviews by the Departments of Defense and Homeland Security in taking a comprehensive look at how we can spend our resources most efficiently, how we can achieve our priorities most effectively, what we should be doing differently, and how we should prepare ourselves for the world ahead.

To begin, we must do much more with what we have. Secretary Clinton began her tenure by stressing the need to elevate civilian power alongside military power as equal pillars of U.S. foreign policy. She called for an integrated "smart power" approach to solving global problems—a concept that is embodied in the President's National Security Strategy.

The starting premise of the QDDR is that to achieve this vision, and the savings and performance it can yield, we must recognize that civilian power in the world is not limited to State and USAID alone. We have seen astonishing growth in the number of civilian agencies that engage in international activity: energy diplomacy, disease prevention, police training, trade promotion, and many other areas.

When the work of these agencies is aligned, it protects America's interests and projects our leadership. We help prevent fragile states from descending into chaos, spur economic growth abroad, secure investments for American business, open new markets for American goods, promote trade overseas, and create jobs here at home. We help other countries build integrated, sustainable public health systems that serve their people and prevent the spread of disease. We

help prevent the spread of nuclear weapons. We support civil society groups in countries around the world in their work to choose their governments and hold those governments accountable. We support women's efforts to become financially independent, educate their children, improve their communities, and help make peace in their countries. This is an affirmative American agenda—a global agenda—that is uncompromising in its defense of our security but equally committed to advancing our prosperity and standing up for our values.

Empowering the people who carry out this work to deliver results for the American people is the ultimate goal of this report. Hundreds of experts from across State and USAID participated in QDDR working groups, and many more from inside and outside government offered suggestions. This report reflects their experience, as well as the strategic vision of the Secretary and the senior leadership of both agencies.

Although this kind of review inevitably emphasizes what we can do better, it is important to start by recognizing and commending State and USAID's long history of successfully advancing America's interests abroad. Much of what we do, we do very well. This QDDR does not, and need not, focus on those areas of success. Instead, Secretary Clinton directed the QDDR to focus on specific opportunities for improvement, where we need to adapt, where we can fulfill our missions more efficiently.

The QDDR begins by assessing the world as it is today and the changes we expect in the years ahead. Key global trends are reshaping international affairs and placing new demands on our diplomats and development experts. Threats loom, including violent extremism, nuclear proliferation, climate change, and economic shocks that could set back global prosperity.

At the same time, the forces that fuel these challenges—economic interdependence and the speedy movement of information, capital, goods, and people—are also creating unprecedented opportunities. Power in the international system, once exercised more or less exclusively by a handful of great powers, is now shared by a wide array of states, institutions, and non-state actors. And the information revolution has accelerated the tempo of international affairs. It has unleashed new threats, as when confidential diplomatic communications are published online, endangering lives around the world and undermining efforts to promote the common good. But it also offers extraordinary opportunities for more people in more places to participate in global debates and make a difference in the lives of people in need. After the earthquake in Haiti this year, individual donors used text messaging to raise $40 million for the recovery.

U.S. diplomats, development experts, and civilian specialists grapple with the implications of all these trends every day. Their ability to do their jobs—and deliver results for the American people—depends

on our capacity to adapt to and shape this changing world. The recommendations of the QDDR are all aimed toward this end. They will save money, but more importantly, they will save lives.

* * *

The rest of this executive summary is divided into four sections: **Diplomacy for the 21st Century,** which shows how we will adapt our diplomacy to new threats and opportunities; **Transforming Development to Deliver Results,** which highlights our efforts to re-establish USAID as the world's preeminent development agency; **Preventing and Responding to Conflict and Crisis,** which describes how we will improve our ability to operate in fragile states and help stop conflicts before they happen; and **Working Smarter,** which explains how we will improve our approaches to planning, procurement, and personnel.

Diplomacy for the 21st Century

Secretary Hillary Rodham Clinton delivers remarks to the President's Forum with Young African Leaders at the Department of State, August 3, 2010.

Traditional diplomacy—the kind conducted in government ministries, palaces, and the headquarters of global organizations—remains an indispensable tool of our foreign policy. But the diplomatic landscape of the 21st century features an increasingly varied set of actors who influence international debates: more states capable of acting on their own diplomatic agendas, a variety of U.S. government agencies operating abroad, transnational networks, corporations, foundations, non-governmental organizations, religious groups, and citizens themselves. U.S. diplomacy must adapt to this landscape. It must also reshape it.

To do that, our Ambassadors will have to direct and coordinate global civilian operations in the field and pursue diplomatic initiatives that involve many disparate parts of the U.S. government. They also have to be prepared to go beyond the state to engage directly with new networks, from the private sector to the private citizen.

I. LEADING THE IMPLEMENTATION OF GLOBAL CIVILIAN OPERATIONS

At the heart of America's civilian power are the men and women who work every day, many of them in dangerous and difficult circumstances, to advance our interests and values. Today, they include not just diplomats and USAID development experts, but also civilian specialists from other agencies and departments who have deep knowledge of key fields, such as public health, agriculture, justice and law enforcement. These agencies and departments have their own mandates and objectives, which makes coordination all the more important.

To achieve our goals—for example, helping a country make a peaceful transition to democracy—all these people must work together. That is only possible if the Chief of Mission is empowered to direct and supervise these efforts.

In partnership with other agencies, we will:

- **Empower and hold accountable Chiefs of Mission as Chief Executive Officers of interagency missions.** We will work with other agencies to ensure that Chiefs of Mission can contribute to the evaluation of all personnel at post, engage directly in high-level policymaking in Washington, D.C., where possible, and have clear reporting structures for all U.S. civilians in-country. We will also seek input from other agencies in reviewing the performance of our Chiefs of Mission.

- **Prioritize interagency experience and talents as criteria for choosing and training Chiefs of Mission and Deputy Chiefs of Mission.** We will also expand their interagency training.

- **Fundamentally change our management approach by turning to the expertise of other federal agencies where appropriate**—*before* engaging private contractors. This will help all federal agencies build lasting relationships with foreign counterparts and reduce our reliance on contractors.

II. ADAPTING U.S. DIPLOMACY TO MEET NEW CHALLENGES

Secretary Clinton has said that solving foreign policy problems today requires us to think regionally and globally, to see the intersections and connections linking nations and regions and interests, and to bring countries and peoples together as only America can. Our diplomats need the training and the means to build these innovative new partnerships. We will:

- Make a series of organizational changes within State to make our work on transnational issues more effective. Most of these changes would not require new staff—they are designed to unify efforts that are already underway, eliminating gaps and overlap. We are:

  - **Creating an Under Secretary for Economic Growth, Energy and the Environment** to enhance our effectiveness on these interconnected global issues.

- **Establishing a new Bureau for Energy Resources** to unite our diplomatic and programmatic efforts on oil, natural gas, coal, electricity, renewable energy, energy governance, strategic resources, and energy poverty.

- **Elevating economic diplomacy as an essential strand of our foreign policy** by expanding State's role on geo-economic issues. This includes appointing a Chief Economist, who will create a new early-warning mechanism—coordinated with other similar systems throughout the U.S. government—to identify issues at the intersection of economics, security, and politics.

- **Creating an Under Secretary for Civilian Security, Democracy, and Human Rights** to organize our efforts most effectively to advance human security.

- **Expanding the capacities of the Under Secretary for Arms Control and International Security Affairs** by establishing a new Bureau for Arms Control, Verification, and Compliance and restructuring the Bureau of International Security and Nonproliferation.

- **Working with Congress to establish a Bureau for Counterterrorism,** which will enhance our ability to counter violent extremism, build partner capacity, and engage in counterterrorism diplomacy.

- **Establishing a Coordinator for Cyber Issues** who will lead State's engagement on cybersecurity and other cyber issues, including efforts to protect a critical part of diplomacy—the confidentiality of communications between and among governments.

- **Deepen engagement with our closest allies and partners.** We will strengthen our regional cooperation through forums such as like trilateral meetings between the United States, Japan, and the Republic of Korea. And we will partner on new and emerging challenges, as we are doing with NATO on cybersecurity.

- **Build relations with emerging powers** through Strategic Dialogues that connect experts throughout our government with their counterparts in partner countries. We will also continue redeploying personnel to new centers of influence and begin new outreach beyond capitals.

- **Expand our capacity to engage regionally** by establishing regional embassy hubs as bases for experts in cross-cutting issues such as climate change or conflict resolution. These experts will "ride the circuit" between posts in the region.

- **Integrate our bilateral, regional, and multilateral diplomacy**—through specific changes to our regional bureaus and the Bureau of International Organization Affairs—in order to deliver better results in regional and multilateral institutions. The Principal Deputy Assistant Secretary in each regional bureau will be tasked with overseeing engagement with multilateral institutions.

III. ENGAGING BEYOND THE STATE

Today, non-state actors—from NGOs, religious groups, and multinational corporations to international cartels and terrorist networks—are playing an ever-greater role in international affairs. To be effective in the 21st century, American diplomacy must extend far beyond the traditional constituencies and engage new actors, with particular focus on civil society. We cannot partner with a country if its people are against us. We will answer this call by embracing the latest tools and technologies, as well as the innovators and entrepreneurs behind them, and integrating them into our diplomacy and development. We will:

- **Embrace 21st Century Statecraft** to connect the private and civic sectors with our foreign policy work by bringing new resources and partners to the table; better using connection technologies and expanding, facilitating, and streamlining our public-private partnership process.

- **Make public diplomacy a core diplomatic mission** by building regional media hubs staffed by skilled communicators to ensure that we can participate in public debates anywhere and anytime; pioneering community diplomacy to build networks that share our interests; and expanding people-to-people relationships.

- **Incorporate women and girls** into all our public-engagement efforts.

IV. SUPPORTING OUR DIPLOMATS AS THEY TAKE ON NEW MISSIONS

To do their jobs, American diplomats must have the right tools, adequate resources, and the flexibility to try new approaches. We will:

- **Streamline reporting requirements** so our diplomats have more time to engage their counterparts and the public. We will consolidate duplicative reports and limit the length of reports, while improving monitoring and evaluation.
- **Ensure that all State employees have access to the most effective locally available personal communication technology.**
- **Establish a new global standard for risk management** that protects our people while allowing them to meet the demands of more dynamic missions.

Transforming Development to Deliver Results

Development stands alongside diplomacy as the twin pillar of America's civilian power. Through development, we seek to invest in countries' efforts to achieve sustained and broad-based economic growth, which creates opportunities for people to lift themselves, their families, and their societies out of poverty, away from violent extremism and instability, and toward a more prosperous future. Ultimately, development helps countries become more capable of solving their own problems and sharing in solving common global problems.

For the United States, development is a strategic, economic, and moral imperative—as central to our foreign policy as diplomacy and defense. The 2010 National Security Strategy defines our objective: "Through an aggressive and affirmative development agenda and commensurate resources, we can strengthen the regional partners we need to help us stop conflict and counter global criminal networks; build a stable, inclusive global economy with new sources of prosperity; advance democracy and human rights; and ultimately position ourselves to better address key global challenges by growing the ranks of prosperous, capable and democratic states that can be our partners in the decades ahead." The President's Directive on Global Development elaborates on this objective, and the QDDR presents State and USAID's to achieve it.

We are transforming both State and USAID to ensure our development commitment delivers the results we expect.

I. FOCUSING OUR INVESTMENTS

In many countries, we have sought to do too many things, spreading our investments across many sectors and limiting their impact. We will focus and deepen our investments and empower our development professionals to deliver in areas that build on our core strengths. We will:

- **Make USAID the lead agency for the Presidential initiatives on:**
  - Food security (known as Feed the Future) immediately with the appointment of a Global Food Security Coordinator; and
  - Global health (known as the Global Health Initiative), with a target date of September 2012, if defined benchmarks are met.
- **Focus our development efforts in six specific areas** that build on our strengths: sustainable economic growth, food security, global health, climate change, democracy and governance, and humanitarian assistance. In each area, we will invest in women and girls at every turn, with the goal of empowering them.

II. PRACTICING HIGH-IMPACT DEVELOPMENT

American assistance has saved millions of lives and helped people around the world provide a better future for their children, but we have too often focused on service delivery rather than systematic change. We are modernizing State and USAID to promote high-impact development. We are changing the way we do business, shifting from aid to investment—with more emphasis on helping host nations build sustainable systems. We will:

- **Transform our model of doing business** with host nations and other donors so that it relies more on host nations' systems and indigenous organizations, emphasizes accountability and transparency, and improves coordination with other donors, NGOs, and the private sector. We will make our investments predictable and sustainable by implementing multi-year plans for foreign assistance.
- **Incubate innovation and develop best practices** by creating a Development Lab at USAID and establishing an Innovation Fellowship that will bring 20 to 25 leading development thinkers to work there.

- **Strengthen monitoring and evaluation** by establishing new requirements for performance evaluations, designing rigorous impact evaluations, linking evaluations to future funding decisions, and promoting the unbiased appraisal of programs and the full disclosure of findings.

- **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.

- **Focus on gender equality and elevate investment in women and girls,** which is important in its own right and as a way to maximize results across the board.

III. REBUILDING USAID AS THE PREEMINENT GLOBAL DEVELOPMENT INSTITUTION

President Obama, Secretary Clinton, and Administrator Shah have committed to re-building USAID as the world's preeminent development agency, capable of delivering on America's commitment to promote high-impact development around the world. With the continued support of Congress, we will:

- **Make development a core pillar of U.S. foreign policy by elevating USAID's voice** through greater representation in the interagency policymaking processes, by making USAID mission directors in the field the primary development advisors to U.S. Chiefs of Mission, and by confirming the USAID Administrator as Alternate Governor of select regional development banks.

- **Continue implementing the USAID Forward agenda,** which includes establishing a Bureau of Policy, Planning, and Learning; strengthening USAID's budget management capacity; incorporating science and technology in our development efforts; and reforming procurement systems.

- **Build USAID's human capital** by increasing the number of USAID Foreign Service Officers, expanding mid-level hiring, and creating a new Senior Technical Group Career Track to provide a career path for USAID's technical experts.

IV. TRANSFORMING THE STATE DEPARTMENT'S SUPPORT FOR DEVELOPMENT

Diplomacy and development are mutually reinforcing. Effective development helps stabilize countries, which makes them more effective diplomatic partners. And effective diplomacy strengthens the collaboration between our countries, which helps advance our shared development goals. With this interdependence in mind, we will:

- **Commit more of our senior diplomats' time to advancing development issues.** We will also improve communication and coordination between our diplomats and development professionals.

- **Build "development diplomacy" as a discipline at State** through expanded training on development issues for diplomats and by offering best practices for managing foreign assistance.

- **Improve the management of foreign assistance resources** by ensuring that funding is linked to performance and strategic plans, that principles of aid effectiveness are put into practice, and that various foreign assistance funds are integrated.

Preventing and Responding to Crisis and Conflict

It is more important than ever to address the problems of fragile states. People, money, and ideas can move around the world so quickly that conflict, even in distant countries, has become a far greater threat to the United States. Weak governments and failing states create safe havens for terrorists, insurgencies, and criminal syndicates. Conflict near major economies and supply routes can shock distant markets. Tensions that may escalate to mass atrocities undermine America's deepest values, especially democracy and human rights.

We have already begun to address these trends; today more than a quarter of State and USAID's personnel serve in the 30 countries that are at the highest risk for conflict. More than 2,000 civilian personnel are deployed to Afghanistan and Iraq alone.

U.S. Secretary of State Hillary Clinton and USAID Administrator Rajiv Shah talk with U.S. Ambassador to Haiti Kenneth Merten ahead of a meeting with aid workers and Haiti's President René Préval in Port-au- Prince, Haiti, on Jan. 16, 2010, just days after Haiti's devastating 2010 earthquake.

AP PHOTO

But our civilian capabilities have largely been ad hoc and poorly integrated with those of other federal agencies and partner nations. We must learn from our experiences as we define the civilian mission and give our people the training, tools, and structures they need.

I. EMBRACING CONFLICT PREVENTION AND RESPONSE WITHIN FRAGILE STATES AS A CORE CIVILIAN MISSION

Successfully responding to the dangers presented by fragile states begins with a clear civilian mission: prevent conflict, save lives, and build sustainable peace by resolving underlying grievances fairly and helping to build government institutions that can provide basic but effective security and justice systems. Over the longer term, our mission is to build a government's ability to address challenges, promote development, protect human rights, and provide for its people on its own. To meet this responsibility, we need clearly designated, accountable leadership within and between State and USAID, as well as complementary capabilities in each agency. To implement this vision we will:

- **Adopt, between State and USAID, a lead-agency approach** with a clear division of leadership and responsibility. Under the guidance of the National Security Staff, the State Department will lead for operations responding to political and security crises, while USAID will lead for operations in response to humanitarian crises resulting from large-scale natural or industrial disasters, famines, disease outbreaks, and other natural phenomena.

- **Integrate State's capabilities through a new Under Secretary for Civilian Security, Democracy and Human Rights.** We will also create a new Bureau for Crisis and Stabilization Operations to serve as the locus for policy and operational solutions for crisis, conflict, and instability.

- **Strengthen USAID's conflict and transition work** by adding more expertise in response, recovery and stabilization for the Office of Transition Initiatives, by training staff in these issues, and by expanding systems and management.

- **Help coordinate U.S. crisis response through a new international operational response framework,** which will draw on the capabilities and expertise found across federal agencies and improve civil-military collaboration.

- **Ensure that women are integrated into our efforts** to prevent conflict and respond to it.

II. EXECUTING CONFLICT PREVENTION AND RESPONSE IN THE FIELD

To execute this vision of a unified effort, our Embassies and Missions in the field need the right staffing, facilities, security, and resources. With that goal in mind, we will:

- **Draw on expertise across and outside the U.S. government** by proposing to replace the Civilian Reserve Corps with a more flexible and cost-effective Expert Corps that will let us work with experts outside the U.S. government and quickly deploy them to the field.

Civilian Response Corps member Eythan Sontag stands with African Union peacekeepers and soldiers from Minni Minawi's Sudan Liberation Army faction aboard one of their "technicals" in Umm Baru, North Darfur. He deployed from 2006 to 2008 as part of an effort to stabilize the political, security, and humanitarian crisis and its impact on the people of Darfur.

- **Expand the contributions of international partners** by building their capacity for foreign policing in crisis and conflict operations and by supporting reforms to modernize and improve U.N. peace operations.

III. BUILDING AN EFFECTIVE CAPABILITY TO REFORM SECURITY AND JUSTICE SECTORS

Governments mired in conflict and crisis are often unable to protect their own citizens from violence, crime, and corruption. Where instability creates transnational threats, the United States must be ready to assist—in particular by helping our partner countries build effective and accountable security and justice institutions. We are modernizing our ability to provide this kind of assistance. We will:

- **Integrate security- and justice-sector assistance** through comprehensive efforts, including convening core security actors, management and oversight bodies, justice institutions, and civil society.

- **Adopt a whole-of-government approach** that integrates the skills of other federal agencies—and, where appropriate, state and local governments—in the design and implementation of security- and justice-sector assistance efforts.

- **Link our security- and justice-sector assistance to development** by emphasizing host nations' ownership of programs and supporting programs that address their concerns.

Working Smarter: Reforming Our Personnel, Procurement, and Planning Capabilities

American taxpayers expect their money to be used efficiently and effectively. The QDDR sets forth a plan to make State and USAID meet their expectations by focusing on results and holding ourselves accountable. In the past, we have judged our efforts on inputs rather than outcomes—on dollars spent rather than results delivered. The QDDR shifts this mind-set at every level. It details specific reforms in personnel, procurement, and planning that will allow us to work smarter to advance our nation's interests and values.

I. BUILDING A 21ST CENTURY WORKFORCE

Smart power requires smart people. The success of America's diplomacy and development depends on our ability to recruit, train, deploy, and motivate the very best people with the right expertise.

During the past five years, State and USAID have significantly expanded operations in frontline states such as Afghanistan, Pakistan, and Iraq. Yet our overall workforce has not grown significantly. As a result, both agencies suffer from historic understaffing. To meet these challenges, the Administration and Congress worked together to increase hiring. While this is a good start, we need a sustained commitment. For our part, we will:

- **Deploy the right people to the right places at the right time** by creating new opportunities for overseas deployment of the Civil Service, using limited-term appointments to put experts in the field, and expanding opportunities for State's Civil Servants to convert to the Foreign Service.

- **Ensure we have the expertise to address 21st century challenges** by retaining expert Locally Employed Staff, tripling midlevel hiring at USAID, seeking expansion of USAID's non-career hiring authorities, expanding interagency rotations, and establishing a technical career path at USAID that leads to promotion into the Senior Foreign Service.

- **Foster innovation** by seeking revisions to the Foreign Service Examination so that it can better identify innovative thinkers and entrepreneurial leaders. We will also reward innovation in leadership posts, expand training for critical skills, and launch a Development Studies Program.

II. MANAGING CONTRACTING AND PROCUREMENT TO BETTER ACHIEVE OUR MISSIONS

As obligations in the frontline states expanded and overall staffing levels stagnated, the State Department and USAID increasingly came to rely on outside contractors to supplement their ranks. While grants and contracts do have certain benefits, we need to restore government capacity and expertise in mission-critical areas. We will:

Boys gaze out at the horizon in El Fasher, Sudan.

- **Create a more balanced workforce** to ensure we have the appropriate mix of direct-hire personnel and contractors, so the U.S. government has the capacity to set priorities, make policy decisions, and properly oversee grants and contracts.

- **Leverage the experience and expertise of other agencies** with the skills to advance U.S. objectives, before turning to outside contractors.

- **Ensure that our approach to procurement advances America's development objectives and saves money** by fostering more competition for our contracts and using host-country businesses and NGOs where possible.

III. PLANNING AND BUDGETING FOR RESULTS

To maximize our impact, we need a planning and budgeting process that allows for sound policy decisions. The QDDR sets forth such a process. It includes the right stakeholders and allows longer-term planning that aligns priorities and resources to produce results.

We have already taken several key steps. The first-ever Deputy Secretary of State for Management and Resources has brought greater coherence, efficiency, and accountability to strategic planning and budgeting. At USAID, the new Office of Budget and Resource Manage-

ment will enhance the agency's role in executing the budget for the development programs it manages. And we have taken the first steps in developing an integrated, transparent, and coordinated process for the State/USAID FY2012 budget.

But there is more to be done. We will:

- **Establish multi-year strategic plans for State and USAID that reflect priorities and guide resource requests and decisions.** We will develop a high-level strategic planning process, strategies for regional and functional bureaus, and Integrated Country Strategies that bring together all country-level planning for diplomacy, development, and broader foreign assistance into a single, overarching strategy.

- **Better align budgets to our plans by transitioning to a multi-year budget formulation** based on the strategies for countries and bureaus.

- **Improve monitoring and evaluation systems** to strengthen the way we measure performance and share best practices.

- **As of FY2013, USAID will submit a comprehensive budget proposal** that, with the Secretary's approval, will be included in the broader State foreign assistance request.

- **Work with the National Security Staff and our interagency partners toward a national security budgeting process** that would allow policymakers and lawmakers to see the whole of our national security priorities.

FROM REPORT TO REFORM

Through the QDDR, we have identified key trends that will shape international affairs in the years ahead, taken a clear-eyed look at our capabilities, developed recommendations for reform, and made tough choices about priorities and resources.

This process has helped State and USAID work better together. But maintaining America's leadership in the world will require more than State and USAID. It will take cooperation across the whole of government. Through the QDDR, State and USAID have committed to helping drive that cooperation.

Execution is everything. We are fully aware of the reams of paper in published reports that simply gather dust on bookshelves across Washington, D.C. Secretary Clinton is adamant that the QDDR not be one of those reports. She has asked the Deputy Secretary of State for Management and Resources and the USAID Administrator to oversee implementation and has provided the staff necessary to get the job done.

It will be an ongoing process. Some of the reforms are already complete; others are underway. But they cannot all be done at once. This is why we will ask Congress to mandate that this review be done every four years, as it has done for the Department of Defense. We should implement the reforms in this report knowing that, in a few years, we will have to look back and measure our own success.

It won't be easy. Change is hard. It requires vision and vigilance. It also requires resources. Of course, we recognize the need for fiscal constraint, and we will work smarter to ensure that every dollar with which we are entrusted advances the security, prosperity, and values of the American people. And we will make the trade-offs and hard choices required to ensure that we invest wisely. Yet, as President Obama has said, America's security depends on diplomacy and development. We will work with Congress and other U.S. agencies to secure the resources we need, while holding ourselves accountable for the results the American people expect.

Every day, the United States faces new challenges and new opportunities. Our engagement with the world must be dynamic. That is the goal of this continuing QDDR process: to keep the State Department, USAID, and every element of our civilian power at the cutting edge of global leadership. We must seize this moment and lay the foundation for lasting American leadership for decades to come.

* * *

The full version of the QDDR is available for download at **www.state.gov/qddr**.

Introduction

The 2010 National Security Strategy offers a blueprint for national renewal and global leadership. National renewal begins with restoring a dynamic economy that generates jobs, reforming our health care and education systems, rebuilding our physical infrastructure, and tackling our government's deficit and debt. Global leadership depends on such a strong domestic foundation. But as Secretary Clinton has made clear, to "lead in this new century, we must often lead in new ways." To advance American security, prosperity, and values and to lead other nations in solving shared problems in the 21st century, we must lead through civilian power.

Secretary Hillary Rodham Clinton delivers remarks to the President's Forum with Young African Leaders at the Department of State, August 3, 2010.

Civilian power is the combined force of civilian personnel across all federal agencies advancing America's core interests in the world. Leading through civilian power is required by the nature of the problems we face in the 21st century. Even the world's finest military cannot defeat a virus, stop climate change, prevent the spread of violent extremism, or make peace in the Middle East. Moreover, civilian power is the most cost-efficient investment in a time of constrained resources. Much of the work that civilians do around the world is the work of prevention, investing proactively in keeping Americans safe and prosperous through cooperation and partnerships with other countries, and building the capabilities of other governments to address problems of violent extremism and criminal networks at home before they are exported abroad. And prevention is almost always cheaper and more effective than response.

At the same time, civilian power shifts the way we see and engage the world. The civilian lens sees a wide range of threats to both state and human security. But it also sees a new vista of opportunity. From securing investments for American businesses, to leveraging new energy

resources and technologies, to supporting universal values, the work our diplomats and civilian experts do advances a positive agenda of American prosperity, security, and values.

The vanguard of civilian power are the American diplomats and other officials based in 271 posts around the world. They perform five core civilian missions. They prevent, resolve, and end conflicts. They counter threats that cannot be addressed through U.S. military force alone. They address and solve global political, economic and security problems that directly affect the United States and cannot be solved by the United States alone. They advance a positive U.S. political, economic, development, environmental, and values agenda in the world. And they connect Americans to the world and the world to America by assisting American citizens who travel and live abroad while serving as the front line of our border security.

Civilian power is equally the power of development professionals from USAID and other agencies working in more than 100 countries to fulfill a strategic, economic, and moral imperative for the United States. This dedicated corps of experts—many of whom are veterans of decades spent in some of the world's poorest and most challenging places—also carry out core civilian missions. They strengthen the regional partners we need to address shared threats and challenges, from climate change to global criminal networks. They help governments transform their countries from islands of poverty to hubs of growing prosperity, generating new sources of global demand. They advance universal rights and freedoms. And they prevent conflicts and reduce humanitarian suffering in times of crisis.

USAID Administrator Dr. Rajiv Shah

Civilian power includes the power of all the civilian personnel in other federal agencies who play critical roles advancing U.S. interests abroad. The Department of the Treasury, the U.S. Trade Representative, and the Department of Commerce lead our economic and trade policy alongside a number of smaller agencies that do important work promoting U.S. exports and building commercial relationships around the world. Together with the Millennium Challenge Corporation, they also assist developing countries transition from developing to developed economies. The Department of Justice leads our international law enforcement and the Department of Homeland Security protects our nation, by pursuing their respective mandates in close cooperation with Justice and Interior Ministries and criminal investigative agencies around the world. Civilian elements of the Department of Defense engage with foreign counterparts to advance U.S. interests and provide critical advice. In support of our own national health

security and to assist our partners around the world, the Department of Health and Human Services and its Centers for Disease Control and Prevention strengthen public health systems in more than 50 countries. The Department of Agriculture has personnel in 97 offices around the world who support agricultural trade and global food security. The Department of Energy leads multilateral and bilateral programs to promote clean energy and enhance U.S. energy security. Taken together, the personnel of all these agencies who work abroad or on international issues constitute a de facto global civilian service.

Finally, as much as civilian power derives from the combined resources and expertise of all U.S. government agencies, it is also the power of the public—of NGOs, corporations, civil society groups, and individuals around the world who share our goals and interests. Making the most of civilian power requires connecting with these actors and designing programs, projects and partnerships with them to advance America's security, prosperity and values around the world. They expand our potential, bring additional expertise, and leverage our resources. By reaching out to them and embracing their contributions, we open new windows of possibility to realize the world that we seek.

The scope and nature of civilian power has also changed over the past half-century. It is more and more operational: civilian agencies and private groups of all kinds are increasingly able to deploy resources on the ground in countries around the world. This operational dimension of civilian power is evident in the work that USAID and many other agencies, including the Peace Corps, have done in developing countries for decades. It is also evident today when diplomats and development professionals partner with one another. Embassies around the world also create the political space and provide the logistical platforms for civilian programs, projects, and initiatives with the government officials and the people of the host country.

To take only a few examples, the U.S. Strategic Dialogue with India includes officials from 13 different federal agencies. It has resulted in initiatives including a Civil-Nuclear Energy Cooperation Action Plan, the India-U.S. Higher Education Forum, and the establishment of a Regional Global Disease Detection Center. When Secretary Clinton attended the meeting of the Association of Southeast Asian Nations in 2009, she launched the U.S. Lower Mekong Initiative, which involves USAID, the U.S. Geological Survey, the U.S. Army Corps of Engineers, and the National Park Service in a variety of programs and projects designed to help the region manage one of its most important resources in ways that will improve regional stability and security. President Obama and Secretary Clinton have also launched the Energy and Climate Partnership of the Americas, which has led to programs such as a Clean Energy Exchange Program of the U.S. Trade and Development Agency, which has brought nearly 50 Latin American and Caribbean energy officials on six reverse trade missions, and a Regional Clean Energy Technology

Network, supported by the Department of Energy, with centers in Brazil, Chile, Costa Rica, El Salvador, Mexico, Peru, and Trinidad and Tobago.

Properly organized and deployed, civilian power saves money and saves lives. But it is too often an undervalued and underused asset in the U.S. national security portfolio. The National Security Strategy makes clear that our goal is integrated power across every part of government. But that requires not only redressing the balance between military and civilian power, but also ensuring that U.S. civilian agencies can work together cooperatively and efficiently to maximize our collective impact.

When U.S. civilian power is aligned, it can help to reduce, prevent, or ameliorate conflict. By deploying integrated teams of experienced mediators, negotiators, and early-responders that draw not only from State but also from USAID, the Department of Defense, the Department of Justice, and the Department of Homeland Security, the U.S. government can help to prevent armed conflict from breaking out and reduce the likelihood that United States or other forces will be required. Where U.S. forces are deployed, civilian experts in governance, economic development, infrastructure, health, education, and other basic services are the "closers" who, with their local counterparts, can ensure the transition from conflict to stability to long-term development. On the other hand, when civilian agencies deploy personnel and resources to achieve specific objectives in a fragile state or conflict zone without a strategic framework and a long-term plan, the whole can be less than the sum of the parts.

When America's civilian agencies plan and work together, they can help other countries build integrated, sustainable public health systems that serve their people and prevent the spread of disease. Yet U.S. efforts are too often disconnected and uncoordinated. While a woman in a rural village may have access to a clinic supported by PEPFAR that provides her treatment for HIV, she may have to travel miles to another clinic, also supported by the United States for malarial treatment or immunizations for her children. As a result, her health care is erratic and our health investment delivers sub-optimal returns. The President's Global Health Initiative has addressed this lack of coordination by bringing individual health programs together in an integrated, coordinated, sustainable system of care.

To realize the full potential of civilian power, to give the U.S. military the partner it needs and deserves, and to advance U.S. national interests around the world, U.S. foreign policy structures and processes must adapt to the 21st century. The President's commitment to "whole-of-government" must be more than a mantra.

The Department of State plays a unique role as the agency delegated by the President for the conduct of America's foreign affairs, just as the Department of the Treasury leads on economic issues; the Department of Defense leads on defense issues; USTR leads on trade policy; and USAID is the lead development agency. Furthermore, these lead agencies look to active participation by State and USAID in those other policy processes. Because of the increased interconnection between all these issues, agencies that lead in some areas support in others. Moreover, although many other agencies have international mandates, it is critical that they coordinate with the Department of State to ensure that our relationships are managed effectively and our national objectives achieved efficiently. As the President's introduction to the National Security Strategy makes clear, the ultimate goal is to "build and integrate the capabilities that can advance our interests."

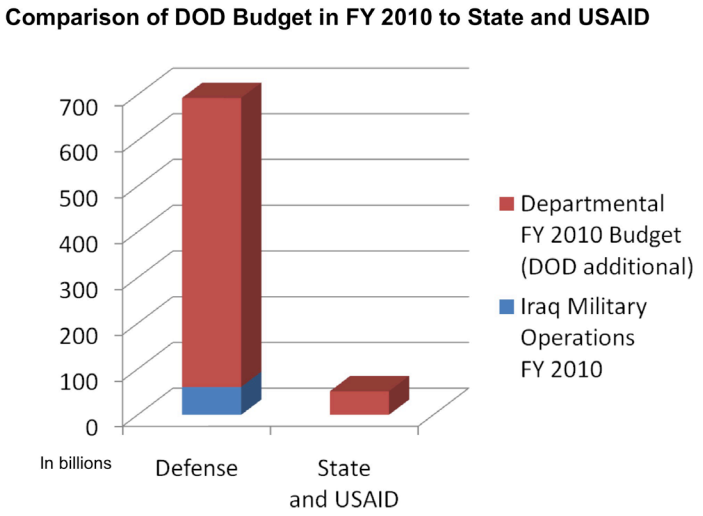
The National Security Council leads the interagency and coordinates policy. In the field, all agencies operate under the authority of the Chief of Mission—the U.S. Ambassador (with the exception of employees under the command of a United States area military commander and consistent with existing statutes and authorities). In furtherance of our objectives, however, the Department of State must also coordinate the development of integrated country strategies, while USAID, in countries where it operates, will lead the formulation of country development cooperation strategies. The purpose is not to direct the operations or redirect the mandates of other agencies, particularly where those agencies have the lead on a specific issue. It is rather to ensure that these operations are coordinated within an overall strategic framework.

For the Department of State and USAID to better engage agency counterparts and foster greater coherence, we must adopt new attitudes and new ways of doing business. We must actively engage other agencies in strategy development and planning, in addition to policy implementation. We must recognize other agencies' expertise and welcome their ability to build relationships with their foreign counterparts. And we must improve our own strategy, planning, and evaluation processes. State and USAID must also develop sufficient expertise to be effective interlocutors and managers, but will not duplicate capabilities that are available to be deployed from elsewhere in government. We must channel our resources as efficiently as possible to achieve our priorities. And we must better connect to the public to harness the extraordinary potential of civil society.

Even in an era of tight budgets and constrained resources, investing in civilian power makes sense. In fact, we see investments in civilian power—with its dedication to prevention and avoiding costlier efforts in the future—as a cost-effective necessity in times of fiscal restraint. To build civilian power, we will seek additional resources in three specific areas. First, as we continue the transition to civilian leadership in Iraq and plan for that transition in Afghanistan, we

must have the resources to build the peace that our military has fought hard to secure. Second, we must build our capabilities to prevent and respond to crisis and conflict so as to avoid greater costs down the road. And, third, we must invest in development to help build strong states and societies that can be our partners in the future.

We will also seek more broadly to change not only the way we advance America's interests in the world, but also the way we fund them. Civilian power is as fundamental to our national security as military power and the two must work ever more closely together. They should be funded as part of a national security budgeting process. Within any budgeting process, however, we recognize the need for fiscal constraint and the unavoidability of trade-offs. Setting forth priorities means making choices. At the same time, as President Obama has said, America's security depends on diplomacy and development. We will work with Congress and other U.S. agencies to secure the resources we need, while holding ourselves accountable for the results the American people expect.



To maintain its effectiveness and global advantage, the Department of Defense regularly assesses its performance and its needs. It also looks down the road every four years in the Quadrennial Defense Review (QDR) to determine what it needs to do today to be prepared for tomorrow. Other civilian agencies have followed suit—the first Quadrennial Homeland Security Review (QHSR) and a subsequent Bottom Up Review (BUR) were issued earlier this year. The QHSR took on the fundamental task of defining the mission of protecting homeland security; the BUR evaluated the capabilities the Department of Homeland Security needs to fulfill its mission and to implement the objectives laid out in the President's National Security Strategy. In this first-ever Quadrennial Diplomacy and Development Review (QDDR), the Department of State and USAID have begun to evaluate our current performance and look ahead so we can be equally prepared for the threats and challenges we anticipate a decade from now.

We begin by identifying the trends that are reshaping the world in which we must advance America's security and prosperity, respect for universal values, and the international order. As detailed in Chapter 1 of this Report, they involve new threats to the global community, significant shifts in the geopolitical and geoeconomic landscape, an expanding role for non-state actors, increasing instability and state fragility, and technological transformation. We then turn to four broad categories of reforms and recommendations, each of which cuts across many different bureaus and offices at State and USAID and includes changes to be made both at headquarters and in the field.

Before turning to our change agenda, it is important to start by recognizing and commending State and USAID's long history of successfully advancing America's interests abroad. Much of what we do, we do very well—from managing bilateral relations to providing military assistance, from arms control to oceans and environmental protection. This QDDR does not and need not focus on those areas of success. Rather, the focus is on where we can do better, where we need to adapt, where we can fulfill our missions more efficiently, and where State and USAID need to work better together and with other agencies. Of course, nothing in the QDDR is intended to affect the existing authorities between and among other departments and agencies of the U.S. government.

Through this first QDDR, we will change the ways State and USAID do business in four broad areas. First, we will adapt to the diplomatic landscape of the 21st century. Second, we will elevate and reform development to deliver results. Third, we will build our capacities to prevent and respond to crisis and conflict. Finally, we will work smarter to maximize our impact while shepherding scarce resources.

Building and strengthening the capabilities State and USAID will need in the years ahead to advance America's interests will take time, resources, and commitment. The QDDR must not be viewed simply as a report issued at a single moment in time. Rather, it is an ongoing commitment, both dynamic and iterative, that began when Secretary Clinton took office and will continue through the next QDDR. It is a commitment that builds on the work of Secretary Clinton's predecessors, who recognized many of the needs we address here in reports such as Secretary Rice's *Transformational Diplomacy,* and on the efforts of civil society, including the Center for Strategic and International Studies' *Embassy of the Future* (2007), and the Stimson Center's *Equipped for the Future: Managing U.S. Foreign Affairs in the 21st Century* (1998). These efforts have helped guide our analysis and response.

The QDDR is a process of building capabilities, but also of changing attitudes and approaches. State and USAID's ability to advance our national security interests rests not on asserted

authority but on competence, knowledge, expertise, impact, and ability and willingness to collaborate. It depends on our ability to see the whole—all the dimensions of the U.S. presence and interests in a country. It depends on our analysis and problem solving skills, and our deep country, regional, and institutional knowledge. Our ability to serve effectively in conducting the nation's foreign affairs also depends on building an ethos and a culture of leadership. The men and women who spend their careers at State and USAID are deeply committed to the ideal of public service. They have long ago learned the wisdom of the old maxim that it is possible to get anything done if one does not take the credit for it. Going forward, however, they must also take pride in exercising responsibility and taking action—to solve problems, right wrongs, and help to empower others. They must be able to articulate a common vision and have the confidence and ability to achieve it.

In the end, the QDDR reflects the commitment of two federal agencies to self-examination and self-improvement. And it reflects the larger determination of the Obama Administration to renew American global leadership by first putting our own house in order. We must be equipped for the world we face and prepared to shape the world we seek. We must maintain our global military advantage. And we must lead through civilian power.

Chapter 1: *Global Trends and Guiding Policy Principles*

I. ADVANCING UNITED STATES INTERESTS

The scope and nature of the challenges facing the United States have evolved substantially over the past decade, with issues becoming more interconnected and solutions requiring ever greater cooperation. As President Obama said in his State of the Union address this year, "We know that America cannot meet the threats of this century alone, but the world cannot meet them without America."

While the threats that lie ahead are real, so too are the opportunities. Again, in President Obama's words, "From the birth of our liberty, America has had a faith in the future—a belief that where we are going is better than where we've been.... To fulfill that promise, generations of Americans have built upon the foundations of our forefathers—finding opportunity, fighting injustice, and forging a more perfect union." We must continue to do so.

The Department of State and USAID are called upon to lead and advance U.S. foreign policy objectives through diplomacy and development. These objectives are set forth in the President's May 2010 National Security Strategy and the September 2010 Presidential Policy Directive on Development. President Obama's strategy is based on building the sources of American power and shaping the international order to advance American interests. At its core, it is a strategy of applying renewed American leadership in a changing world. That leadership begins at home by reviving our economy, creating jobs, raising incomes, providing quality education for our children, investing in science and innovation, and reducing the federal deficit. Abroad, it means advancing four fundamental national interests: protecting the security of the United States and its citizens, allies and partners; promoting prosperity at home and abroad with a strong U.S. economy and an open international economic system that promotes opportunity; supporting the spread of universal values; and shaping a just and sustainable international order that promotes peace, security, and opportunity through cooperation to meet global challenges.

Protecting the security of the United States is essential. We start by working to deter and prevent attacks on our country through improved security and resilience at home. We are redoubling our efforts to disrupt, dismantle, and defeat al-Qaida and its violent extremist affiliates in Afghanistan, Pakistan, and around the world. We are working to reverse the spread of nuclear and biological weapons and to secure nuclear materials. We are continuing to strengthen our core alliances and will sustain our security commitments to our allies, who also provide critical support to our own security. The security of America also depends on global security. In today's world threats can spill across borders, disrupting international stability and endangering us and our allies. So the United States is investing in the capacity of strong and capable partners and working closely with those partners to advance our common security.

At the same time, the United States is shaping and strengthening a global economy for the 21st century that promotes the prosperity of all Americans. Taking full advantage of the opportunities presented in today's economy requires us first and foremost to invest in creating jobs and expanding opportunity here at home. Since our economy is interconnected with the global economy, we are using the tools of diplomacy and development to help achieve balanced and sustainable global growth through an open, rule-based international economic system that will, in turn, expand prosperity at home. Our U.S. foreign policy goals will also be more easily achieved if balanced and sustainable global economic growth is the norm.

While promoting security and prosperity are essential, so too is upholding and projecting the values that define America. We advance these values by living them at home and by supporting those who embrace them around the world. We do not seek to impose our values on other countries by force, but we do believe that certain values are universal—that they are cherished by people in every nation—and that they are intrinsic to stable, peaceful, free, and prosperous countries. We will support democratic institutions within fragile societies, raise human rights issues in our dialogues with all countries, and provide assistance to human rights defenders and champions. We will ensure our efforts are advancing freedom, equality, and human rights for all vulnerable and marginalized peoples. And we will ensure the dignity of all people by promoting equal treatment, equal rights, and helping vulnerable peoples meet their basic needs in times of difficulty.

Never before has the international system itself been as important to our own security and prosperity. Today's threats and opportunities are often global, interconnected, and beyond the power of any one state to resolve. We are therefore working to build a just and sustainable international order that facilitates cooperation. To do so, we are strengthening our traditional alliances and deepening our cooperation with new centers of influence. We are updating and reforming long-standing institutions, working with bilateral, regional, and multilateral partners, and helping to shape new vehicles for global partnership.

II. TRENDS RESHAPING THE GLOBAL CONTEXT OF U.S. FOREIGN POLICY

The National Security Strategy begins by recognizing the world as it is today and articulating a vision of the world we seek. As a starting point for modernizing the capabilities of State and USAID so that we can do our parts to secure the world we seek, this Review assesses and anticipates the trends that are driving the changing global context in which our diplomacy and development operate. It articulates the threats and opportunities, challenges and possibilities that lie ahead.

New global threats

We must remain vigilant against the traditional interstate threats of war and aggression. In the 21st century, however, we also face new types of emerging threats that transcend regional boundaries and imperil the global community.

First, the threat of terrorism and violent extremism has become more acute and more immediate. Violent extremists are wielding increasing pressure on a number of fragile states, and technology and transportation have evolved to allow, for instance, an individual in any corner of the world to use global delivery systems to spread terror.

Second, as President Obama has made clear, one of today's most immediate and extreme dangers is the proliferation of nuclear materials, particularly to terrorist organizations. We have been living with the danger posed by nuclear weapons since 1945, but today the nature of the threat has shifted. While continuing to seek reductions in the nuclear arsenals of major nuclear powers, we also face new nuclear proliferation risks and the danger that nuclear material could fall into the hands of terrorists. The spread of sensitive technologies and the continuing insecurity of loose nuclear materials exacerbate this evolving challenge.

Third, while the global economy has helped lift millions around the world from poverty and has fueled American prosperity, the interconnected global economic system also creates new transnational challenges. In today's global marketplace, an economic shock or downturn anywhere can threaten the prosperity of the United States and the global economy. Shocks and economic disruptions in other countries can and do have profound consequences for the U.S. economy and the American people, including job losses and declining standards of living. The worst of the recent economic crisis in 2008-09 led to a 10 percent drop in trade volume across more than 90 percent of OECD economies. In developing countries, economic shocks, the price volatility of food, and potential food shortages can create hardship for millions of citizens and fuel conflicts within and between states. Meanwhile, the interconnected nature of global supply chains

increase interdependency and create new challenges in securing the reliable and secure flow of goods and services across borders.

A fourth threat is the specter of irreversible climate change. Science has already confirmed significant changes to our global environment and increases in worldwide average temperatures. Rapid industrial advancement around the globe is likely to fuel further changes in our shared climate, which could have a devastating impact on both humans and the natural environment. The impact of climate change will likely constrain our own economic well-being and may result in conflicts over resources, migrant and refugee flows, drought and famine, and catastrophic natural disasters.

A fifth threat is the cybersecurity risk that comes from our dependence on technology and online networks. The same technologies that promote global prosperity and the free flow of information also create new vulnerabilities. Foreign governments or terrorist groups no longer need physical weapons to disrupt America's infrastructure—a well-organized cyber attack could shut down banks in New York or turn off electrical grids in Chicago. The online theft of both government information and commercial intellectual property threaten our security and long-term economic prosperity.

A sixth growing threat is transnational crime, which directly threatens the United States as well as governance and stability in foreign countries. Over the last 15 years, transnational crime has expanded dramatically in scale and scope. The convergence of transnational crimes such as the arms and drug trades, linkages between terrorist groups and crime, increased violence associated with networks of human traffickers, and the impact of corruption on stability in countries where transnational crime cartels are located pose particularly serious risks to U.S. interests and those of our partners.

Finally, while pandemics and infectious diseases have existed for millennia, today they are more potent and potentially devastating. Since the 1970s, newly emerging diseases have been identified at the unprecedented rate of one or more per year. Not only have disease agents themselves evolved in ways that could make them more contagious and more lethal, pathogens do not respect borders. Globalization, a transportation revolution, and international commerce allow diseases to spread more quickly. An outbreak of a particularly virulent disease in one country can become a regional epidemic overnight and a global health crisis in days.

A new geopolitical and geoeconomic landscape

Over the past two decades, the geopolitical and geoeconomic landscape has changed significantly. It is likely to continue to change in the years ahead. A defining element of these changes

is the emergence of new centers of influence that seek greater voice and representation. Emerging powers and 21st-century centers of global and regional influence, including Brazil, China, India, Indonesia, Mexico, Nigeria, Russia, South Africa, and Turkey, define today's geopolitical landscape. As these states grow economically they are playing more important roles in their own regions and, in turn, their regions are exerting new global influence. This trend will continue in the years ahead as these centers of influence expand their reach and other states transition from a focus on domestic development to greater international roles.

While we increase our engagement with emerging powers and centers of influence, we will also deepen our longstanding U.S. alliances and partnerships—Europe, Asia, and the Middle East—which will remain vital to helping secure and advance U.S. interests. These countries, with whom we share a community of values, must be at the center of our global cooperation to address shared challenges.

This new landscape has been accompanied by an altered global economic geography. For the first time in history, the world's biggest economies are not always the richest economies: China is a prime example. As a result, many of the largest economies will see development as a central global economic issue. Economic power is also becoming more diffuse—within two decades, nearly 60 percent of the world's GDP is projected to come from developing countries—even as markets are consolidating across national borders. And although these markets are global in reach and risk, they ultimately remain backstopped by national balance sheets, a gap that poses challenges for developed and developing countries alike.

Global demographics are changing as well, in ways that will have profound consequences for political and economic relations. In the Middle East and North Africa, for example, large youth populations are altering countries' internal politics, economic prospects, and international relations. The United States must reach out to youth populations to promote growth and stable democratic government. In other regions, governments must adapt to ageing populations that will present new social and economic challenges.

While sound markets remain a priority for promoting U.S. and global prosperity, markets are also finding new importance in the exercise of foreign policy. In a globalized, interconnected world, many circumstances arise in which the most powerful tools of foreign policy may be economic. As the world becomes more dependent on cross-border trade and investment, countries may leverage control of energy supplies, sovereign wealth funds, rare earths, and other resources as tools of foreign policy. Meanwhile, the benefits of expanded trade, open financial flows, and individual economic advancement can draw countries toward a shared set of rules, as we have seen with the European Union and a host of other international bodies, and help create a

convergence of interests with the United States. At the same time, well-crafted and cooperatively enforced economic sanctions may offer powerful tools of leverage and suasion.

While the new geopolitical and geoeconomic landscapes bring risks, they also present extraordinary opportunities for the United States. The rise of new powers can create destabilizing security dilemmas rooted in misunderstandings, misperceptions, and national decisions to pursue aggressive policies. But the emergence of new centers of influence presents new opportunities for the United States to partner with other nations to advance shared solutions to common challenges—allowing us to achieve together what was impossible alone. Rising global prosperity creates new markets for American goods, services and investments, opening new economic possibilities for Americans at home. With smart, effective American leadership, we will harness the opportunities presented by these changing landscapes, establish rules and norms that promote our interests and values, narrow areas of disagreement, and create effective deterrents to aggression and destabilizing policies.

Diffusion of power to a wide range of non-state actors

Power in the international system was once exercised more or less exclusively by states, but it is now shared with a wide array of non-state actors. These actors—ranging from NGOs, faith-based movements, civil society organizations and multi-national corporations to criminal networks, terrorist groups, and rebel movements—have an ever greater ability to impact international affairs. Their absolute number and variety, both constructive and destructive, has increased exponentially. Many of these groups have become truly transnational, operating across national boundaries to promote policies, implement programs, and impact change.

Non-state actors offer significant opportunities to expand the reach and effectiveness of U.S. foreign policy. The potential of civil society organizations around the world to advance common interests with us is unprecedented. Non-state actors bring considerable political and financial resources to bear on collective challenges. They mobilize populations within and across states to promote growth, fundamental human values, and effective democratic government. Businesses provide jobs, spur economic growth, and can work with government and civil society to solve shared challenges. Civil society, universities, and humanitarian organizations can often act in areas or in a manner that a government simply cannot: as neutrals or aid providers in conflict zones; as thought-leaders; and as intermediaries between states or between states and peoples. They are indispensable partners, force multipliers, and agents of positive change.

Yet we must also recognize that other non-state actors pose deadly threats. Terrorist organizations and criminal networks can disrupt state security and stability. They can directly or indirectly kill thousands or tens of thousands of civilians. Illicit non-state actors impede democratic

institution-building, development, and the rule of law in a number of developing countries or fragile states. Terrorist networks can already inflict mass casualties; nuclear proliferation through or to these networks would be devastating.

Growing costs of conflict and state weakness

While there has been tremendous economic, social, and political progress across much of the world since the end of the Cold War, some countries and regions are becoming increasingly fragile and unstable. The interconnected nature of today's world makes conflict and state weakness a greater challenge for the United States and our allies when and where it does arise. Driven by an increasingly complex interplay of disruptive state and non-state actors, terrorism, insurgencies, criminality, illicit networks, communal conflict, corrupt and predatory regimes, human rights abuses, and the oppression of women, instability leads to significant human suffering. And it can undermine the international order as cycles of conflict cause spillover effects that impact us in the United States. Transnational criminal organizations thrive where government is weak. The risks to the United States are particularly acute when weak states afford safe-haven to al-Qaida or other terrorist groups, and when corruption, internal conflict, and the absence of opportunity create conditions for radicalization.

Today there are at least 36 active conflicts worldwide, with the risk of conflict and armed violence growing in resource-rich but governance-poor parts of Africa and Asia. Many of these conflicts are recurrent—of the 39 conflicts that arose in the last decade, 31 of them were part of a repeating cycle of violence, driven by low GDP per capita, dependence on natural resources, predatory corruption, proximity to neighboring instability, hybrid political systems, minimal international linkages, and access to weapons and conflict financing. New challenges, including climate change, urbanization, the youth bulge, and shortages of water, oil and other natural resources will exacerbate existing conflicts and likely spur new ones.

Natural disasters exacerbate conflict and human suffering. In January 2010, a single earthquake in Haiti killed more than 200,000 people, while flooding in Pakistan during the summer of 2010 displaced more than 6 million. In 2009, 335 natural disasters were reported worldwide, causing 11,000 deaths, impacting the lives of more than 120 million people, and causing more than $41 billion in economic damage.

The consequences of conflict and crisis for our diplomatic and development missions are significant. In Iraq, for example, our task is to lead a large-scale U.S. peace-building mission. In Afghanistan, we are reducing the strength of the insurgency and working to improve governance and build economic opportunity. Our efforts to promote a stable future there will continue well after our troops return home. In Pakistan, we are assisting a government and society buffeted

by the global economic recession, natural disasters, weak democratic institutions, and regional instability, while supporting a counter-terrorism and counter-insurgency efforts. Twenty percent of our diplomatic corps and development experts have been stationed in Iraq, Afghanistan, and Pakistan, as have representatives from across the U.S. government. In many fragile states governments are weak, institutions are struggling to serve local populations, populations are ethnically and religiously divided, women and girls are denied fundamental rights and freedoms, and security is an ongoing challenge. The entire U.S. government must be prepared to operate in these challenging conditions, leveraging diplomatic and development tools.

The information age has accelerated the pace of international affairs and facilitated a new era of connectivity

A final critical trend reshaping the global context of U.S. foreign policy is a broad set of technological innovations that have increased the pace of international affairs and facilitated a new era of human connectivity. Science, engineering, technology and innovation are the engines of modern society and a dominant force in globalization and international economic development. Despite fierce competition and rapidly increasing parity in science, technology, and engineering assets among nations, the United States remains predominant in most fields and is a world leader in education, research, and innovation.

Modern innovations themselves result in significant changes to the way foreign policy must be conducted and have changed aspects of diplomatic relationships. Innovations also both exacerbate other challenges and create potential new opportunities to resolve them. Today, information flows across the globe at rates and magnitudes never before imaginable. As a result, people everywhere know about events around the world within minutes, if not seconds. An economic or political development on one continent can immediately cause ripples across the world—be it an economic disruption, an act of violence, or a call for peace. Our responses must be in real time, with a premium on speed and flexibility.

Beyond the pace of change, new technologies have fostered greater connectivity and interconnectedness. There are more than 4.6 billion cell phones now in use worldwide. Facebook alone has more than 500 million users, a population greater than all but two countries in the world. Individuals and groups can use this new interconnectedness in profound ways, from shifting public opinion to allowing breakthrough development innovations, from opening new economic possibilities to internationalizing previously local concerns, from expanding opportunities for women and girls to holding governments to account.

The communications revolution that has swept across the world has had a profound impact on the attitudes, behaviors, and aspirations of people everywhere. Public opinion is influencing

foreign governments and shaping world affairs to an unprecedented degree. The advance of democracy and open markets has empowered millions to demand more control over their own destinies and more information from their governments. Even in autocratic societies, leaders must increasingly respond to the opinions and passions of their people. And the tools of technology create unprecedented opportunities to engage foreign publics and advance jointly the interests we share with them.

Yet new connectivity has also magnified a range of existing challenges and created new threats. Rapid travel exacerbates the threat of pandemic disease and therefore presents challenges to global health security. The rapid cross-border movement of financial flows has increased the potential for isolated economic turmoil to create a global financial crisis. The anonymity and ease of communication through the Internet has made it far easier for terrorist groups and transnational criminal networks to coordinate, plan, and attack. We need to defend our information networks and critical infrastructure against attacks from cyberspace, and protect our government institutions and businesses against cybercrime and espionage. As President Obama's National Security Strategy makes clear, "cybersecurity threats represent one of the most serious national security, public safety, and economic challenges we face as a nation." Our foreign policy must confront these challenges.

III. THE NATIONAL CONTEXT

While the challenges facing the United States internationally continue to expand, we also face new challenges at home. A strong foreign policy has remained a Presidential priority and Congress has generously provided funding for additional hiring at State and USAID. Yet the United States today faces significant budget constraints. Pressing needs at home compete for scarce resources. Just as State and USAID, and other agencies are expected to do more in places like Afghanistan and Iraq and must build new capabilities to address emerging threats and challenges, we must do so under ever-greater budget constraints.

Throughout the QDDR process, State and USAID have looked for ways to minimize costs, to maximize impact, and to ensure accountability. Where new capabilities are proposed, we will seek, to the maximum extent possible, to identify off-sets that reduce costs elsewhere. We have been guided by the goals of maximizing our capabilities to advance U.S. foreign policy interests; increasing the effectiveness of our programs, systems, and operations; and achieving long-term cost savings through civilian power.

In this time of fiscal constraint, we are changing the way we do business. We must be ever more vigilant that taxpayers' money is spent as effectively and efficiently as possible. State and USAID must look for ways, including through better coordination of development and diplomacy and the use of new technologies, to leverage our resources effectively and ensure a maximum return on investment. As stewards of American taxpayer dollars, State and USAID are improving our monitoring and evaluation capacities and will institutionalize a process of monitoring and evaluation of our work, including drawing on expertise and existing infrastructure of other federal agencies. Monitoring and evaluation is one of the most powerful ways of assuring accountability for performance, transparency, and the ability to modify programs for enhanced impact. We must also streamline and rationalize our reporting requirements to allow our personnel in Washington and the field to focus as much as possible on advancing U.S. priorities.

At the same time, it is imperative to recognize that taxpayers' dollars spent on diplomacy and development—even in relatively modest amounts—can and do promote U.S. prosperity and minimize the need for larger expenditures and costs down the road. Where our development efforts help a country grow its economy and enter into the international trading system, we create new markets for U.S. goods and increase global demand. Where our diplomatic efforts increase the effectiveness of international institutions or bring new partners to the table, we reduce the burdens on American taxpayers. Where our diplomacy, development, and defense work together to prevent state weakness or failure, we avert the need to commit overwhelming military resources or provide exceptional humanitarian relief efforts. Ultimately, sensible and accountable investment in our diplomatic and development capabilities protects and advances the security and prosperity of the United States.

IV. GUIDING POLICY PRINCIPLES

As Secretary Clinton stated in August 2009, "In approaching our foreign policy priorities, we have to deal with the urgent, the important, and the long-term all at once." The QDDR presents an opportunity for State and USAID to focus on the long-term, to look up from the press of daily, weekly, and monthly business, from urgent crises and major global events. It allows us to look forward along the road ahead, to take stock of the significant trends, and to assess how the two agencies should respond.

Our response to emerging global trends is based on a set of broader guiding policy principles that provide direction for the capabilities we need to operate in this new international landscape. These guiding principles have been articulated by President Obama and Secretary Clinton

in a number of significant speeches, in the National Security Strategy, and in the Presidential Policy Directive on Development. They respond to the global trends reshaping the international system both by preparing us to meet emerging challenges and to seize the opportunities this new global context is creating.

Restore and sustain American leadership

The cornerstone of our policy is the restoration and application of American leadership. As Secretary Clinton said in September 2010, "For the United States, global leadership is both an inescapable responsibility and unparalleled opportunity.... The world looks to us because America has the reach, resources and resolve to mobilize the coalitions needed to solve shared problems on a global scale—in defense of our own interests, but also as a force for international peace and prosperity. The optimism, confidence and ingenuity that has made America a beacon for the world continue to light the way toward progress. In this, we have no rival. And these qualities have never been more needed."

Sustaining our leadership requires the restoration of our own strengths and capacities at home. In Secretary Clinton's words: "[t]oday more than ever, our ability to exercise global leadership depends on building a strong foundation here at home. That's why rising debt and crumbling infrastructure pose very real long-term national security threats." And that is why President Obama has undertaken bold and important steps toward national renewal, particularly a stronger economy.

Build a new global architecture of cooperation

America's global leadership also demands a renewal of our approach to foreign policy. Our leadership must draw on our unique national attributes—our openness and innovation, our determination and devotion to core values—and apply them in new ways. Leadership today requires us to work and partner with others in pursuit of shared objectives, starting with our traditional allies with whom we hold a longstanding community of interests and values, and including emerging centers of regional or global influence, and non-state actors from NGOs and corporate partners to religious groups and individuals.

To this end, we are, in Secretary Clinton's words, "building a new global architecture that could help nations come together as partners to solve shared problems." This requires a long-term approach and investment that involves reshaping existing structures for cooperative action and building new ones in service of our interests and the common interest. We will build a network of alliances and partnerships, regional organizations and global institutions, that is durable and dynamic enough to help us meet today's challenges, adapt to threats that lie ahead, and seize new opportunities.

The United States should not seek to shoulder the burden of confronting 21st century challenges on our own. The new global architecture must be as diverse and representative as the global context in which we operate today. It starts with our closest allies in Europe, North America, East Asia and the Pacific. It also recognizes and includes emerging centers of regional and global influence. This new architecture can help ensure that these emerging powers play constructive roles and bear their growing share of the international burden. Global powers today have to accept responsibility for addressing common problems, and both abide by and strengthen the rules of the international system. That burden-sharing is facilitated especially by the United Nations, which is unique among multilateral institutions given its legitimacy and involvement across a broad spectrum of issues.

We must think both regionally and globally. We must be able to see and act upon the intersections and connections linking nations and regions and interests. At the regional level, we are reinvigorating America's commitment to be an active transatlantic, Pacific, and hemispheric leader. In Asia alone, we have deepened our relationship with the Asia-Pacific Economic Cooperation forum, engaged the East Asia Summit, and signed the Treaty of Amity and Cooperation with the Association of Southeast Asian Nations. Effective institutions are just as crucial at a global level, where the challenges are even more complex and the partners even more diverse. America is reengaging with global institutions and working to modernize them to ensure their long-term effectiveness. Ultimately, these institutions—including the United Nations and international financial institutions—need to enable nations to play productive roles and to enforce the international system of rights and responsibilities. And we have brought together states through new institutions such as the G20, the Nuclear Security Summit, and the Major Economies Forum to address international financial cooperation, nuclear proliferation, and climate change, respectively.

While creating a new architecture of cooperation among and between nations, we must also broaden cooperation between different U.S. agencies and their foreign counterparts. Through better cooperation at home, we can achieve better cooperation around the world. Similarly, promoting cooperation between U.S. agencies and their foreign counterparts advances our interests. Today, virtually the entire range of U.S. agencies work overseas, promoting U.S. interests and building relationships that facilitate cooperation to take advantage of shared opportunities. These agencies also possess vital expertise that can support reform and build institutions abroad. Our Strategic Dialogues, for example, engage officials from across the U.S. and foreign governments.

Elevate development and integrate the power of development and diplomacy

As the National Security Strategy and the Presidential Policy Directive on Development have made clear, development is a strategic, economic, and moral imperative for the United States. It is as central to advancing America's interests as diplomacy and defense. When we help other nations develop the capacity to solve their own problems and participate in collective solutions to shared problems, we advance our own security and prosperity. Preventing the spread of weapons of mass destruction requires that other countries have secure borders. Preventing global pandemics requires good health systems in every country in the world. Addressing global climate change requires the shared commitment of all countries to green technology and environmentally friendly growth.

Elevating development requires a new approach. Our policy will be focused on sustainable development outcomes with a premium placed on broad-based economic growth, democratic governance, game-changing innovations, and sustainable systems for meeting basic human needs. We will develop a new operational model that positions the United States to be a more effective partner and leverages U.S. leadership. We will focus our efforts in sectors and places in which we have a comparative advantage to maximize our impact and enhance our leadership. We will seek to create opportunities for women and girls, whose full inclusion will expand prosperity for all. And we will build the institutions within our government that can elevate development and harnesses development capabilities spread across the interagency in support of common objectives.

Development, diplomacy, and defense, as the core pillars of American foreign policy, must mutually reinforce and complement one another in an integrated, comprehensive approach to national security. We will use diplomacy to enhance development cooperation, promote trade, and to ensure that countries undertake policies that build on those ingredients to long-term success. We will rebuild the United States Agency for International Development as the world's premier development agency, including through the implementation of the reform measures in USAID Forward, developed as part of the QDDR. We will collaborate more effectively with other agencies, including the Departments of Treasury, Defense, Justice, Agriculture, Commerce, Labor, Health and Human Services, Energy, and Homeland Security, as well as the Millennium Challenge Corporation, the Overseas Private Investment Corporation, the United States Export-Import Bank, and the United States Trade and Development Agency.

Mobilize civil society and business to address common problems

We will reach beyond governments to offer a place at the table to groups and citizens willing to shoulder a fair share of the burden. Our efforts to engage beyond the state begin with outreach to civil society—the activists, organizations, congregations, and journalists who work through peaceful means to make their countries better. While civil society is varied, many groups share

common goals with the United States, and working with civil society can be an effective and efficient path to advance our foreign policy.

We will embrace new partnerships that link the on-the-ground experience of our diplomats and development experts with the energy and resources of civil society and the scientific and business communities. We will oppose efforts to restrict the space for civil society and create opportunities for civil society to thrive within nations and to forge connections among them. We will promote open governments around the world that are accountable and participatory. We will build strategic public-private partnerships that draw on the ingenuity and resources of the private sector, nongovernmental organizations, foundations, and community-based organizations. Our partnerships will promote innovation and technological change. We will support these partnerships by enhancing opportunities for engagement, coordination, transparency, and information sharing.

Part of our approach is to embrace new tools and technology and foster the freedom to connect. The revolution in connection technologies—including the Internet, SMS, social media, and increasingly ubiquitous and sophisticated mobile applications—give us new tools for engagement and development and open new horizons for what diplomacy can mean. These technologies are the platform for the communications, collaboration, and commerce of the 21st century. They are connecting people to people, to knowledge, and to global networks.

Prevent violent conflict and reduce the growing costs of conflict

As the National Security Strategy states, "proactively investing in stronger societies and human welfare is far more effective and efficient than responding after state collapse." We must act, in international partnership, to prevent emerging violence and state failure that pose risks to American security and prosperity, and to protect populations where mass atrocities and other violence pose an affront to American values. We must recognize the unique horror of genocide and mass atrocity, the need to develop instruments to detect their threat, and the need to develop structures and policies to ensure their prevention. We must improve our capability to strengthen the security of states at risk of violence both through effective, accountable security and justice systems able to guarantee internal security and through stronger civilian institutions and effective justice systems. By investing now to build capable partners and modernizing our capacities to be agile in the face of change, we will help, as the National Security Strategy states, "diminish military risk, act before crises and conflicts erupt, and ensure that governments are better able to serve their people."

Where violent conflict has not been prevented and U.S. security, prosperity, or values are threatened, the United States and the international community cannot shy away from the difficult task of helping local partners stabilize and build peaceful communities. We must bring the expertise and resources of the U.S. government to bear in finding new ways and new coalitions to counter threats and bolster the capacity of states to withstand instability. We must build a robust civilian capacity to respond rapidly, effectively, and with the best solutions. We must be faster, more innovative, and more effective than these forces of instability and we must be flexible enough to adapt to rapid changes that occur in conflict.

Our effectiveness often depends on the capacity of governments and the political will of their leaders. We must strengthen fragile states to provide services to their populations, secure their own territory, and create the economic and social environment to lift them out of the cycle of violence and poverty. We must build partnerships and collaborate—within our government, with local partners, and with international organizations—to engage in the difficult work of helping to bring conflicts to an end. We will build this U.S. civilian capacity in close coordination with our military partners.

Integrate gender into our diplomacy and development work

The protection and empowerment of women and girls is key to the foreign policy and security of the United States. As President Obama's National Security Strategy recognizes, "countries are more peaceful and prosperous when women are accorded full and equal rights and opportunity. When those rights and opportunities are denied, countries lag behind." And as Secretary Clinton has emphasized repeatedly and consistently, "women are critical to solving virtually every challenge we face as individual nations and as a community of nations . . . when women have equal rights, nations are more stable, peaceful, and secure." The status of the world's women is not simply an issue of morality—it is a matter of national security.

To that end, women are at the center of our diplomacy and development efforts—not simply as beneficiaries, but also as agents of peace, reconciliation, development, growth, and stability. To foster and maximize the diplomatic and development outcomes we seek, we will integrate gender issues into policies and practices at State and USAID. We will ensure that gender is effectively addressed throughout all bureaus and missions, include gender in strategic planning and budget allocation, and develop indicators and evaluation systems to measure the impact of our programs and policies on women and girls.

Facilitate innovative, flexible, and tailored responses in an age of uncertainty

The accelerating pace of change and exponential increase in connectivity that mark today's international system will produce unintended or perhaps even unexpected consequences. In an interconnected world, cascading changes can and will amplify the significance of a small initial event. Brief windows of opportunity will arise. New challenges will unfold faster than any system can respond. A multiplicity of actors, networks, and activities in countries will expand and diversify the opportunities for us to work with local partners, effect local change, and confront global problems. To adapt to these trends, science and technology must be enlisted in an unprecedented fashion—as part of both our bilateral and multilateral diplomacy. We must be fast acting, innovative and flexible, and we must tailor our responses to the complex, rapidly evolving environments in which we operate. Our diplomats and development experts must be able to operate in real-time, both to respond to a range of challenges and threats, and to seize opportunities to promote American interests.

Effective responses in such rapidly changing environments require a combination of clear priorities, policies, and plans with systems that allow for more flexible, tailored responses. We will adopt more flexible mechanisms for program implementation, outsourcing, and partnering that allow us to shape our programs to meet local needs most effectively and accountably. This includes promoting our own innovation and collaborating more strategically with diverse partners from the public and private sectors. It requires us to put a greater emphasis on entrepreneurial thinking and to reward programmatic risk-taking within our bureaucracies. And it calls for better aligning our priorities, resources, and programs to use resources efficiently and effectively.

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We have looked ahead at the trends reshaping the landscape of American foreign policy. President Obama and Secretary Clinton have articulated the guiding policy principles that will allow the United States both to respond to and help shape this changing international landscape. The global context that lies ahead is sure to bring both new threats and unprecedented opportunities. In the tradition that has made America great, we must be prepared to address those threats and seize those opportunities. State and USAID must build and focus our capabilities to advance these policies and promote American security, prosperity, values, and the international order in this new context. The chapters that follow provide a detailed roadmap for the work that lies ahead that will allow State and USAID to do our part to transform the world as it is into the world we seek.

Chapter 2: *Adapting to the Diplomatic Landscape of the 21st Century*

"Our security...depends upon our diplomats who can act in every corner of the world, from grand capitals to dangerous outposts."

– President Obama, Introduction to the National Security Strategy, May 2010

The classic diplomacy of grand capitals is the business of managing relationships between states, bilaterally and regionally. Classic diplomacy was born within a rigidly prescribed set of formal relations between countries—a world of international demarches, communiqués, and negotiated agreements of every sort. Indeed, the word "diplomat" comes from diploma, an instrument of formal accreditation issued by a government to envoys officially designated to represent another nation. The world of classic diplomacy still exists and remains central to the success of our foreign policy.

But the diplomatic landscape of the 21st century now extends far beyond classic diplomacy. It features a more varied set of actors: many more states capable of and intent upon pursuing independent diplomatic agendas; a variety of U.S. government agencies operating abroad, and transnational networks of many different kinds—corporations, foundations, non-governmental organizations, religious movements, and citizens themselves. These actors interact in multiple spaces far beyond foreign ministries: multilateral organizations, interagency processes, boardrooms, chatrooms, townhalls, and remote villages. This landscape features a new range of issues on the diplomatic agenda. Advancing industrialization and increasing populations have exacerbated shared challenges that include environmental degradation, climate change, pandemic disease, and loss of biodiversity.

Effective U.S. diplomacy in the 21st century must adapt to this landscape. It must also be prepared to reshape it. In particular, our diplomats must be prepared to respond to—and effect change in—three domains where evolving trends require new ways of doing business:

(1) Because a wide array of our government agencies increasingly engage with their counterparts abroad, our diplomats have to be prepared to lead the implementation of global civilian operations and to pursue whole-of-government diplomatic initiatives;

(2) Because new transnational forces are increasingly challenging the capacity of 20th century institutions, and emerging centers of influence are changing the geopolitical landscape, our diplomats have to be prepared to build new partnerships and institutions and reshape old ones at both the regional and global level; and

(3) Because a wide range of non-state actors are growing in reach and influence, our diplomats have to be prepared to go beyond the state to engage directly with new networks, from the private sector to the private citizen.

Our efforts in these three domains will become core missions for the State Department. The new diplomatic landscape will not adapt to us; we must develop our capabilities, channel our resources, and organize our structures to operate effectively within it. As we do so, we must remain committed to excellence in the essential work we are already doing—from treaty negotiations to consular services to political reporting.

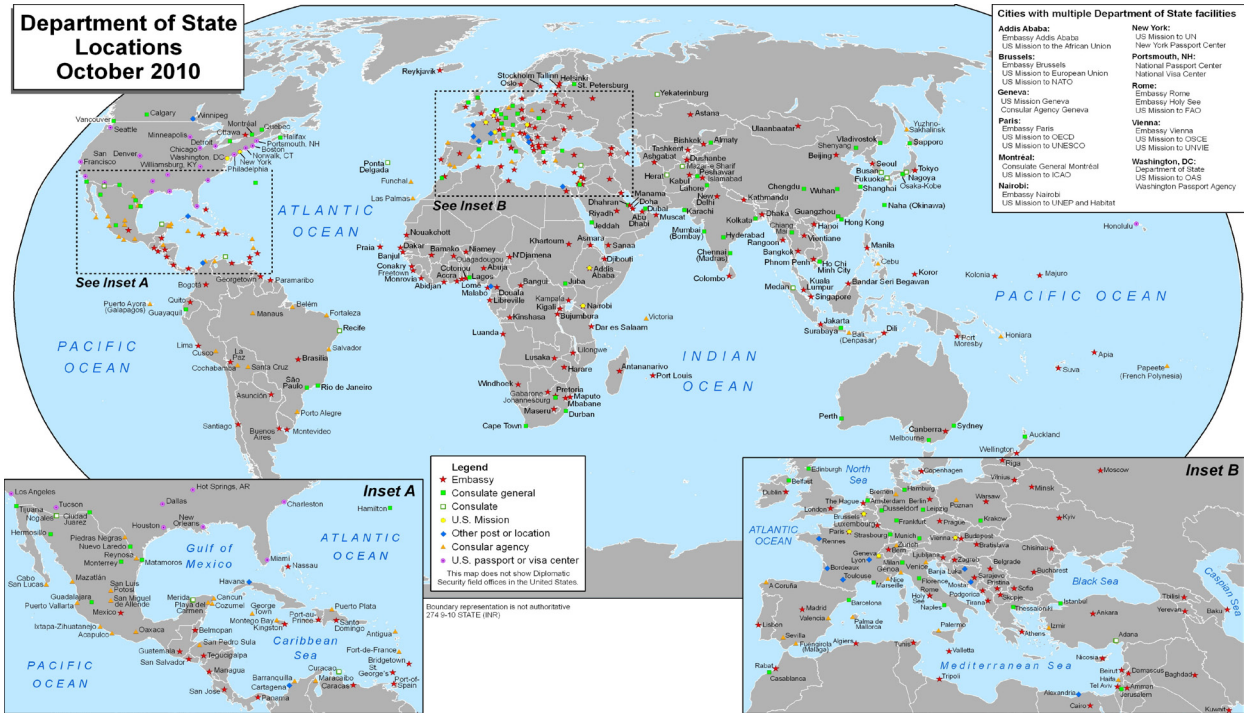
And we must do so in the context of our values, rooted in democracy and human rights. Our diplomats must be guided by these values in everything we do. They are the foundation of our global leadership.

This chapter outlines a set of reforms to ensure that we can train, equip, and support Foreign Service and Civil Service personnel and the many invaluable locally employed staff to effectively advance our national interests in this new global landscape. Whether they wear pinstripes or cargo pants, they are the backbone of America's civilian power.

I. LEADING THE IMPLEMENTATION OF GLOBAL CIVILIAN OPERATIONS WITHIN A UNIFIED STRATEGIC FRAMEWORK

Even as we work to reshape international institutions and to engage a wide range of new stakeholders, our relationships with other states—our traditional allies, emerging powers, development partners, and others—remain at the center of our diplomacy.

A striking element of the diplomatic landscape of the 21st century is the expanded role other government agencies have come to play in these bilateral relationships. The Centers for Disease Control and Prevention partners with host countries to improve health outcomes through strengthened health systems. The Department of Homeland Security is active around the world identifying vulnerabilities and understanding, investigating, and interdicting threats or hazards



Department of State Locations, October 2010

before they reach our borders. Likewise, the Department of Justice identifies and investigates transnational security and environmental threats and works with partner countries to address their concerns. The Environmental Protection Agency has programs in countries ranging from China to India, Chile to Jordan; it identifies international environmental issues and helps implement technical and policy options to address them. Our strategic dialogues with countries ranging from China to Indonesia to South Africa involve dozens of government agencies, programs, and budget items.

Civilian operations are the international on-the-ground activities of personnel from any civilian federal agency or combination of federal agencies.[1] The breadth and depth of expertise across the interagency is a potent element of our foreign policy and increasingly critical to achieving America's objectives around the world. Yet to be effective, these operations must be coordinated and complementary, consistent with our core values and strategic interests. The Department of State has an essential role to play in bringing about the coordination and coherence of the interagency in advancing U.S. foreign policy priorities abroad within a unified framework that makes the most of the federal government's combined civilian power. Our Country Teams bring

[1] "Civilian operations" as used in the QDDR does include those activities of civilian elements of the Department of Defense that conduct on-the-ground activities internationally, but does not include civil-military operations as defined by the Department of Defense.

together representatives of many different agencies. And our diplomats understand the country context and have the essential diplomatic skills to open up the economic and political space in which programs can operate.

To lead our foreign relations effectively, however, we must improve and adapt. Our diplomats have to see the whole and understand how programs of different agencies fit together—and fit within our overall objectives in a country. Chiefs of Mission must be empowered and accountable as CEOs of multiagency missions. And in Washington, we must change our approach to working with the interagency.

1. Ambassadors as CEOs of multi-agency Missions

Our embassies in the field today look and operate very differently than in the past. Many have a large presence with representatives from a number of agencies of the U.S. government who run, manage, and implement programs that advance the array of U.S. interests overseas. Take, for example, our mission in Kabul, Afghanistan, which includes more than 550 State and 390 USAID personnel as well as 1,000 locally employed staff. A large portion of our work there consists of traditional diplomacy. But our Ambassador also leads 300 civilians from 11 other federal agencies, including disaster relief and reconstruction experts helping to rebuild the country; specialists in health, energy, communications, finance, agriculture, and justice; and military personnel working with the Afghan Government and military to partner in the fight against violent extremists. Meanwhile, our post in Brussels has dozens of U.S. government agencies represented, all of which are engaged daily with host government ministries, the institutions of the European Union, businesses, and civil society.

Secretary Clinton chairs the President's Interagency Task Force to monitor and Combat Trafficking in Persons, at the Department of State, February 3, 2010.

As the President's representative, the Chief of Mission, commonly an Ambassador, directs and supervises all activities in country and coordinates the resources and programs of the U.S. government through the Country

Team, with the exception of employees under the command of a United States area military commander and other exceptions consistent with existing statutes and authorities. For some time now, the Ambassador has been the Chief Executive Officer of a multi-agency mission. And the best Ambassadors play that role effectively. Today, given the wide array of U.S. agencies and actors and the corresponding need for coordination and leadership, it is essential that *all* Ambassadors are both empowered and held accountable as CEOs. They must be responsible for directing and coordinating coherent, comprehensive bilateral engagement that harnesses the work of all U.S. government actors in-country. While the Country Team is the primary vehicle for that direction and coordination, not every agency has an attaché in every country and Chiefs of Mission must also reach back to the interagency in Washington on issues of strategic planning and implementation that relate to agencies not represented in the field. To this end, we will:

- **Work with the National Security Council and other agencies to ensure that U.S. government personnel understand and internalize their accountability to the Chief of Mission**
  In addition to sharing Presidential guidance outlining the Chief of Mission's role and responsibility to all agency representatives before they depart for post, we will coordinate with other agencies represented at our embassies to ensure that the Chief of Mission can contribute to the home agency's evaluation of all personnel at post.

- **Engage our Chiefs of Mission in interagency decision-making in Washington**
  In order for our Chiefs of Mission to direct and coordinate the interagency in the field, they must not only drive the Country Team on the ground, but also be more effectively engaged in interagency decision-making in Washington. By participating in this process, Chiefs of Mission can more effectively understand, support, and balance the goals and objectives of all agencies represented at post. Moreover, our Chiefs of Mission in the field have an invaluable wealth of information and deep understanding of their countries that can inform and assist interagency decision-making in Washington. To give Chiefs of Mission the voice they need in Washington and to draw on their knowledge and perspective, Chiefs of Mission will be invited to participate via secure telecommunications in Deputies Committee Meetings in Washington at the discretion of the National Security Staff. In the near term, State will initiate efforts to provide secure video conferencing in priority designated embassies that are not yet so equipped, specifically focusing on emerging powers, regional centers of influence, and posts with a large interagency presence.

- **Prioritize interagency experience for service as Chief of Mission**
  Ultimately, the ability of the Chief of Mission to direct and coordinate whole-of-government efforts in the field depends on the person. While many talented individuals currently serve in these posts, if we are truly to groom Chiefs of Mission as effective CEOs of multi-agency missions, then one of the elements for consideration in selecting Deputy Chiefs of Mission or Chiefs of Mission must be how well candidates have worked with the interagency or managed multi-agency missions in previous postings. We will expand our evaluation tools to better assess an individual candidate's success in this regard, including by seeking feedback from other agencies and considering service at other agencies, such as USAID, in promotions to the Senior Foreign Service, in selection as Deputy Chief of Mission, and in recommendations for presidential appointment as Chief of Mission. Similarly, we will seek feedback from other agencies regarding the ongoing performance of our Chiefs of Mission.

- **Enhance training and evaluation**
  We will ensure that new Ambassadors receive sufficient training to fulfill their mission and responsibilities, to coordinate across the interagency, and to deliver results on the ground. This requires familiarity with the distinct objectives, policies, and programs of other agencies at post and expanded strategic planning expertise. Ambassadors with development agendas in their portfolios will participate in a specifically designed USAID orientation program in order to broaden their understanding of development and assistance priorities and processes. Non-career Ambassadors will receive a broader and more extensive orientation to ensure they are informed about the basic processes not just of the State Department, but of other agencies as well.

The Department of State's Director General, in coordination with the Director of the Foreign Service Institute and the regional bureaus, will take the lead in developing and managing ongoing processes to ensure Chiefs of Mission and Deputy Chiefs of Mission have the skills and the incentives to manage their Missions effectively and to represent the interests of all the agencies present at their posts. And we will institute more regular reviews as part of the Chief of Mission and Deputy Chief of Mission evaluation process to determine how well they are performing in managing a multi-agency mission.

A Whole-of-Government Embassy Team

The Chief of Mission is statutorily mandated to direct, coordinate, and supervise interagency teams to advance America's strategic interests, consistent with our core values. When the country team works well, it is an extraordinarily powerful tool for whole-of-government engagement. Innovative examples of Chiefs of Mission using the country team to draw together the resources and expertise of the entire U.S. government include:

- **Turkey:** Embassy Ankara organizes digital video conferences for interagency representatives at all four U.S. diplomatic and consular posts in Turkey to ensure coordination across the country. The Embassy also organizes regular sub-groups on specific topics, such as military issues, economics and commerce, and law enforcement, to formulate policy ideas and ensure that the Mission Strategic Resource Plan reflects mission-wide priorities.
- **South Africa:** Embassy Pretoria's interagency working groups focus on issues such as health, education, law enforcement, and economic development, and consult both internally and with South African officials. All U.S. agencies contribute to the mission planning process and to the U.S.-South African bilateral strategic dialogue.

A Whole-of-Government Model: PEPFAR

The President's Emergency Plan for AIDS Relief (PEPFAR) represents an important whole-of-government model for interagency collaboration and public health impact. Announced by President George W. Bush with bipartisan support from Congress, PEPFAR is the U.S. government initiative to address the global HIV pandemic. This historic commitment is the largest by any nation to combat a single disease internationally.

Led and coordinated by the Department of State's Office of the Global AIDS Coordinator, as per an act of Congress, PEPFAR draws on the contributions of many different U.S. government agencies, including the Department of Health and Human Services' Centers for Disease Control and Prevention and Health Resources and Services Administration, USAID, the Department of Defense, and the Peace Corps. Under the leadership of the Global AIDS Coordinator, PEPFAR uses a country-driven, interagency team approach directed by the Chief of Mission in each PEPFAR country, often acting through a country PEPFAR coordinator. PEPFAR leverages existing partnerships, expertise, and mechanisms that other U.S. government agencies have established over the decades in resource-limited countries with ministries of health and other local, indigenous partners.

Through PEPFAR's efforts, the United States is directly supporting life-saving antiretroviral treatment for more than 3.2 million men, women, and children worldwide. In FY2010, PEPFAR supported antiretroviral prophylaxis to prevent mother-to-child HIV transmission for more than 600,000 HIV-positive pregnant women, allowing 114,000 infants to be born HIV-free. Through its partnerships with more than 30 countries, PEPFAR also supported 11 million people with care and support, including nearly 3.8 million orphans and vulnerable children. During that same time, PEPFAR supported HIV counseling and testing for nearly 33 million people, providing a critical entry point to prevention, treatment, and care. In addition, PEPFAR funding has been used to strengthen host country government and civil society institutions, a direction that is both more cost-effective and more sustainable.

2. Interagency collaboration

The conduct of our foreign policy often requires the Department of State to draw on the skills, resources, and expertise of other agencies—to support negotiations or direct the implementation of complex operations in the field, for example. As these instances increase, it is critical that we shift our mindset and operational approach. This means expanding our collaboration across the government to the expertise of other agencies in our program and policy implementation, training our diplomats to operate more effectively in the interagency, and enhancing our own capacity to carry out operations on the ground. To this end, we will:

PHOTO: LONNIE TAGUE

In a driving rain, Boston Police Officer Thomas Griffiths; Attorney General Eric Holder; Craig W. Floyd, chairman of National Law Enforcement Museum Memorial Fund; Homeland Security Secretary Janet Napolitano; and House Majority Leader Steny Hoyer (D-Md.) ceremonially shoveled dirt in an important step to make the museum a reality.

- **Leverage the expertise of other agencies**
  Other agencies of the U.S. federal government possess some of the world's leading expertise on issues increasingly central to our diplomacy and development work. The United States benefits when government agencies can combine their expertise overseas as part of an integrated country strategy implemented under Chief of Mission authority, and when those agencies build lasting working relationships with their foreign counterparts. As part of our expanded planning processes discussed in Chapter 5, we will work with other agencies to ensure that each agency's activities advance U.S. interests.

  More specifically, State will enter into interagency agreements, consistent with existing law, to draw on the skills, expertise and personnel of other federal agencies before turning to private contractors where State determines that building in-house government capability or promoting bilateral working relationships furthers our foreign policy priorities. For certain core functions, State will also establish

a presumption to enter into agreements to draw on other agencies and state and local governments, where appropriate, to implement State programs overseas. In particular, given the national security implications of security sector assistance, State will look first to the Department of Justice, the Department of Defense, and the Department of Homeland Security to implement State programs involving counterterrorism capacity building, foreign law enforcement, or strengthening justice and interior ministries. State and USAID will similarly look to the Department of Health and Human Services to build on existing long-term relationships with ministries of health in partner countries. State will use private contractors for non-governmental functions when other agencies lack appropriate skills or are otherwise unwilling or unable to provide the services needed in an effective manner. In the long-term, partnering with and building on the assets of other agencies will offer net policy gains to the U.S. government and reduce overall program implementation costs. This is a significant departure from current practice, one that we believe will save money, improve the U.S. government's ability to advance American interests, and strengthen State's engagement across the interagency.

To develop this new management approach, we will look to each agency's core competencies on the issue and in the country in question and will take into account any experience the agency has had. We will ask agencies implementing programs on our behalf to commit to using direct hire personnel and, where appropriate, state and local governments whenever possible. And we will design high impact programs that deliver maximum results for minimum costs. Our recent close cooperation with the Department of Justice in designing a program to develop the Iraqi criminal justice system is a leading example of this new approach. It draws on the resources and expertise of both State and Justice; it unifies disparate programs of the two agencies in a common plan, and it uses the expertise of the U.S. government. We will work to institutionalize this type of cooperation.

- **Prepare our personnel to operate effectively within the interagency**
  As the agency mandated by the President to conduct America's foreign affairs, State must understand and support the core objectives of other agencies operating overseas and, on some specialized issues, needs to be able to engage with the scientific, technical and programmatic expertise of other agencies. Going forward, our personnel will receive enhanced training in interagency processes in both Washington and the field. To expand our personnel's familiarity with other parts of the government, they will be encouraged and, to the extent possible, expected to undertake short-term detail assignments in other agencies. As staffing numbers

increase, we will expand the number of interagency detail assignments, allowing us over time to build a cadre of personnel expert in the mechanisms and objectives of other agencies. Successful engagement within the interagency will become an integral part of an individual's career development and promotion. We will also work with other agencies to expand the number of detail assignments to State.

- **Enhance our capacity to manage multi-agency missions by improving our operational effectiveness**
  Working well within the interagency requires mutual respect. Building that mutual respect requires State to be more effective at running our own programs. Program implementation has become an increasingly significant part of State's mandate, as humanitarian and security assistance dollars account for a growing portion of our budget. State, in consultation with USAID, will undertake a number of actions to improve our capacity to implement programs on the ground, including strengthening strategic planning and budgeting; improving the critical skills and competencies of State managers of foreign assistance; promulgating standard institutional guidance on aid management, including guidance about gender integration; and strengthening monitoring and evaluation capacity to ensure evidence supports decision-making. The specific steps we will take to advance this new approach to management are elaborated in other chapters of this Report.

A Culture of Collaboration

In the Democratic Republic of Congo, efficient wood stoves improve lives while reducing logging in protected forests.

The **Global Alliance for Clean Cookstoves,** a public-private partnership led by the United Nations Foundation, illustrates the culture of collaboration that we need to address 21st century challenges. The Alliance, announced by Secretary Clinton in September 2010, will help 100 million homes around the world adopt sanitary and energy-efficient stoves by 2020, saving lives while combating deforestation and climate change. By developing markets for stoves and fuel and supporting local supply chains, the Alliance will also promote sustainable, inclusive economic growth by creating new microbusiness opportunities for women and other entrepreneurs.

The Alliance's initial concept was developed by experts at the Environmental Protection Agency and supported by State's Global Partnership Initiative, which connected the resources of other U.S. agencies and more than twenty private sector partners. State, USAID, the Department of Health and Human Services, the Centers for Disease Control and Prevention, the National Institutes of Health, the Department of Energy, and the Environmental Protection Agency have all pledged resources to support the Alliance, and State has led diplomatic outreach to invite other nations to join the effort.

II. BUILDING AND SHAPING A NEW GLOBAL ARCHITECTURE OF COOPERATION

Transnational forces are changing the global landscape, and so the way we do business must change as well. Our diplomats need the training, the tools, and the resources to build innovative new partnerships, to reform and reshape international institutions, and to creatively address evolving transnational challenges.

Simply put, diplomacy has become more complicated. Cold War blocs have dissolved, international organizations have proliferated, new or more robust regional organizations have emerged, from the European Union to the African Union to the East Asia Summit. Emerging powers increasingly seek to assert influence in global affairs, and virtually every nation has the technological and political means to make its voice heard and its vote count. So too the issues on the international agenda have proliferated and become more deeply interconnected. Global and transnational challenges such as terrorism, food security, nuclear proliferation, climate change, corruption, refugees, oppression of women, and trafficking in persons, just to name a few, demand solutions that bring states and often non-state actors together around shared interests and common solutions.

To advance our interests and values in this new landscape, we need to update our capabilities and our mindset. We are pursuing changes along five tracks. First, we will organize ourselves to most effectively harness our substantive expertise to deal with transnational challenges ranging from climate change and clean energy to conflict and humanitarian crises. Second, we are updating our engagement with our closest allies and partners. Third, we are creating new structures and substantive strategies to manage our relationships with emerging centers of influence—a process we have already begun and will continue to refine. Fourth, as we engage with these rising states, we will enhance our capabilities to act regionally and to shape regional institutions so that we can more effectively cooperate with allies and partners to deliver results and, where necessary, manage disagreements. Fifth, we will put ourselves on a footing to reform and reshape international institutions—both formal and informal—so they are effectively equipped to handle the challenges of the 21st century. Finally, we will integrate a focus on women and girls into everything we do.

1. Structuring the Department of State for 21st century global affairs

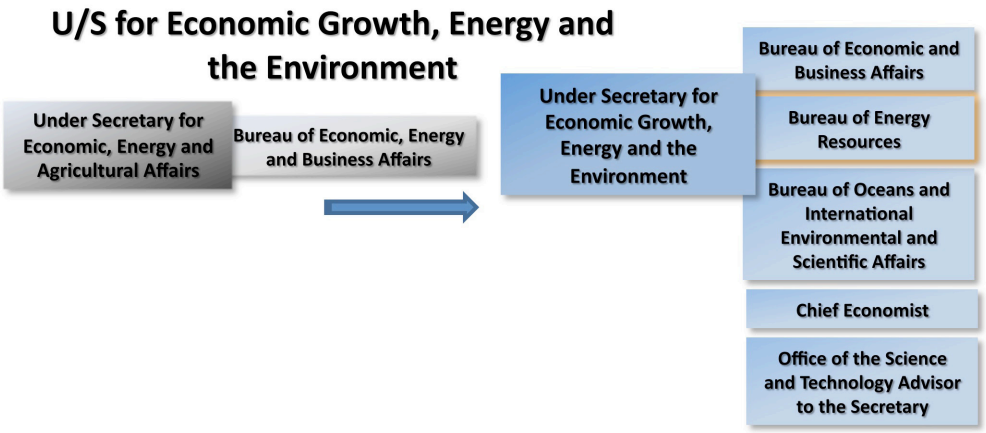
While the Department of State is organized into bureaus and offices, the international landscape is not so neatly divided. A cluster of "global issues" transcends borders and straddles the political and economic spheres. These global issues—from economics to energy, from the environment to global health—are part of deeply interconnected systems that interact with and influence one another. Our bureaucratic structures must allow us to respond to threats and seize opportunities that overlap across these global systems. Similarly, the lens of civilian power highlights the role of human security in our foreign policy. Advancing human security issues—ranging from democracy and human rights to rule of law and justice sector reform, from refugees to conflict and crisis response—requires unique skills and operational capabilities best built when linked in a unified bureaucratic structure. Against this backdrop, we must organize our efforts in lines of authority and activity that help us

leverage connections across bureaus, ensure consistent policies, reduce inefficiency and redundancy, balance competing interests, and build effective capacities. In short, we have to group issues together bureaucratically to be effective in addressing them diplomatically.

Through this Review, we have identified a set of organizational changes that will group two sets of functional bureaus that address interconnected issues under two Under Secretaries. This restructuring will allow us to streamline operations and avoid duplicative capabilities. It will allow us to focus and build our operational capacity where it is needed most and can have the greatest impact. And it will facilitate our ability to speak with a unified voice on critical functional issues in our bilateral relationships, at regional organizations, and in multilateral institutions. The portfolios of the existing Under Secretary for Economic, Energy, and Agricultural Affairs and the Under Secretary for Democracy and Global Affairs will be restructured to reflect this realignment. And the portfolio of the Under Secretary for Arms Control and International Security Affairs has already been restructured and strengthened.

Specifically, by July 2011, we will establish:

- **An Under Secretary for Economic Growth, Energy and the Environment**
  Economic, energy, and environmental issues are ever more important in international affairs and these issues are becoming increasingly interconnected. Economic growth is a critical administration priority. Energy security has obvious—and extraordinary—economic implications. Conservation issues and chemicals management present both environmental and economic challenges. Policies on energy supply and transit have significant environmental impact. And confronting the challenge of climate change requires our best scientific and technical assets, effective economic tools, and new energy policies. The ability of the United States to lead global policy on economics, energy, and the environment requires State to see linkages across these issues, to seize opportunities that allow breakthroughs, to ensure that our policies on all three issues are coordinated and complementary, and to advance these issues collectively in regional and multilateral institutions.



Promoting American Prosperity

Our diplomacy abroad promotes American prosperity at home. Secretary Clinton has dramatically expanded diplomatic engagement around trade and commercial issues in key global forums like the Asia-Pacific Economic Cooperation Forum (APEC). We are working with the United States Trade Representative to advance trade agreements with Korea, Colombia, and Panama, and are negotiating the Trans-Pacific Partnership—a 21st century multilateral trade agreement among several APEC members that will open markets to American enterprise while establishing new standards for labor as well as environmental and intellectual property protection.

Our Embassies are directly supporting President Obama's National Export Initiative through diplomatic work with host governments and outreach to explain opportunities to American companies, with dramatic results: Embassy-advocated exports to Tunisia, for example, have climbed from $2.5 million in Jan.-Sept. 2009 to $266 million in the same period this year; and U.S. diplomatic advocacy has helped beef exports to Taiwan increase 52 percent during the first nine months of 2010, to $153 million. In Singapore, our Ambassador has hosted regional meetings to highlight investment opportunities for American businesses and has traveled throughout the United States to explain export opportunities to hundreds of U.S. businessmen. Commercial advocacy by all U.S. agencies, leveraging the State Department's diplomatic platforms, has resulted in nearly $12 billion in U.S. exports in 2010, compared to less than $4 billion in all of 2009, and has supported an estimated 70,000 U.S. jobs.

The portfolio of the Under Secretary of State for Economic, Energy, and Agricultural Affairs, which currently includes only the Bureau of Economic, Energy, and Business Affairs, will be expanded to include a refocused Bureau of Economic and Business Affairs; the Bureau of Oceans, Environment, and International Scientific Affairs; a new Bureau of Energy Resources; the Office of the Science and Technology Advisor to the Secretary (currently reporting elsewhere in the Department), and a new Chief Economist. Among other functions, the Under Secretary will have responsibility for coordinating with the United States Trade Representative on trade issues. The Under Secretary will have responsibility for:

- *A new Bureau for Energy Resources*

  Energy powers the U.S. and global economies. The national security and economic prosperity of the United States and of our international allies and partners depend on global markets for oil, gas, and coal. Yet, these fossil fuels also account for most global production of greenhouse gas emissions. Reducing our reliance on them is central to our efforts to combat global climate change. While we must protect our energy security and that of our allies and partners today, we must also foster international cooperation toward a global clean energy future. International energy policy lies at the intersection of economics, geopolitics, and development. The State Department is well positioned to link U.S. international energy efforts with our broader international economic interests, our foreign policy imperatives, and our development objectives. As we create this bureau, we will work with the Department of Energy, the U.S. Department of Agriculture and other relevant agencies to enter into interagency agreements providing for a division of roles and responsibilities, and authorities in international energy policy. This work will leverage the strengths of other agencies, including the Department of the Treasury's experience in revenue management; the Department of Interior and the U.S. Department of Agriculture's expertise in resource management; and the Department of Energy's expertise on international energy technology cooperation, on energy policy measures, and on global energy markets.

  By establishing a Bureau of Energy Resources, we can bring together under a single Assistant Secretary State's diplomatic and programmatic efforts on oil, natural gas, coal, electricity, renewable energy, transparent energy governance, strategic resources, and energy poverty. This new bureau will subsume the Office of the International Energy Coordinator and the Special Envoy for Eurasian Energy. Replacing existing ad hoc arrangements with a permanent

structure will elevate and unify programs and resources currently scattered across several existing bureaus. Working with regional bureaus, the new Bureau of Energy Resources will lead comprehensive and balanced international energy diplomacy in the management of our foreign affairs, continuing to partner with other agencies that lead on international energy issues. And it will strengthen our interagency cooperation on an issue critical to America's security and prosperity.

- *A Chief Economist and expanded economic diplomacy*
  Global markets and finance are fast becoming the next frontiers of foreign policy. Distinctions between "security" and "economic" policies are fading as many nations are coming to define their interests in economic as well as political terms. They have reoriented their national security strategies to focus more on economic security and advance their economic interests. We must adapt our diplomacy to that world. To do so, we will better leverage the deep international expertise of the Department of the Treasury and avoid duplication of roles. In addition, we will:

  - *Elevate economic diplomacy as an essential element of U.S. foreign policy.* We will elevate and consolidate issues that span markets and foreign policy—energy; trade, commercial diplomacy, and investment; science, environmental security and climate change; and economic growth. The Under Secretary for Economic Growth, Energy, and the Environment will provide the senior leadership necessary to support State's interagency role on geoeconomic issues. Assistant Secretaries for Economic Growth, Energy Resources, and Oceans and International Environmental and Scientific Affairs will provide sustained and focused engagement both across the interagency and globally on critical issues in which economics and diplomacy intersect.

  - *Establish a Chief Economist* to advise the Secretary of State and the Department. The Chief Economist will identify for the Secretary emerging issues that, while largely economic on their face, implicate key foreign policy interests, and likewise, those predominately political or security issues that turn on economic choices. This position will ensure that the Secretary has a full accounting of the economic, strategic, and security concerns that attach to geoeconomic issues.

- *Expand economics training.* In a world in which economic and political issues are ever more interconnected, State's political officers—in addition to its economic officers—must understand the economic dimensions of political challenges and the political dimensions of economic ones. To build our political officers' fluency in economics and finance, we will mandate training in geoeconomics for political cone Foreign Service personnel.

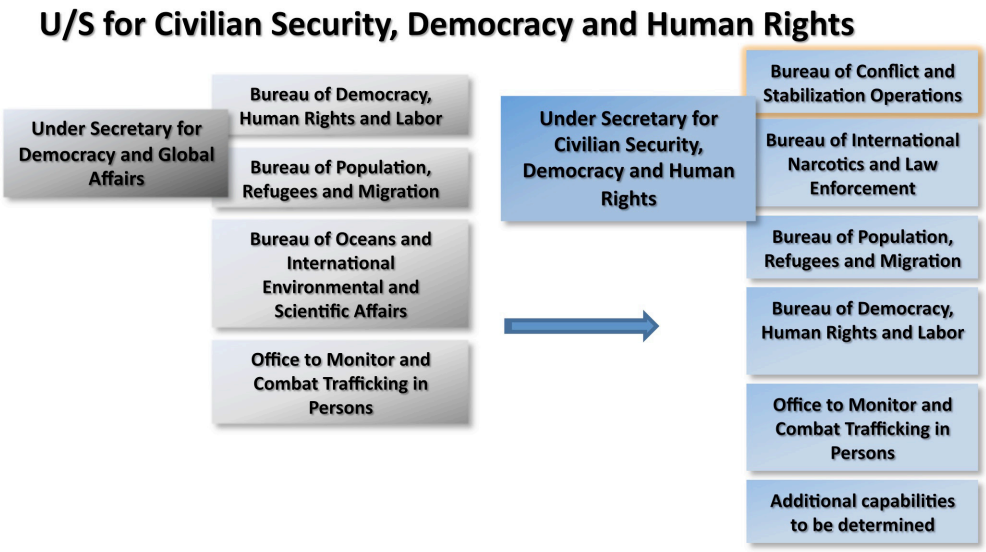
➢ *Improve State's capacity to use sanctions and support efforts to combat illicit finance*

Criminals, terrorists, and rogue regimes depend on illicit financial networks for support—and pressuring these networks is critical to our security. As the 2010 National Security Strategy highlights, "credible and effective alternatives to military action—from sanctions to isolation—must be strong enough to change behavior" and constrain our adversaries' ability to act. Secretary Clinton has determined that the State Department needs to be better organized to coordinate with the interagency on policy related to targeted sanctions and other economic pressure against our adversaries. That is why she designated senior diplomats to coordinate our sanctions enforcement against both North Korea and Iran. Based on our experiences, we have initiated a review to be completed by June 2011 of the way the State Department currently manages and resources its sanctions work and support for efforts to combat illicit finance and we will implement reforms to improve our ability to use these tools, and work with our interagency partners, to achieve our foreign policy objectives.

- **An Under Secretary for Civilian Security, Democracy, and Human Rights**

Our national security depends on human security—on preventing and responding to crisis and conflict, securing democracy, and advancing human rights. Advancing human rights and democracy is a key priority that reflects American values and promotes our security. To give all these human security issues the priority they demand, the existing Under Secretary for Democracy and Global Affairs will be reorganized into an Under Secretary for Civilian Security, Democracy, and Human Rights. The Under Secretary's restructured mandate will be to build and oversee one coherent capacity within State that promotes stability and security in conflict-affected and fragile states, supports and develops democratic practices globally, and advances our human rights and humanitarian policies and programming around the world. Many of these issues require an on-the-ground, operational capacity, which the Under Secretary will have the responsibility to build and manage.

The Under Secretary will oversee all of the major operational bureaus that support the State Department's mandate to promote human security, including those aimed at (i) preventing and responding to conflict and crisis; (ii) managing refugee and humanitarian crises, and our support for major international organizations involved in aid to conflict affected populations; (iii) advancing human rights and democratic values; and (iv) countering the convergence of transnational threats such as the threat of narcotics, transnational crime, and insurgency. We will bring together a new Bureau for Crisis and Stabilization Operations (discussed in detail in Chapter 4), the Bureau for Population, Refugees and Migration, the Bureau for International Narcotics and Law Enforcement Affairs, and the Bureau for Democracy, Human Rights and Labor. We will include the Office to Monitor and Combat Trafficking in Persons.

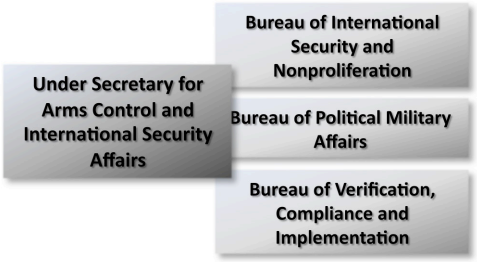


- **Expand the capacities of the Under Secretary for Arms Control and International Security Affairs**

  Weapons of mass destruction, the delivery systems for such weapons, and other military capabilities in the hands of either dangerous governments or terrorist organizations are among the principal threats to achieving a world of peace and security for all. In his historic address last year in Prague, President Obama articulated a vision for meeting these urgent threats. State responded vigorously to the President's challenge. As Secretary Clinton has recognized, we now have a broad and challenging agenda—from strategic nuclear force reductions and

comprehensive nuclear test ban treaty to the threats posed by Iran, North Korea, and beyond. Unfortunately, over much of the past decade, the proven and time-tested tools of arms control have been seriously underutilized by the United States, and nonproliferation efforts have not been sustained by a high level commitment. The State Department has led the way in revitalizing our diplomatic capacity and engagement on international security. Since the President's Prague address, the Department of State has launched a major new effort to forge a renewed international consensus on arms control and nonproliferation based on common concern and shared responsibility. But a number of the organizational elements that underpinned the earlier efforts needed to be strengthened to support our new course of action. To remedy this and to sharpen our policy focus, we have realigned the missions of the relevant legacy bureaus within the Department to better reflect 21st century realities. The Under Secretary for Arms Control and International Security Affairs will have responsibility for a strengthened bureaucratic structure, including:

U/S for Arms Control and International Security Affairs



- *A new Bureau for Arms Control, Verification, and Compliance and a restructured Bureau of International Security and Nonproliferation.*
  Under the leadership of the Under Secretary for Arms Control and International Security, we have established a new Bureau of Arms Control, Verification, and Compliance (AVC) and restructured the Bureau of International Security and Nonproliferation (ISN). The resulting structure creates dedicated organizational advocates respectively for (1) arms control and verification and compliance, and (2) nonproliferation. Responsibility for implementing existing arms control agreements and negotiating new agreements is now consolidated within the AVC Bureau. By bringing the arms control and verifica-

tion and compliance missions together in single bureau under one Assistant Secretary, we have ensured that verification and compliance regimes are built into arms control agreements from their inception and that compliance with all such agreements is diligently verified. Likewise, the Bureau of International Security and Nonproliferation has shed ancillary functions so as to better focus on its core mission of managing international efforts to ensure the security and prevent the proliferation and acquisition, of weapons of mass destruction and their delivery systems, the materials, equipment, and technology needed to build them, and other destabilizing conventional military capabilities.

- **A new Bureau for Counterterrorism.**
  We will work with Congress to secure necessary legislative changes and resources to establish a Bureau for Counterterrorism led by an Assistant Secretary. Given the critical importance of preventing terrorist attacks on the United States and around the world, State is committed to building a new bureau that will elevate the Office of the Coordinator for Counterterrorism, expand State's capabilities in an issue critical to U.S. national security, and allow more effective coordination with other agencies, including the Department of Defense, the Department of Justice, the Department of Homeland Security, and the intelligence community. The new Bureau will build on and expand the Coordinator's current activities in three areas. First, the Bureau will play a key role in State's efforts to counter violent extremism, working closely with the Undersecretary for Public Diplomacy and Public Affairs and the new Center for Strategic Counterterrorism Communications, discussed below. Second, the Bureau will strengthen State's ability to assist our partners as they build their own counterterrorism capabilities. Third, the Bureau will engage in multilateral and bilateral diplomacy to advance U.S. counterterrorism goals. When established with the support of Congress, the Bureau will have normal reporting lines for its main activities, including countering violent extremism, building partner capacity, and counterterrorism diplomacy, and will have a direct report to the Secretary and Deputy Secretary for threats, operations, and related strategic considerations.

- **An Office of the Coordinator for Cyber Issues**
  Cyberspace provides a platform for innovation, the free expression of ideas, prosperity and the means to improve welfare around the globe. Harnessing and promoting online technologies for good is a major element of State and USAID's work. Yet these same technologies also create new vulnerabilities to public and private assets of critical national security importance. Foreign governments or

terrorist groups no longer need physical weapons to attack the United States—they can organize cyber attacks to disrupt U.S. financial markets, electrical grids, and other critical infrastructure. The online theft of government information and commercial intellectual property threaten our security and long-term economic wellbeing. To organize more effectively to address these issues and combat these threats, the State Department is creating a Coordinator for Cyber Issues.

AP PHOTO

Afghan President Hamid Karzai, left, and Pakistani President Asif Ali Zardari, right, meet with Secretary of State Hillary Rodham Clinton at the State Department in Washington to discuss shared challenges.

The Coordinator will bring together the disparate elements in the Department working on cyber issues to more effectively advance U.S. cybersecurity and other cyber interests. The Coordinator will lead the Department's global diplomatic engagement on cyber issues, serve as State's primary liaison to the President's Cybersecurity Coordinator for activities involving cyber issues, and will serve as liaison to other federal agencies that work on cyber issues. State Department bureaus that currently work on these issues will name a representative to work directly with the Office of the Coordinator, and representatives of regional bureaus will participate in a working group under the Coordinator's authority. The Coordinator will be in the Office of the Secretary, will report to the Secretary, and will be guided by a cyber advisory council, chaired by the Deputy Secretary and including the Under Secretary for Economic Growth, Energy, and the Environment, the Under Secretary for Arms Control and International Security, and the Under Secretary for Management as permanent members. Other senior Department officials will be consulted as appropriate.

2. Deepening Engagement with Our Closest Allies and Partners

We will also strengthen and update our engagement with our closest allies and partners, who remain the cornerstone of our foreign policy and with whom we share core values and interests. Our bilateral relationships with these allies and partners are already strong and will build on those strengths by:

- **Working with allies and partners in a regional context**
  Many of our closest allies and partners are becoming more engaged regionally and are of part of regional institutions of growing importance. By engaging them regionally, as well as bilaterally, we can respond to their own interests and more effectively address regional challenges. We will:

  - Make adjustments to our Mission to the European Union to work more actively and effectively with the post-Lisbon European Union institutions;

  - Create a more systematic trilateral process with our Asian allies, including the U.S.-Japan-Australia trilateral and the U.S.-Japan-Republic of Korea trilateral, which will look to expand trilateral cooperation beyond the Korean peninsula to include the Lower Mekong and the Middle East;

  - Bolster our commitment to the security of our partners in the Middle East and Persian Gulf, guided by the principles outlined by Secretary Clinton in Manama, Bahrain: a respect for national sovereignty, security partnership in the face of new and complex threats, freedom of navigation, supporting human security, and nuclear nonproliferation;

  - Continue to deepen and broaden the North American institutions to support cooperation with our closest neighbors.

- **Focusing on new and emerging challenges**
  Our closest allies are our indispensable partners in addressing new and emerging challenges. They share our interests and values and have the capabilities to share the burden of addressing these new challenges with us. To focus our relationships on these new challenges we will:

- Maintain cohesion among NATO-ISAF Allies and partners as we work to improve security, development, and governance, while denying terrorists safe-haven in Afghanistan and Pakistan;

- Work with NATO Allies and partners to develop the capabilities, tactics, and procedures needed to address the emerging challenges identified in the 2010 NATO Strategic Concept, including mission areas such as missile defense, cyber security, counter-WMD and a comprehensive approach to security;

- Use the newly created U.S.-E.U. Energy Council to forge stronger transatlantic cooperation on global energy issues.

3. Building relations with emerging centers of influence

We are also enhancing our capacities to deal with the set of countries that are growing rapidly and playing more influential roles in their regions and in global affairs, such as Brazil, China, India, Indonesia, Mexico, Nigeria, Russia, South Africa, and Turkey. Through expanded bilateral consultation and within the context of regional and global institutions, we expect these countries to begin to assume greater responsibility for addressing the challenges facing their regions and the international system. Our goal is to establish productive multi-agency relationships with these emerging powers that encourage responsible international behavior, that survive the times when we do not agree, and that enable us to continue working together on shared challenges. We will do this by, first, strengthening our Strategic Dialogues with emerging centers of influence; second, deploying our personnel and resources to reflect these countries' expanding roles in the world; and, third, engaging directly with the people of these nations—something that is addressed at length later in this Chapter. We will:

- **Strengthen Strategic Dialogues**
  Over the course of the Review process, Secretary Clinton has established and elevated a number of comprehensive Strategic Dialogues with emerging centers of influence. These Dialogues are sustainable structures that provide a framework for cooperation on the full range of issues and across a wide array of agencies, and establish a context within which we can manage differences. Tailored to our relationship and goals with the particular partner country, they encompass military-to-military exchanges, discussions on security issues from counterterrorism to nonproliferation, economic engagement on trade and business and market access, consultations and cooperation on transnational issues from

climate change to democratic reform, civil society consultations, and people-to-people exchanges. They bring many different agencies to the table on both sides—including the Departments of Treasury, Defense, Justice, Agriculture, Health and Human Services, and Homeland Security, as well as agencies such as the Overseas Private Investment Corporation and the Export-Import Bank—and facilitate direct engagement between various ministries on both sides of the Dialogue within the framework of a country strategy that advances overall U.S. foreign policy priorities.

As Secretary Clinton has said, the fact of these Dialogues "does not guarantee results, but they set in motion processes and relationships that will widen our avenues of cooperation and narrow the areas of disagreement without illusion. We know that progress will not likely come quickly, or without bumps in the road, but we are determined to begin and stay on this path." As we move forward, we will seek to institutionalize these Dialogues and make them more effective by:

- *Strengthening the capacity of Strategic Dialogues to produce tangible results, including through clear tasks and timetables, accountable managers for specific issues and initiatives, and metrics for progress.*
  The U.S.-Russia Bilateral Presidential Commission, established by Presidents Obama and Medvedev in 2009, exemplifies this approach. Each of its 18 constituent working groups is led by designated co-chairs responsible for developing and implementing concrete action plans on specific timelines, whose progress is reviewed at regular intervals by Secretary Clinton and her Russian counterpart.

- *Creating more effective connections between the economic and strategic dimensions of our engagement.* The U.S.-China Strategic and Economic Dialogue, for example, is co-chaired by Secretary of State Clinton and Secretary of the Treasury Geithner along with their respective Chinese counterparts, and brings together senior officials from across the U.S. and Chinese Governments to advance cooperation and manage disagreements not just within strategic and economic silos, but across the range of interconnected issues confronting our two countries.

- *Linking Strategic Dialogues more effectively to the ongoing rhythm of our bilateral engagement.* These Dialogues should not simply be once-a-year meetings; they should provide a touchstone for all of our ongoing engagement with a country, across U.S. government agencies. For example, the U.S.-India Strategic Dialogue, launched in June 2010 by Secretary Clinton and Indian External Affairs Minister Krishna, is rooted in a broad spectrum of bilateral exchanges, working groups, and dialogues already taking place at all levels between our two governments. The Dialogue reflects and reinforces ongoing engagement by our Embassy, preparations for high-level visits, and joint management of short-fuse challenges.

- *Setting forth multi-year plans to ensure that Strategic Dialogues are institutionalized and oriented toward long-term challenges as well as immediate agenda items.* To ensure long-term planning and goal orientation, we will ask a senior official in each regional bureau to oversee the Dialogues within that region, monitor their implementation, and assess the tangible results that evolve over time. Ultimately Strategic Dialogues will be judged on the results they deliver; by deepening relationships with emerging powers, we lay the critical diplomatic groundwork to help deliver the results we need.

- **Deploy our personnel to emerging centers of influence**
  While meeting the growing demands for civilian deployments to Iraq and Afghanistan, we are also building on Secretary Rice's Transformational Diplomacy Initiative, which began to redeploy Foreign Service positions to support expanded relationships with rising powers, including an additional 26 Foreign Service positions in China and 22 additional positions in India. Today, Secretary Clinton's Diplomacy 3.0 initiative will allow the State Department, with the support of Congress, to increase the size of the Foreign Service by 25% and the Civil Service by 13% by 2013, which will allow us, in turn, to expand the ranks of our personnel with the critical language skills and experience needed to serve in emerging centers of influence and countries of policy priority.

- **Shift consular presence to engage beyond capitals**
  Consulates historically were established in large cities of key allies, politically sensitive sites, and industrial centers. Today our interests require a robust presence in many new areas including emerging powers and centers of influence from Asia to the Middle East to South America and Africa. Over the last three years we have opened new consulates in Hyderabad, India and Wuhan, China. We have notified

Congress of our intention to open consulates in Mazar-e-Sharif and Heraat, Afghanistan and Basrah and Irbil, Iraq. Plans are also underway for a new consulate in Kano, Nigeria. In addition, we have launched a State Department-wide review of our consular presence in emerging powers, beginning with China and Brazil, to determine how we can meet the growing demand for consular engagement. We will also soon undertake similar reviews of our operations in India and Mexico.

With constraints on resources, we will also have to find ways to be more efficient and effective with the consular platforms we currently have. This will entail new management procedures and processes. In some areas this will require reducing our consular presence and redirecting resources to meet emerging needs, especially in new centers of influence. As ways of doing business, ease of travel, and geopolitical realities have evolved, we can ensure that the needs of American citizens are met and our interests effectively advanced with a more strategic consular presence around the world.

Where building new physical platforms of engagement outside of capitals is not cost effective, embassy circuit riders offer a promising alternative. Circuit riders will be subject-matter experts based at an embassy who systematically travel to key areas of a country to allow embassy access to targeted communities and groups. These roving diplomats, properly supported, can significantly expand our embassies' ability to engage on specific issues, with a broader cross section of a country's people, or in areas of a country that have particular foreign policy relevance to the United States. In key strategic countries, we will seek on a prioritized basis the human and financial resources necessary for expanded in-country travel and engagement by embassy personnel. As part of our strategic planning efforts, metrics will be developed to gauge the effectiveness of these platforms and to set appropriate levels of presence for identified countries and regions within countries.

Innovative Platforms for Engagement

Where new physical platforms for engagement are difficult or not cost-effective, embassies have developed innovative ways to support direct diplomatic engagement with communities outside national capitals. Examples include:

- The **"City Officer"** program Turkey has assigned three officers to regional cities, making the officers responsible for maintaining direct contact with officials, civil society, and business, coordinating visits by other U.S. officials, and reaching out through electronic media.
- The **American Corner** in Debrecen, Hungary—a partnership between the Embassy, Debrecen City Council, and the University of Debrecen and one of more than 300 American corners globally—has hosted events including a high school trivia contest about the United States, an anti-intolerance campaign, English language instruction, and cultural events celebrating American holidays. The total annual cost is only $5,800.

4. Building our capability to organize ourselves regionally and work through regional organizations

In bolstering our regional ties with allies and our partnerships with emerging centers of influence, we must work to shape the broader regional context in which we engage both. Despite the Department of State's organization around regional bureaus, the structures within those bureaus prioritize bilateral relationships, with strong country desks and deep links to bilateral embassies in the field. That structure has many advantages, but going forward our regional bureaus will need to live up to their name. They need new ways to cut across internal divisions both within and between bureaus, where geographic bureau delineations do not always match common regional demarcations or policy challenges. Our regional bureaus need to develop more effective regional strategies on core policy objectives, situate bilateral relationships in a regional context, and strengthen our engagement with regional institutions. In pursuing an enhanced approach to regional diplomacy, we will:

- **Elevate our efforts to engage regional organizations**
  One of the trends identified in this Review is the growing influence of regional institutions. Regional bureaus will be expected to spend significant time and resources developing and implementing strategies to work through regional

organizations where they are effective and work to reform them when they are not. Specifically, the Principal Deputy Assistant Secretary (PDAS) in each regional bureau will be responsible for developing annual and multi-year strategies for engaging with and shaping regional organizations, delivering results through them, and, where appropriate, reforming them. In Asia, for example, the PDAS will be responsible for defining the agenda of and strategy for our engagement with the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation Forum (APEC), and the East Asia Summit (EAS), as well as minilaterals like the Lower Mekong Initiative.

The work of regional bureau PDASs could benefit from understanding the trends in issues across international organizations and linking regional and multilateral diplomacy. The Bureau of International Organization Affairs' Office of Policy, Regional, and Functional Organizations will serve as a clearinghouse for best practices and ways to leverage expertise on managing relationships and advancing reform in multilateral organizations. This new office was created in 2009 precisely to enhance links among U.S. approaches in global and regional bodies.

- **Coordinate regional responses in the field**
  To improve our capacity to think and act regionally, we will take a number of specific steps. While relatively modest individually, collectively these steps can help make significant changes in mindset and methods:

  - *Creating regional hubs.* A bilateral post in key regions will be designated as a regional hub with appropriate staffing to support and coordinate regional initiatives. Such hubs will also serve as home base for new forward-deployed regional circuit riders, State Foreign Service personnel or officials from other agencies, who will travel from a regional hub to other countries in the region to provide specialized expertise to our bilateral missions on a broad range of issues, including climate change, human security, private-public partnerships, gender integration, and food security. These circuit riders will link the expertise of functional bureaus with our bilateral relationships and will allow one individual to connect and coordinate within a particular sector across the region. Deployment of regional circuit riders offers cost savings over deploying such experts to every bilateral mission.

  - *Improving communication.* We will create opportunities for regional communication among our bilateral posts. All too often, posts within a region do

not communicate directly with one another. Such dialogue will allow us to see opportunities across countries within a region and to link our bilateral and regional diplomacy. We will institute regular video conferencing among Ambassadors in a region. Regional offices in bureaus will be coordinated through a new State Department regional forum under the auspices of the Under Secretary for Political Affairs. This forum will invite participation from other relevant agencies as appropriate and meet regularly to coordinate regional initiatives and proposals.

- *Partnering with the Department of Defense.* By elevating our regional engagement, State and USAID will become stronger partners with the Defense Department's regional Combatant Commands (COCOMs). Drawing on the successful experience of partnering with the U.S. Southern Command (SOUTHCOM), we will make available to the Department of Defense senior Ambassador-ranked personnel as civilian deputies to Combatant Commanders in addition to existing Foreign Policy Advisors (POLADs), where such appointments effectively advance our national interests. These civilian deputies would complement, but not replace, military deputies necessary for operational chain of command and other Department of Defense-unique functions. USAID will continue to appoint high-level development advisors to COCOMS where appropriate. Consistent with personnel availability, we will welcome the opportunity to detail mid to senior-level State and USAID personnel to COCOMs to improve working-level cooperation with the Department of Defense. In addition, we will pursue more regular joint strategic training and planning with the Department of Defense. Finally, we will ensure that Political Advisors to the Department of Defense have the tools they need—the training, the support, and the capacity to reach back to State for definitive guidance—to be effective advisors to their military counterparts.

- *Supporting regional initiatives.* Innovative regional programs currently underway include Pathways to Prosperity in the Americas, which connects democratic countries and regional organizations in Latin America and the Caribbean to share their experiences and best practices around broad-based, socially inclusive economic growth, and the Lower Mekong Initiative, a partnership between Cambodia, Laos, Thailand, Vietnam, and the United States to address health, environment, education, and infrastructure challenges facing the countries that share the lower Mekong River. We will promulgate this model of voluntary and flexible regional initiatives.

5. *Improving multilateral cooperation by updating our approach to multilateral diplomacy*

AP PHOTO COURTESY OF THE BUREAU OF PUBLIC AFFAIRS

U.S. Secretary of State Hillary Rodham Clinton, right, speaks with women leaders before a town hall meeting at the National and University Library in Pristina, Kosovo on Wednesday Oct. 13, 2010.

The United States cannot and should not shoulder the burden of the range of transnational threats and challenges facing the international community alone. It is imperative that we partner with other countries, enlist their support, and expect that they shoulder their share of the burden. That burden-sharing is facilitated by a strong relationship with states that share our interests, U.S. leadership in global institutions like the United Nations and IFIs, and a pragmatic approach to scores of multilateral institutions and agreements. We must both strengthen our ability to address issues of shared concern across multiple bilateral relationships and, working with others, reform and reshape institutions so that they are effective; address issues that matter; foster hard work, not grandstanding; and deliver tangible results. And we must enter into multilateral agreements that advance our security, prosperity, and values. To strengthen our multilateral diplomacy and reform international institutions we will:

- **Strengthen the capacity of the Bureau of International Organization Affairs** Multilateral diplomacy is a specialized skill set that allows us to advance American interests across a wide range of multilateral organizations. We must expand the ranks of diplomats skilled in multilateral diplomacy and improve the links between our multilateral and bilateral diplomacy, especially with respect to our engagement with the United Nations.

  - Multilateral diplomats must both maintain relationships with international organizations themselves and mobilize member-states to support our priorities in those organizations. Given the critical importance of both functions, they must be independently staffed such that dedicated, accountable diplomats at State or at our Missions in the field can independently engage with international organizations themselves and mobilize the votes we need to advance

our agenda. We will work to enhance our multilateral staffing consistent with these needs.

- As other multilateral organizations develop over time, we will continue to examine our institutional structures for engaging with them, better link our multilateral diplomats with the functional experts who lead our engagement with specialized multilateral organizations, and, where appropriate, transfer responsibilities to the Bureau of International Organization Affairs.

- **Support and strengthen the United States Mission to the United Nations**
  The United Nations is unique among all multilateral institutions, given its universal membership and expansive policy remit. And within the United Nations and international system, the U.N. Security Council plays a unique and indispensable role in responding to threats to the maintenance of international peace and security. To elevate our engagement at the United Nations and, in particular, the U.N. Security Council, we will:

  - *Recognize the importance of the Security Council and ensure the most senior representation.* The President has elevated the U.S. Representative to the United Nations to the rank of a member of the President's Cabinet, as has been the case from time to time in the past. Secretary Clinton has represented the United States at the Security Council on key issues. President Obama has personally represented the United States at the Security Council on issues of the very highest priority, such as a critical discussion of nuclear non-proliferation. On issues of the most significant policy priority, we will make such high level engagement part of our multilateral diplomacy at the U.N.

- **Elevate multilateral affairs in regional bureaus and better link multilateral diplomacy with our regional and functional priorities**
  Effective multilateral diplomacy demands close linkages between our efforts in multilateral institutions, our regional priorities, and our bilateral relationships with member states. To elevate multilateral affairs in regional bureaus and strengthen critical links between multilateral diplomacy and regional and functional priorities, we will:

  - *Make the multilateral expertise and skills of the Bureau for International Organization Affairs available to our Missions to regional organizations.* Achieving results in regional organizations requires expertise in multilateral diplomacy.

The experience and expertise of the Bureau of International Organization Affairs can help our Missions to regional organizations advance our objectives. Improved communication and interaction between Missions to regional organizations and the Bureau of International Organization Affairs will further facilitate coordination of our regional and multilateral diplomacy.

- *Assign the multilateral and regional portfolios in regional bureaus to the Principal Deputy Assistant Secretary* of those bureaus. Directors of regional affairs offices within those bureaus will be given responsibility for multilateral initiatives and routine coordination with the Bureau of International Organization Affairs and the Washington office of the U.S. Mission to the United Nations.

- *Link functional policy goals and multilateral diplomacy* by ensuring the Bureau of International Organization Affairs has the senior level capacity in the front office to define and implement strategic goals in key multilateral policy areas, coordinate multilateral engagement, and build support for U.S. initiatives across regional and functional bureaus, as illustrated by the recently established Deputy Assistant Secretary for Human Rights, Humanitarian, and Social Affairs in the Bureau of International Organization Affairs.

- *Convene,* under the auspices of the Under Secretary for Political Affairs, the Directors of regional affairs offices within the regional bureaus, the Principal Deputy Assistant Secretary of the Bureau of International Organization Affairs, and an appropriate representative of the Washington Office of the U.S. Mission to the United Nations on a regular basis to synchronize multilateral and bilateral policymaking.

6. Focusing on women and girls

Women and girls should be integral to all of our diplomatic efforts—from traditional bilateral and multilateral relationships, strategic dialogues, and public diplomacy, to our relations with civil society, community leaders, and other non-state actors. By reaching out to women and girls and integrating them into our diplomatic mission, we ensure more effective diplomacy, whether in driving economic growth, resisting extremism, safeguarding human rights, or promoting political solutions, including in areas of conflict. By considering women and girls in all of our policy initiatives, including global health, food security, climate change, economic issues, human rights, and peace and security we can make those initiatives stronger and more successful. We must institute rigorous institutional mecha-

nisms to ensure that all bureaus, both regional and functional, and our missions in the field consider gender issues, and we must ensure that our diplomacy and development work on gender is coordinated and complimentary.

In order to reach out to women and girls and integrate gender into our diplomatic mission, we will make the following structural changes.

- **Focus public diplomacy on the role of women**
  Women are increasingly playing critical roles as agents of change in their societies. We will harness efforts and support their roles by focusing programs to engage with women and expand their opportunities for entrepreneurship, access to technology, and leadership.

- **Ensure that women's issues are fully integrated in our programs**
  We will ensure that all State policies and programs integrate women and girls by empowering The Office of Global Women's Issues, which will continue to report to the Secretary and partner with regional and functional bureaus.

- **Elevate gender integration in Washington**
  Principal Deputy Assistant Secretaries (PDASs) in all regional and functional bureaus will be responsible and accountable for their bureaus' work on gender integration. Liaisons with experience in gender will be deployed as a resource to bureaus, as appropriate.

- **Elevate gender integration in the field**
  Chiefs of Mission will be responsible and accountable for the mission's work on gender and personnel with expertise will manage efforts in this area.

- **Expand training**
  We will include training and capacity development for our personnel on gender integration issues as needed.

III. ENGAGING BEYOND THE STATE

Our diplomats are the face and the voice of the United States on the ground in countries around the world. They have long been skilled at engaging with the governments of those countries, but in the 21st century, engagement must go far beyond government-to-government interactions. Non-state actors, ranging from non-governmental organizations to business, religious groups to community organizations, are playing an ever greater role, both locally and globally. And in this information age, public opinion takes on added importance, even in authoritarian states.

These changes mean that it is increasingly important for American diplomats to meet not only with their foreign ministry counterparts, but also with tribal elders or local authorities. Our diplomats must build partnerships and networks, implement programs, and engage with citizens, groups, and organizations. As they do so, we must ensure that they are equipped and empowered with the skills, resources, strategies, and institutional structures they need to carry out this increasingly important work.

Our efforts to engage beyond the state begin with outreach to civil society—the activists, organizations, congregations, and journalists who work through peaceful means to make their countries better. Civil society has helped Americans win their independence, abolish slavery, strengthen women's rights, labor rights, and civil rights, and build a more perfect union. Civil society plays a similarly important role in countries around the world. And while civil society is as varied as the individuals who take part in its work, many civil society groups share common goals with the United States. Civic groups mobilize people and resources to help make governments more accountable. They work to protect vulnerable groups and the environment. And they expand access to healthcare and education. Working with civil society is not just a matter of good global citizenship, but also a more effective and efficient path to advancing key foreign policy objectives.

In early 2011, the Department of State will begin an unprecedented effort to strengthen its cooperation with partners beyond the state. Secretary Clinton will launch a Strategic Dialogue with Civil Society to advance initiatives across a range of issues where the United States and civil society share objectives. Similar models of comprehensive engagement are being used to improve the United States' cooperation with key foreign governments, and the Strategic Dialogue with Civil Society will elevate partnerships with civic groups alongside these major bi-lateral relationships. The Secretary has created the position of Senior Advisor for Civil Society and Emerging Democracies to help guide this work. These steps are part of a broader commitment to make engagement beyond the state a defining feature of U.S. foreign policy.

1. Public diplomacy

With the growth of new electoral democracies around the world (40 over the past 20 years), it has become clear that power and influence within societies are shifting from the few to the many. Similarly, the advance of open markets has empowered millions to demand more control over their own destinies. Even in autocratic societies, leaders must increasingly respond to the opinions and passions of their people. Among other factors, the communication revolution that has swept across the world has in some ways accelerated this trend by creating innumerable new marketplaces for ideas and dialogue. Demographic shifts that are expanding the population of youth in the world and social changes that are empowering women create new opportunities for our engagement and public diplomacy.

Because today's most pressing foreign policy challenges require complex, multi-dimensional public engagement strategies to forge important bilateral, regional, and global partnerships, public diplomacy has become an essential element of effective diplomacy. To assure that our partnerships are durable, public diplomacy efforts seek to help shift perceptions of the United States to sustain long-term relationships between the people of the United States and our partners around the world.

After conducting a thorough review of public diplomacy, Under Secretary for Public Diplomacy and Public Affairs Judith McHale in 2010 released a strategic framework for public diplomacy, intended as a roadmap for ensuring public diplomacy's alignment with foreign policy objectives and for bringing a strategic focus to how public diplomacy programs, resources, and structures support those objectives. The framework was developed in close consultation with the QDDR and its recommendations are being integrated into QDDR implementation. The framework sets forth five strategic objectives to inform, inspire, and persuade foreign publics:

- **Shape the narrative**
  We need to develop proactive outreach strategies to inform, inspire, and persuade audiences, and we must be willing to move out from behind the State Department spokesperson's podium and other traditional platforms into the spaces where ideas are marketed and discussed. We are:

  - *Expanding regional media hubs.* We are expanding the role of State Department Regional Media Hubs to engage, inform, and influence foreign audiences. The Hubs—in Miami, London, Brussels, Pretoria, Dubai, and Tokyo—increase official U.S. voices and faces on foreign television, radio, and other

media, so that we are visible, active, and effective advocates of our own policies, priorities, and actions with foreign audiences. They work closely with regional bureaus in Washington and Public Affairs Officers at our Missions overseas, serving as a resource and tool for amplifying the regional dimension of our message.

- *Establishing a new Deputy Assistant Secretary in the Bureau of Public Affairs.* We have designated a Deputy Assistant Secretary to oversee international media support within the Bureau of Public Affairs (PA). The Deputy Assistant Secretary will support posts in media outreach and coordinate interactions with foreign audiences.

- **Expand and strengthen people-to-people relationships**
  For our messages to be heard, we must ensure that our public diplomacy focuses on the things people care about. People-to-people exchanges between the United States and other countries have for decades been effective in increasing mutual understanding between the people of the United States and those of other countries, but we must broaden the demographic base of people—including youth and women—with whom we engage, encouraging a wider circle of participation in programs and visit American venues. To achieve this goal, we are:

  - *Employing new technology.* We will use social networking and connection technologies to more effectively communicate U.S. perspectives and to empower individuals to use these tools constructively within their own communities.

  - *Strengthening and expanding American Centers/Corners.* We are identifying the best means of upgrading and maintaining publicly-accessible, secure American Corners/Centers and designing models for new American Centers in partnership with the private sector.

  - *Expanding English language training and access to academic opportunity.* The teaching and learning of English is a means of promoting understanding among foreign publics of our nation and people and can provide a crucial skill that leads to educational and economic opportunity. We will expand programs like ACCESS Micro-scholarships, which give underrepresented teenagers, particularly in the Muslim world, funding to attend English classes and learn about America. We will build new partnerships with a range of institutions—from the Peace Corps to retired teacher organizations—to send

more English teachers abroad. We are also expanding educational advising to provide access to academic opportunity through a larger network of advisers connecting young people around the world with educational programs in the United States. And we will use social networking technology to link American university students to those considering study in the United States.

- *Investing more in science and technology activities.* Strengthening the ability of our people to collaborate with others on science and technology is a crucial part of U.S. public diplomacy. We are increasing knowledge-sharing between U.S. scientists and foreign publics through research, exchanges, and teaching; encouraging linkages between the lab and marketplace to facilitate economic growth based on innovation; and increasing awareness of U.S.-sponsored partnerships.

- **Counter violent extremism**
  Countering violent extremism will also require effective communication with global publics and potential extremists. Our responses must be both anticipatory and rapid, emphasizing a positive American narrative. Accurate information will reinforce the opposition of the vast majority of the world's people to the violence and hateful rhetoric offered by al-Qaida and similar organizations. To achieve this, we are:

  - *Creating a Center for Strategic Counterterrorism Communications.* In order to ensure consistent, coordinated, and coherent United States messaging to reduce radicalization and participation in extremist violence, the Center for Strategic Counterterrorism Communications will coordinate, orient, and inform whole-of-government communications activities targeted against violent extremism to audiences abroad. Reporting to the Under Secretary of State for Public Diplomacy and drawing on State's existing Public Diplomacy Resources, the Center will work closely with the Secretary's Coordinator for Counterterrorism or its proposed successor Bureau of Counterterrorism, as well as the Department of Defense, the Department of Justice's National Security Division, the Department of Homeland Security and other agencies responsible for information programs related to counterterrorism.

- **Better inform policymaking.**
  We must ensure that foreign policy is informed upfront by a deep and broad understanding of the attitudes and opinions of foreign publics. To be truly

effective, we need to build the public diplomacy component into every stage of the policy process. This will require structural reforms within the State Department to better link public diplomacy with our other operations, starting with establishing new Public Diplomacy Deputy Assistant Secretaries in all regional bureaus.

- **Deploy resources in line with current priorities**
  In a rapidly-changing world priorities often evolve, and if we do not have the capability to quickly deploy resources to where they are most needed, we will always be a step behind. To align our resources with priorities, we are:

  - *Establishing an Innovation Fund.* We are creating a Fund for Innovation to allow posts to pursue innovative ideas for outreach in a time-sensitive environment. We are also seeking mechanisms to provide more flexible budgeting within budget cycles for rapid deployment of funds to targets of opportunity.

  - *Initiating annual reviews, multi-year planning, and impact evaluation.* We are building the planning and evaluation tools necessary to ensure the effectiveness of our public diplomacy through needs-based and policy-oriented budgeting and planning that aligns resources with priorities. Regular reviews will allow us to re-allocate resources to the highest-needs areas. Posts will identify policy objectives and target audiences based on insights into evolving trends in opinion and behavior through multi-year planning. We will improve tracking and reporting mechanisms and incorporate measurement into all public diplomacy plans.

2. Community diplomacy

Community diplomacy is a new approach to identifying and developing networks of contacts through specific on-the-ground projects, programs, or events and then helping those networks evolve into consistent centers of action on areas of common interest—from non-proliferation to climate change to expanding opportunities for women and girls. The purpose of community diplomacy is twofold: first, building networks of contacts that can operate on their own to advance objectives consistent with our interests; and second, showcasing through particular events our commitment to common interests and universal values. Moreover, community diplomacy draws on one of the great assets and comparative advantages of our Foreign Service personnel, namely the deep knowledge of the culture, language, and political landscape in a foreign country. Many of our diplomats in the field are already engaged in efforts that constitute community diplomacy. Yet we must do more to recognize, encourage, and support their work.

To do so, we will encourage community diplomacy activities by our personnel, recognizing accomplishments in performance evaluations as a contribution to the achievement of mission objectives. And we will ensure that our personnel have the technology necessary for networking and community engagement.

Community Diplomacy

Our diplomatic and consular posts are on the front lines of community diplomacy—connecting directly with communities across the globe to showcase America's values and build relationships with people and governments with whom we share common interests. Some recent examples of our community diplomacy include:

- **Belfast Ireland:** As Northern Ireland continues to move beyond its troubles, our Consulate in Belfast is building a network of local citizens who have participated in programs sponsored by the United States. Connections forged by the Consulate have already had an impact across the province: in one case, women who had participated in different U.S. programs have organized a community of female activists; in another, two groups of alumni have established a Northern Ireland public service mentoring partnership.
- **Monterrey, Mexico:** In 2009, volunteers from the Consulate in Monterrey organized a first-ever 10K "green race" to support a local environmental NGO. The race spurred the establishment of a network of over 4,000 local citizens, helped secure new funding for the NGO, and contributed to the planting of more than 6,000 trees. The race also provided direct community engagement on a U.S. priority.
- **Guangzhou, China:** In June 2008, our Consulate in Guangzhou organized a walkathon to raise money for reconstruction following the May 2008 earthquake that killed at least 70,000 people. By organizing the walk, the Consulate demonstrated America's commitment to helping those in need while forging relationships with local government representatives and NGOs.
- **Wellington, New Zealand:** Our Ambassador in Wellington is building relationships with New Zealand's future leadership by organizing meetings with student leaders at New Zealand universities to share ideas and discuss current issues. As part of its networking plan, the Embassy recently hosted all of these American Ambassador Advisors at a weekend conference, Connecting Young Leaders, while the Ambassador's blog and Facebook page continue discussions and deepen the relationship.

3. 21st Century Statecraft

Throughout this Review, we have been refining our efforts to leverage the power and potential of 21st century statecraft. Part of our approach is to embrace new tools and technology and to use these tools to connect to new audiences, particularly civil society. The revolution in connection technologies—including the Internet, SMS, social media, and increasingly ubiquitous and sophisticated mobile applications on the more than 4.6 billion mobile phones now in use on the planet—give us new tools for engagement and open new horizons for what diplomacy can mean. These technologies are the platform for the communications, collaboration, and commerce of the 21st century. More importantly, they are connecting people to people, to knowledge, and to global networks.

As part of our 21st century statecraft, we will seek to further the President's commitment to an unprecedented level of transparency in our own government and to advance open governments abroad. We will use both new technologies and traditional diplomatic tools to encourage other governments to become more transparent, participatory, and accountable.

We are also reaching to the people behind these tools, the innovators and entrepreneurs themselves. New technologies are the hallmark of 21st century statecraft, but they are only the symptoms of a deeper shift in how we define the scope of diplomacy and development. Countless Americans, at the local and state level and in every walk of life, from corporations to civic groups, would like to contribute in whatever way they can to the grand generational project of finding global solutions to global problems. For example, many business leaders want to devote some of their companies' expertise to helping solve problems around the world, but they often don't know how to do so, what the point of entry is, or which ideas would have the most impact. So to bridge that gap, we are embracing new public-private partnerships that link the on-the-ground experience of our diplomats and development experts with the energy and resources of the business community.

21st Century Statecraft

[W]e're working to leverage the power and potential of what I call 21st century statecraft. Part of our approach is to embrace new tools, like using cell phones for mobile banking or to monitor elections. But we're also reaching to the people behind these tools, the innovators and entrepreneurs themselves.

– Secretary Clinton, Oct. 15, 2010, San Francisco, CA

Examples of our innovative use of new technologies include:

- The **Virtual Student Foreign Service,** launched by Secretary Clinton in 2009, partners American students with our diplomatic missions to conduct outreach online and to harness the power of people in the U.S. For example, following the Haiti earthquake in January 2009, students at Tufts University helped translate Creole text messages so that relief workers could better target their work.
- State's **Civil Society 2.0** initiative is connecting the information and communications technology community with civil society organizations around the world to provide civil society organizations with access to the latest technologies.
- **Tech@State** is an ongoing conference series at the State Department that connects innovators, U.S. diplomats, and other government officials to share lessons and develop new tools for diplomacy and development.
- The State Department's **Virtual Presence Post (VPP)** program is an organizational management tool which helps a U.S. Embassy's or Consulate's Principal Officer mobilize available diplomatic outreach tools, including travel, programs, media, and technology to focus and improve our engagement with specific communities where the U.S. has no physical diplomatic facilities. Demonstrated dividends include expanded mission travel, better interagency collaboration, and more strategic application of program and media outreach resources. There are currently 43 active VPPs around the world, targeted toward communities such as Zhengzhou, China; Chittagong, Bangladesh; the Seychelles; San Marino; Somalia; Gaza; and even to reach out to indigenous people in Guatemala.

To advance our 21st century statecraft agenda, we are:

- **Supporting the expansion of connection technologies and their use to expand our policy objectives**
  Our various lines of activity include:

  - *Leading technology delegations to link U.S. technology leaders with their counterparts in other countries.* Thus far, State has supported such delegations to countries including Iraq, Syria, Russia, Mexico, Colombia, and India. The visit to Russia helped pave the way for a public-private partnership called text4baby that will provide a mobile application for pregnant women and new mothers to get health tips through their cell phones and monitor their own pregnancies. The TechWomen program provides project-based mentoring programs in Silicon Valley for women from the Middle East and North Africa working in the field of technology.

  - *Deploying connection technologies to advance development.* After the Haitian earthquake in January 2010, the State Department Office of Innovation forged a partnership almost overnight with U.S. and Haitian mobile phone companies, the Red Cross, social entrepreneurs, the Coast Guard and eventually the U.S. Marines. Together, they created a platform that directed text messages locating earthquake victims so workers could rescue them. State also launched a program called Text to Haiti that drew contributions from 3.5 million Americans who donated $10 each. We are partnering with Fonkoze—one of Haiti's most respected microfinance institutions—to facilitate remittance flows from Haitian diaspora in the U.S. to friends and relatives in need in Haiti. More recently, State has pioneered a contest to develop the most innovative and useful Apps4Africa, won this year by iCOW, a voice-based mobile application to assist East African farmers and ranchers to track the estrous stages of their cows so as to better manage breeding periods and monitor cow nutrition leading up to the calving day. In addition, USAID and State have also convened conferences and supported pilot projects to explore new ways to use mobile money.

- **Building the skills and structures to deliver results through public-private partnerships**
  These partnerships are an essential tool to advance our efforts in a range of areas, from global health to nonproliferation, climate change to illicit finance, gender integration to poverty alleviation, green technology to protecting human rights.

Partnerships

"Person-to-person diplomacy in today's world is as important as what we do in official meetings in national capitals across the globe. It can't be achieved, though, just by our government asserting it. It can only be achieved by the kind of public-private partnerships that the United States is uniquely known for…people and groups working across sectors, industries; working together with persistence and creativity to fulfill that promise of a new beginning and translate it into positive benefits."

– Secretary Clinton, September 2010

- Private sector partners can add value to our missions through their resources, their capacity to establish presence in places we cannot, through the technologies, networks, and contacts they can tap, and through their specialized expertise or knowledge. Their reach and influence continues to grow. So too must our efforts to connect with, build upon, and amplify their work to advance our common interests—including through our Global Partnership Initiative office. To build and sustain public private partnerships, we will:

  - *Streamline the process for developing public-private partnerships.* Potential private sector partners often lack understanding of how to partner with us or are confused by an opaque process. Lack of a single point of contact, different names for different partnering offices, institutional stove pipes and State's lack of an easily understandable framework for partnerships all discourage participation. To address these issues, the Secretary's Office of the Global Partnership Initiative will be the single point of contact for partnership at State. State and USAID will standardize the partnership process through a uniform partnership template that can be adapted to unique circumstances and the designation of a central point of contact at State and USAID. We will also create a central database of all existing partnerships so that U.S. government agencies and potential partners know what we are already doing, with whom, and where.

- *Enhance training and incentives.* Building partnerships requires specialized expertise. Some of our personnel lack the training and experience to identify, build, and maintain partnerships. We will create a training module in partnership development and build appropriate incentive structures that reward partnership creation. As part of efforts to expand mid-career hiring, detailed in Chapter 5, we will also seek to hire external partnership experts to build our institutional expertise.

- *Emphasize alliances and coalitions.* Beyond one-off, individual partnerships, we will invest in bringing together a wide range of global partners around a common mission. Partners for a New Beginning, for example, has assembled a significant number of individuals and organizations committed to uniting their resources to strengthen U.S. engagement with the Muslim world. Multi-stakeholder efforts allow us to attract and focus significant resources and expertise on important policy priorities with relatively modest government seed money. Where we have existing public-private partnerships, we will seek to link them into larger collaborative networks for maximum impact. To this end, we will develop and publish data on the efforts of potential partners in various sectors and regions.

- **Pursuing a range of other innovative partnerships**
  These efforts include:

  - Appointing the first ever Coordinator of Inter-Governmental Affairs with the specific charge of connecting to state and local government officials in the United States and around the world to share best practices, provide technical assistance, and promote cooperation on shared challenges.

  - Encouraging multiple projects, including the creation of a Pakistani-American Foundation and the Mexican American Leadership Initiative, to connect to U.S. diasporas of many countries around the world.

Public-Private Partnerships in Action:

President Obama has called partnerships "a defining feature of our foreign policy," a way of involving many stakeholders and conducting our diplomacy directly with citizens around the globe. American diplomats are working to establish partnerships to address the range of 21st century challenges we face, from economic growth to security:

- Secretary Clinton appointed State's first **Special Representative for Global Partnerships** to lead the Global Partnership Initiative (GPI), an incubator for partnerships that span diverse policy issues. GPI has brought together U.S. agencies, foreign governments, business, NGOs and foundations, and civil society groups to tackle issues from internet access and training in schools in Azerbaijan to promoting breast cancer awareness in the Middle East. GPI was also instrumental in convening the Global Alliance for Clean Cookstoves.
- In Indonesia, we have created an innovative education partnership to increase student exchanges and university-to-university partnerships. The **Joint Council for Higher Education** is co-chaired by the President of Association of Public and Land-grant Universities (APLU) in the United States and the Indonesian Vice Minister of National Education, and includes the APLU, the United States-Indonesia Society , the American Association of Community Colleges, the Institute of International Education, and the East-West Center.
- The **Global Entrepreneurship Program (GEP)** is a State Department-led multistakeholder initiative that promotes individual opportunity and economic growth by supporting entrepreneurs and building entrepreneurial societies. GEP partners include NGOs, corporations, foundations, educational institutions, and investors, and GEP's work spans six fields: identifying opportunities for entrepreneurs; training individuals; increasing access to funding; connecting entrepreneurs; creating enabling policy environments; and celebrating entrepreneurial success. Specific examples of GEP's work include the Angel Capital Association of America's commitment to expanding Angel Networks—groups of investors who provide capital to start-up businesses—to developing nations; support for business plan competitions in Egypt; and the e-Mentor Corps, a web-based program to connect entrepreneurs to volunteer business mentors.
- **mWomen** is a public-private partnership to increase access to global technology among women in developing countries with the goal of halving the 300 million person mobile technology gender gap in three years. mWomen will address barriers to mobile technology use for women, including issues around affordability and women's access to productive assets. It will also promote the use of mobile technology to advance gender equality and development outcomes. Partners include GSMA, the Cherie Blair Foundation, and others.

IV. EQUIPPING OUR PEOPLE TO CARRY OUT ALL OUR DIPLOMATIC MISSIONS

As we implement global operations to pursue whole-of-government diplomatic initiatives, build new partnerships and institutions and reshape existing ones, and encourage our diplomats to reach out beyond government to engage peoples and communities across their host countries, we have to empower them with the right tools, resources, and flexibility. To that end, we will:

- **Operate more effectively in dangerous environments**
  Diplomacy and development in the 21st century require our personnel to engage directly with a broad range of communities and groups. To become more operational, to oversee programs, to build new partnerships and simply to do their jobs, our personnel must have a great ability to move and operate outside capital cities. Yet very real threats to our people have over the years required us to limit the movements of our personnel. This has restricted their ability to work, particularly in those very dangerous places where their operations on the ground may be most urgently needed. We have begun to address these extraordinary security challenges in many parts of the world and are undertaking expanded efforts, despite the heightened risks, through enhanced mitigation efforts. From Southern Sudan to Yemen to Iraq and Afghanistan we are developing additional measures to balance the objectives of our mission with the risks inherent in high-threat-level countries. We will build on the lessons learned in frontline states by establishing a new global standard for risk management, recognizing that in order for State and USAID to fulfill our missions today, a greater level of mitigated risk, commensurate with the expected benefits, must be acceptable. We will:

  - *Establish a new paradigm for risk management.* By the end of 2010, the Secretary will convene a senior level committee from relevant State and USAID offices, including both management and policy officials, to begin a top-to-bottom review of how we manage risk overseas. This review will lead to a comprehensive and responsible construct for managing risk that allows our personnel the flexibility they need to complete mission objectives within a country and to establish new platforms for outreach beyond the embassy and capital. The review will develop a new conceptual approach to balancing risk acceptability with risk mitigation that will be conveyed by State Department leadership to all Chiefs of Mission; examine standards and mechanisms for determining security restrictions and granting security waivers within a country, particularly those that affect travel and diplomatic platforms outside the embassy; consider

the appropriate allocation of security decision making authorities between Washington and the field; examine the legislative mandate of Accountability Review Boards to determine whether specific revisions should be requested to meet the new risk management paradigm developed in the review. At the end of the process, we will recommend revisions to the President's authorization letter to Chiefs of Mission that incorporate the new risk mitigation paradigm with mission objectives.

- *Integrate risk management into planning.* State and USAID will institute procedures to integrate security and risk management into every stage of policy and operational planning in Washington and the field. Including security considerations in the design and development of policy and programs from the outset will make it easier to find effective ways to mitigate risk. We will also ensure Diplomatic Security Regional Directors are more actively and regularly involved in regional bureaus' policy development so there is a shared understanding between those responsible for ensuring security and those responsible for developing and implementing policy.

- *Train our personnel to respond to security challenges.* If we ask our personnel to accept a higher level of risk, we must ensure they have the proper skills and training to deal with more dangerous situations. We will expand Foreign Affairs Counter Threat (FACT) training for personnel subject to Chief of Mission authority to include not just personnel posted to countries with a "critical" threat level, but also those posted to countries in which the threat is determined to be "high." Additionally, we will review current security training available to all personnel and mandate periodic refresher courses.

- *Address the risks of exposure of confidential information.* Information flow in the 21st century creates both opportunities for expanded internal information sharing and dangers of exposure of confidential information. In light of recent events, we are reviewing of the handling of confidential information to balance internal access to information with the protection of confidential information.

- **Streamline workloads and reporting requirements so our personnel in the field have time and space to engage the public**
  Engagement—whether with other states, regional organizations, civil society, or publics—takes time. And time is often a very scarce resource in the field. At present, too much of our diplomats' time is devoted to reporting back to

Washington, limiting their ability to reach out to key constituencies. Surveys of dozens of posts conducted as part of the QDDR process indicate that personnel are often tied to their embassy workstations fulfilling hundreds of reporting requirements mandated by both Congress and the State Department. For example, the State Department's Legislative Affairs office tracks 310 congressionally mandated reports that are to be submitted in Fiscal Year 2010. State's Bureau of Administration separately tracks 108 recurring reports required by the Department itself. As detailed in Chapter 3, USAID, working with State, also is taking a hard look at the myriad planning and reporting requirements, seeking to eliminate duplication to free development professionals to deliver results in the field, while improving monitoring and evaluation.

Data collection, program monitoring, and congressional reporting are, of course, important. Yet many existing reports are duplicative, ineffective, or not adequately targeted. Through effective streamlining, we can provide the same or greater monitoring and accountability with far fewer person-hours on the ground. The Deputy Secretary for Management and Resources has initiated efforts to reduce resources necessary to meet internal and congressional reporting requirements, seeking consolidation or elimination of reports where possible and limiting most reports to no more than five pages. The Under Secretary for Management will undertake a review of all internally generated reporting requirements to determine where further reductions are possible. We will consult closely with Congress to determine how best to address congressionally-mandated reporting requirements in ways that ensure Congress has the information it needs, but also protect the time of our people in the field to fulfill their missions. A cost-benefit analysis that accurately reflects the time our people spend reporting will assist in determining which reports are necessary and which should be removed or consolidated.

- **Provide diplomats with communication tools for 21st century engagement**
  For our personnel to engage with publics, citizens, groups, or corporations they must have modern tools of communication and connectivity. Today, engagement with foreign publics is increasingly virtual—whether on email or Twitter, Facebook or Flickr. By the same token, when our diplomats work beyond embassy walls and outside capital cities they must remain connected with the embassy and have access to real-time information. Modern mobile communication technologies will make our people more effective. Through the QDDR, we have set a goal of ensuring that all State Department employees serving in locations where personal digital assistants can be used are provided with this technology by FY2012.

Chapter 3: *Elevating and Transforming Development to Deliver Results*

"It's time for a new mindset for a new century. Time to retire old debates and replace dogmatic attitudes with clear reasoning and common sense. And time to elevate development as a central pillar of our foreign policy and to rebuild USAID into the world's premier development agency."
– Hillary Rodham Clinton, January 6, 2010

INTRODUCTION

President Obama and Secretary Clinton have launched a new era in American foreign policy by committing to elevate development alongside diplomacy and defense as an equal pillar of American foreign policy. In a world shaped by growing economic integration and diffused political power; by the persistent weakness of fragile states; by the tensions wrought by globalization and risks from transnational threats; and by the challenges of hunger, poverty, disease, and global climate change, development progress is essential to promoting America's national security and economic interests, as well as our values.

Successfully incorporating development as a third pillar of our foreign policy requires not merely elevating development, but engineering a new strategy for its pursuit and undertaking the institutional reforms and partnerships necessary to succeed.

The Administration has already begun charting this new approach to development; in September 2010, President Obama issued the first national development policy since President Kennedy created the United States Agency for International Development in 1961. In launching USAID, Kennedy defined a new vision for the role of development in promoting American values and advancing global security. He pronounced a new commitment and a new approach that would match the realities of the post-war world. Responding to current realities, President Obama's 2010 Presidential Policy Directive on Development (PPD) focuses U.S. development efforts on broad-based economic growth, democratic governance, game-changing innovations, and sustainable systems for meeting basic human needs. It defines an approach based in partner-

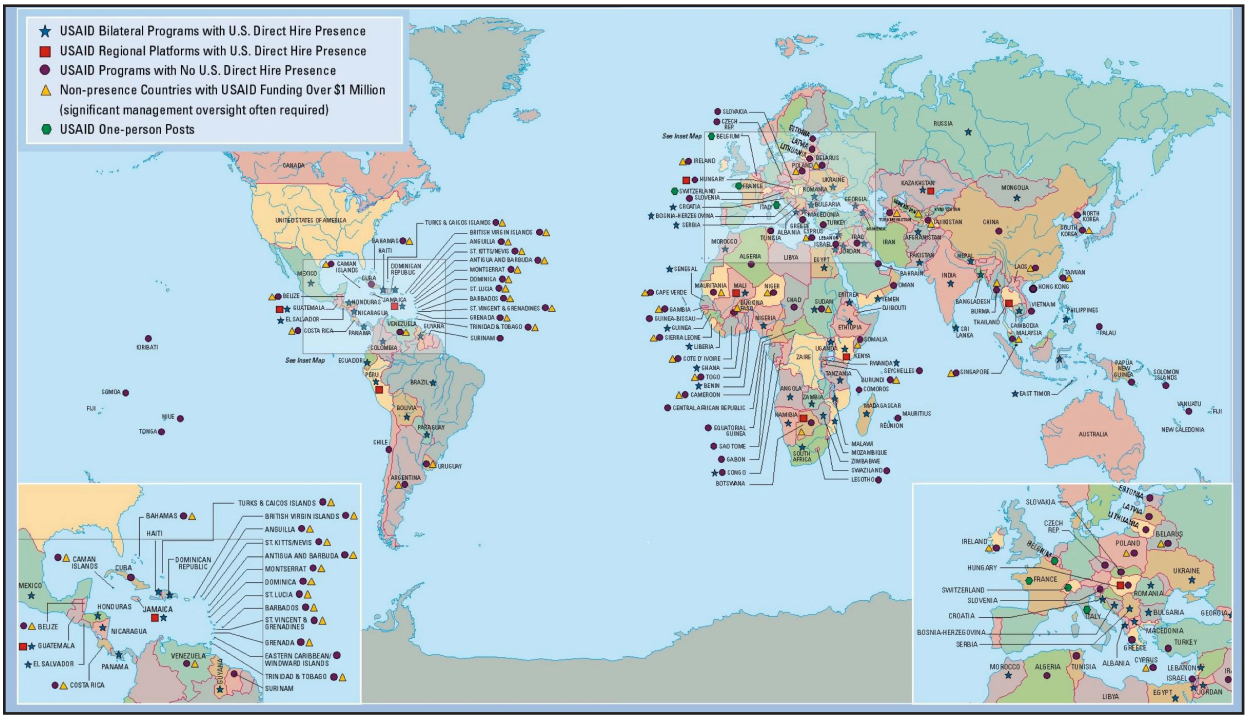
ship—not patronage—and sets the goal of putting ourselves out of business by putting countries on a path to self-sustaining progress.

Consistent with the PPD, we will focus our efforts in six development areas where the U.S. government is best placed to deliver meaningful results: food security, global health, global climate change, sustainable economic growth, democracy and governance, and humanitarian assistance. Throughout each of these, we will elevate and refine our approach to women and girls.

The Administration has launched Presidential Initiatives in three of these areas: the Global Health Initiative (GHI), the Global Hunger and Food Security Initiative—Feed the Future (FtF), and the Global Climate Change Initiative (GCCI). Launched by President Obama, FtF is the U.S. component of a global initiative aimed at promoting a comprehensive approach to food security by accelerating economic growth, raising individual incomes, and reducing poverty. Building on the important foundation of the President's Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative, and other longstanding programs, GHI expands U.S. global health commitment by focusing on five vital areas in which we can deliver meaningful results: disease prevention and treatment, health systems, maternal and child health, neglected tropical diseases, and increased research and development. And GCCI responds to the profound threat climate change poses to development by spurring global greenhouse gas emission reductions in energy sectors and promoting adaptation in vulnerable countries and communities.

Reestablishing our leadership in global development also entails a long-term commitment to rebuilding USAID as the U.S. government's lead development agency—and as the world's premier development agency. This process is already underway. Bipartisan support in the last Administration for a major increase in USAID Foreign Service personnel and technical experts through the Development Leadership Initiative has allowed hiring of hundreds of dynamic development entrepreneurs at the beginning of their careers.

With Secretary Clinton's strong support, USAID Administrator Rajiv Shah has moved rapidly to build on this growth and make the changes necessary to ensure that USAID makes the most out of its new resources. The QDDR process yielded a number of reforms that Administrator Shah began putting in place in the summer of 2010, including through the *USAID Forward* program (See *USAID Forward,* page 112). More broadly, the QDDR has focused on the changes at both USAID and the State Department to ensure that our development policy delivers results.



USAID Global Presence

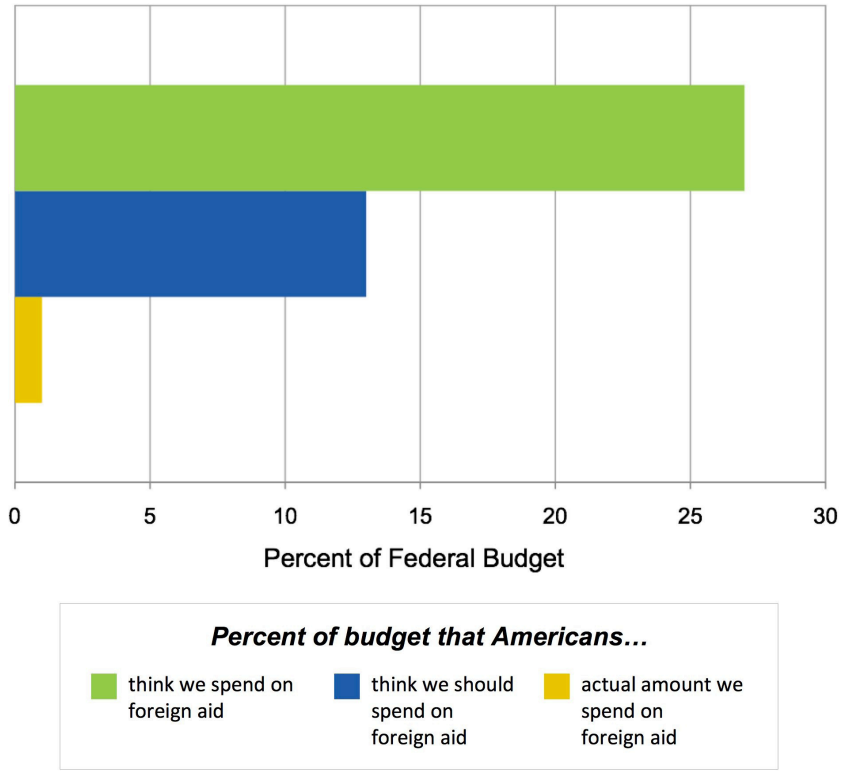
Finally, no matter how sharp our strategy, how streamlined our institutional capacity—we cannot achieve the caliber of development results we seek alone. We must forge new relationships with a wide range of emerging development partners. The most important of these partners are the governments, local organizations and people of the countries in which we work, who are the key drivers of the development process. But there are many new partners as well. Today corporate leaders, philanthropists and foundations, NGOs, local community leaders, church groups, researchers, and students are all integral parts of the development community. At the same time, we must find new ways to work more effectively with established development partners, including the international financial institutions, multilateral organizations, and bilateral donors. Delivering development results requires the energy, collaboration, and commitment of all of these individuals and institutions, working alongside partner governments and with one another.

We also have partners across the U.S. government. USAID is the lead development agency, but Treasury's leadership in the international financial institutions is vital and the Millennium Challenge Corporation plays an essential role in selected countries, and has lessons to share with respect to rigor, accountability, and transparency in pursuing results. Other federal government agencies such as the Department for Health and Human Services including the Centers for Disease Control and Prevention, the Department of Agriculture, the Overseas Private Investment

Corporation, the Export-Import Bank, the Trade and Development Authority, and the Peace Corps all make important contributions to U.S. development programs around the world. As we saw recently in Haiti, USAID's cooperation with the Department of Defense can be important to ensuring rapid humanitarian assistance in large scale disasters, where the military's transportation, logistics, and engineering capabilities are critical. Our approach going forward values these contributions and seeks greater alignment and collaboration among these development partners.

In sum, the practice of development must mean more than the expenditure of official development assistance, which, while critical, has never matched the popular beliefs of most Americans, as the following chart shows. It must mean novel ideas and smarter approaches, as well as new partners.

American Misperceptions of U.S. Spending on Foreign Aid



SOURCE: WORLD PUBLIC OPINION, NOVEMBER 2010

To elevate development as a core pillar of U.S. foreign policy, alongside diplomacy and defense, we will, first, adopt a new investment strategy that ensures high-impact development by focusing on six areas of comparative U.S. government advantage and by leading Presidential Initiatives in three of these areas. Second, we will build USAID into a world-class development agency through deliberate partnership, innovation, and a focus on results. Third, we will equip USAID with the human capital, the operational and budget oversight capacity, and the institutional voice necessary to transact this new development approach. Finally, we will transform the Department of State to better support our development objectives.

I. FOCUSING OUR INVESTMENTS

As we look at the world today, we see unprecedented opportunities. Technology is revolutionizing the world around us and changing the lives of millions, from a farmer in Bangladesh who can better gauge the market price for her crops to a shop owner in Kenya who can accept payments using a mobile phone. We see an American resurgence in philanthropy and in corporate interest across developing markets. Countries like South Korea, once an aid recipient, are now giving to the rest of the world. Similarly, countries like Brazil and some Gulf states have emerged as significant bilateral donors. Cross-border trade and investment flows, if harnessed well, can have a transformative impact on societies. Remittances, totaling some $400 billion worldwide today, are an increasingly vital source of capital full of unrealized productive potential. Against this backdrop, and particularly in a time of fiscal constraint, State and USAID must work together with other agencies and the private sector to ensure that our development dollars will go further than ever.

Increasing Health and Safety With Water and Roads:
Children in Nawa, Afghanistan, collect fresh water from a new communal water tap built near their homes. In just six months, Nawa residents went from carrying water every day to using these new taps.

1. Leading Presidential Initiatives

Affirming the United States global leadership on international development is at the core of President Obama's recently released Presidential Policy Directive on Global Development (PPD). Three signature initiatives of this Administration—the Global Hunger and Food Security Initiative, Feed the Future (FtF); the Global Health Initiative (GHI); and the Global Climate Change Initiative (GCCI)—reflect this commitment and this Administration's approach to development. As we build USAID to provide global leadership in development in the 21st century, we will now vest USAID with leadership and accountability for the Feed the Future and, upon satisfying defined benchmarks outlined in Appendix 2 at the end of FY2012, the Global Health Initiative.

Food Security and Feed the Future

Acute hunger threatens the stability of governments, societies, and borders around the world. Hunger leads to hopelessness and desperation, which in turn drives tension, conflict, and violence. As long as sustainable agriculture acts as a common engine for economic growth, energy and climate security, poverty reduction, and human opportunity, food security will have both moral and strategic resonance for the United States. And so we will focus our development efforts on engineering a complete response that sustainably accelerates agricultural development and economic growth, and reduces hunger and poverty. Since the Marshall Plan delivered food relief to Europe in the aftermath of World War II, U.S. food aid has directly reached some three billion people in 150 countries. Through FtF, we will build on this experience to address the root causes of hunger. FtF seeks to sustainably reduce poverty and hunger and boost nutrition through agricultural development and food security—all as part of a broader foundation for inclusive economic growth and global food security.

Launched in March 2009 at the G20 in London, the United States' subsequent commitment to provide at least $3.5 billion over three years has leveraged more than $18 billion in additional commitments from partner countries. As part of this effort, the United States has partnered with the G20 and non G20 countries to establish the Global Agriculture and Food Security Program—a multilateral fund to advance a coordinated response against global hunger. Together, our bilateral and multilateral efforts will invest in technologies and infrastructure that will make farming more productive. And we will make it easier for food to reach the people who need it. Our efforts in this area will be guided by four principles: 1) partnering with countries to create and implement their plans; 2) adopting strategies that deliver results by addressing root causes, focusing on women, and improving country,

regional, and global coordination; 3) leveraging multilateral institutions; and 4) making long-term, accountable commitments.

AP PHOTO

U.S. Secretary of State Hillary Rodham Clinton poses for a photo with a group of girls from the Siem Reap Center in Siem Reap, Cambodia, which provides rehabilitation, vocational training, and social reintegration for sex trafficking victims.

USAID has recently established a Bureau for Food Security and will continue to create the capacity to implement this initiative—building on the more than 40 recently hired agronomists and agricultural experts, whose technical leadership will help accelerate agricultural sector growth and improve nutritional status, especially among women and children. Inviting the collaboration of other federal agencies, including the U.S. Department of Agriculture and the Department of Health and Human Services, USAID will continue to develop and refine government-wide food security strategies and implementation plans in countries consistent with the L'Aquila principles. The recently-established Borlaug Commemorative Research Initiative, jointly organized by USAID and the Department of Agriculture, is working to deploy leading U.S. research on production systems and nutrition across Latin America, Asia, and Africa. FtF is also identifying whole-of-government indicators that build on existing agriculture and rural development indicators from USAID and the Millennium Challenge Corporation.

Consistent with these objectives, Secretary Clinton and Administrator Shah will announce a Global Food Security Coordinator at USAID to assume the leadership of FtF immediately. This Coordinator will report to the Administrator and the Secretary, with accountability for: FtF's leadership and strategy; resource allocations; donor coordination; agency and interagency implementation and outcomes; and engagement with other development partners, Congress, civil society, the private sector, and other stakeholders. The Global Food Security Coordinator will identify and prioritize policy objectives and guide, beyond USAID and State, joint planning and collaboration to align complementary programs and capabilities of other agencies and departments to maximize the impact of America's investments in global hunger and food security.

Feed the Future

USAID helped spark the Green Revolution when research, development, and technology transfer initiatives combined to boost agriculture production in India and around the world. As part of the principals agreed upon at the 2009 G8 Summit in L'Aquila, we are building on this history of success through:

- **Country-led process:** In December 2009, the Government of Rwanda became the first country to submit an Agriculture Sector Investment Plan for technical review under the auspices of the Comprehensive Africa Agriculture Development Program (CAADP). The Investment Plan was reviewed by a broad group of stakeholders including donor countries, the private sector, civil society, and multilateral institutions.
- **Private sector engagement:** In Tanzania, the World Economic Forum and eight major companies are jointly developing agribusiness and infrastructure along the country's southern trade corridor. They are also helping to provide fertilizer, sourcing sustainable products to foster demand, and providing technical assistance to local millers.
- **Partnering:** In Ghana, we are working directly with the Government of Ghana and other major donor states and organizations to chart a unified, efficient path to food security. This effort builds directly on the agricultural work of the Millennium Challenge Corporation and USAID and has established an active role for the U.S. in donor coordination.
- **Research:** USAID's Collaborative Research Support Programs, or CRSPs, harness the capabilities of U.S. land-grant universities. USAID recently awarded $1.1 million in funding to Oregon State University to research ways to increase profits for small aquaculture operations in Ghana, Kenya, and Tanzania.

Global Health and the GHI

The United States is committed to bringing life-saving prevention, treatment, and care to more people in more places. People cannot achieve their potential or contribute to economic growth when their health is poor and they lack access to health systems. We invest in global health to strengthen fragile and failing states, to promote social and economic progress, to protect America's security, as tools of public diplomacy, and as an expression of our compassion.

While the U.S. recognizes that development is fundamental to health and vice versa, certain public health functions are distinct from development and are critical to sustain healthy populations in America and globally. For instance, we would invest in global health to protect Americans from disease independent of our development interests. Similarly, the regulation of pharmaceuticals and vaccines produced globally can significantly impact Americans in many ways not necessarily linked to development.

The United States, already compelled to prioritize global public health for many reasons, has clear expertise in helping other countries improve health outcomes and develop their health systems. Our assistance programs have helped to save tens of millions of lives over the last 50 years by advancing public health through clean water delivery, vaccines, and health services for mothers and children, among others. But this success has come at a cost. As the largest funder of health programs in many countries, we have saved lives and improved livelihoods, but our assistance dollars have sometimes had the unintended effect of relieving our partner governments of their responsibility for funding this basic service. Too often, there is too little coordination between donors, too little integration of programs, and too little innovation in new technologies and approaches.

Through the Global Health Initiative, we are drawing together the expertise of other government agencies such as Health and Human Services including the Centers for Disease Control and Prevention. The GHI builds on the successful foundation of disease-specific health programs including the President's Emergency Plan for AIDS Relief (PEPFAR), launched by President Bush in 2003, the President's Malaria Initiative, global health programs in maternal and child health, and many others. GHI seeks to achieve improved disease prevention and treatment, strengthened health systems, enhanced maternal and child health, improved outcomes for neglected tropical diseases, and increased research and development.

Success of GHI is predicated on building and leaving behind sustainable platforms through which to manage, oversee, and operate basic care and health services in partner countries. Ultimately handing these platforms over to host governments will require that we work with these countries from the outset—ensuring they lead in designing and implementing comprehensive, tailored health strategies with cost effective, evidence-based interventions that have the greatest potential for maximum global health impact; and that they grow their own capacities to operate health programs over the long term.

In building USAID as the premier development agency and recognizing the need to sustain critical momentum in achieving health outcomes, the Secretary will appoint an Executive Director for the Global Health Initiative at the State Department to facilitate: (1) the coordination

of agency programs to meet the goals and objectives of GHI; and (2) the ultimate transition of leadership of GHI to USAID as below. The Executive Director will report to the Secretary of State and the GHI Operations Committee (the USAID Administrator, the Global Aids Coordinator, and the Director of the Centers for Disease Control and Prevention), which will continue to ensure inclusive interagency oversight and management of the Initiative.

We have established a target that at the end of FY 2012, pending the completion of a set of defined benchmarks (attached at Appendix 2), USAID will assume leadership of this interagency Initiative. The determination that USAID has met the benchmarks in Appendix 2 will be made by the Secretary of State, drawing on the assessment of the GHI Operations Committee. The responsibility for leading PEPFAR, following current practice and its governing statute, will remain with the Office of the Global AIDS Coordinator (OGAC) at the State Department. The GHI Strategic Council will also continue to provide the Initiative with high-level interagency advice and guidance on meeting the goals and objectives of the Initiative.

Global Health Initiative In Action

In the nearly 80 countries in which U.S. government health investments are at work, the Global Health Initiative is investing in sustainable health systems and proven interventions that can save millions of lives: more skilled birth attendants to end the uncertainty of childbirth, increased immunization coverage for children and newborns, low cost treatments for neglected tropical diseases, mobile phone based health information systems, and increased research and development in promising breakthroughs.

To support Ethiopia's goal of reducing maternal, neonatal, and child mortality, USAID is partnering with the Government of Ethiopia to train more than 30,000 female Health Extension Workers as part of their national health program to provide primary health care for all. PEPFAR supports countrywide HIV prevention and care (including linkages to TB care), with 207,900 people receiving antiretroviral treatment. PEPFAR's family-centered orphans and vulnerable child program reaches 500,000 of the most vulnerable children in the country, and incorporates elements of USAID's food and education programs. The Centers for Disease Control and Prevention provides support and technical assistance for the nationwide laboratory system—including an influenza laboratory—trains health workers in epidemiology, surveillance, monitoring and evaluation, palliative care, provides expanded nutritional support, and builds capacity for local organizations. And the President's Malaria Initiative provides nets, treatment and spraying to reduce malaria rates.

Climate Change and the GCCI

Climate change is one of the century's greatest challenges, and rapid and effective action to address this challenge will help preserve hard-won development gains, protect our national security, strengthen our economy, and preserve the health of our planet. To avoid the worst projected impacts of climate change, global emissions of greenhouse gases must be greatly reduced from current levels, requiring an unprecedented transition to clean energy and industrial processes, and dramatic reductions in deforestation rates. Under the most optimistic emission reduction scenarios, all countries will need to take significant action to prepare for and adapt to climate change impacts. These efforts will necessitate close and sustained cooperation among countries from all regions.

Through the Global Climate Change Initiative (GCCI), launched by President Obama in the run-up to the 2009 Copenhagen Conference, the United States is making low-emission, climate resilient sustainable economic growth a top priority of our diplomacy and development work. The GCCI is a whole-of-government effort to speed the transition to a low-carbon, climate-resilient future. The anticipated payoff from these efforts extends well beyond the climate change arena. They will strengthen institutions and accelerate economic growth in developing countries, increase forest conservation, and expand the global markets for clean energy technologies, boosting exports.

Building on two decades of extensive U.S. engagement on climate change, the GCCI is deploying a full range of bilateral, multilateral, and private mechanisms and working to integrate climate change considerations into relevant U.S. foreign assistance. Three agencies—the Department State, USAID, and the Department of Treasury—form the core of the GCCI, with several others—including the Departments of Energy, Commerce, and Agriculture, as well as the Overseas Private Investment Corporation, the Export-Import Bank of the United States, the Millennium Challenge Corporation, the U.S. Trade and Development Agency, the Environmental Protection Agency, the National Science Foundation, and the National Aeronautics and Space Administration—providing important technical expertise and financial resources to complement the core activities. The GCCI harnesses the individual strengths of these agencies while also emphasizing interagency cooperation to enhance impact and avoid duplication of effort. USAID has overall responsibility for GCCI bilateral assistance, Treasury leads GCCI's multilateral finance work, and State leads on diplomatic efforts. The U.S. Special Envoy for Climate Change coordinates the GCCI with senior leadership at USAID, Treasury, and State's Bureau of Oceans, Environment and Science, working other agencies.

Global Climate Change Initiative:

Drawing on two decades of extensive international engagement and strong technical expertise, the Global Climate Change Initiative is using a whole-of-government approach to speed the transition to a low-carbon, climate-resilient future. Key GCCI programs include:

- **Laying the foundation for low-carbon growth:** Through a new initiative on Enhancing Capacity for Low Emission Development Strategies (EC-LEDS), the United States is supporting five partner countries' efforts to develop and implement strategic frameworks to advance economic growth while reducing emissions, with plans to scale up the program in 2011.
- **Accelerating the clean energy revolution:** The United States is working through multilateral mechanisms like the Clean Technology Fund, plurilateral fora like the U.S.-launched Clean Energy Ministerial, and bilateral initiatives like the U.S.-India Partnership to Advance Clean Energy to reduce greenhouse gases and promoting sustainable development by promoting the development and deployment of clean energy technologies, policies, and practices.
- **Reducing emissions and conserving forests:** Emissions from land use, in particular deforestation, constitute approximately 17 percent of global greenhouse gas emissions. The United States is contributing to Reducing Emissions from Deforestation and Forest Degradation (REDD+) by creating an effective international system for REDD+, helping countries prepare to participate in pay-for-performance programs and take complementary domestic actions, and supporting demonstration efforts that deliver cost-effective and sustainable net emissions reductions.
- Empowering countries and communities to adapt to climate impacts and integrating climate adaptation across our development portfolio: Through a scaled-up bilateral assistance program and multilateral funding contributions, the United States is helping countries plan and implement effective climate adaptation activities while also working to make sure that climate impacts are factored into our food security, health, water, disaster, and other development efforts.

Each of these Presidential Initiatives calls for the United States to demonstrate our new way of working in development and diplomacy—transitioning from providing services to helping partner countries build sustainable systems; engaging beneficiary countries and following country-led plans; collaborating across U.S. government agencies and partnering collectively with other countries, multilateral institutions, and the private sector; and remaining resolutely focused on achieving measurable results. In carrying out these efforts, every government agency must be accountable to the American taxpayer for delivering the outcomes projected for these initiatives—results that serve both our values and our national security.

2. Honing our comparative strengths: economic growth, democracy and governance, humanitarian assistance, and empowering women

We expand our impact when we concentrate our efforts. For too many years in too many countries, U.S. development has sought to do too many things, spreading our investments across many sectors and, in the process, sometimes lessening our impact. President Obama recognizes that "no one nation can do everything everywhere and still do it well. To meet our goals, we must be more selective and focus our efforts where we have the best partners and where we can have the greatest impact." In line with this guidance, which was affirmed as government-wide policy in the Presidential Policy Directive on Global Development (PPD), in all countries in which USAID works we will focus our development resources and build our capabilities in those sectors in which we have the leading expertise to transform lives and societies. In addition to leading Presidential Initiatives in two of these sectors—*food security* and, upon meeting specified benchmarks, *global health*—USAID will also focus on three further development areas of comparative strength: *sustainable economic growth, democracy and governance, and humanitarian assistance.* Throughout each of these areas, we will strengthen our emphasis on empowering and *creating opportunities for women.*

Sustainable Economic Growth: Economic growth is the single most powerful force for eradicating poverty and expanding opportunity. It transforms countries from development recipients into development partners. Globally, it has lifted hundreds of millions out of poverty in countries from Botswana to Indonesia, Mozambique to Costa Rica. It is transforming the lives of women on every continent and providing a brighter future for their children. Economic growth will therefore be a top priority of our development efforts.

We know that economies grow faster when countries encourage entrepreneurship, invest in infrastructure and education, and expand trade. Economies thrive when governments are accountable, grow when capital is available based on merit—not patronage—and expand

when countries cultivate and draw on the talents of all their people. Government policies and regulations should be designed to optimize economic choices of individual economic actors and firms, while minimizing administrative costs, uncertainty, and the potential for abuse. In many developing countries, complex and costly regulations, along with poor investment codes, cumbersome customs procedures, and weak bank supervision can discourage firms from investing in new technologies or growing their businesses. USAID had considerable success early on in providing the expertise and helping to create the conditions necessary for economic growth in countries like South Korea, Taiwan, and Indonesia, and more recently in several countries in sub-Saharan Africa and elsewhere. Since 2004 USAID and the World Bank Group have worked together to reform business environments in many countries. In the latest World Bank Group annual report seven of the 10 top reformers—Kazakhstan, Rwanda, Peru, Vietnam, Tajikistan, Zambia, and Grenada—were USAID partners in working to make it easier for local entrepreneurs to start and expand their businesses.

AP PHOTO/KARIM KADIM

An Iraqi woman casts her vote in Iraq's referendum on the new constitution at a hospital in Baghdad, Iraq, on Oct. 13, 2005. Hospitals and prisons organized voting two days ahead of the official date to ensure that all Iraqis were able to vote.

Development and diplomacy must work together to help countries achieve these goals. USAID will focus its resources to work with countries to build the fundamentals underlying sound economic growth: promoting entrepreneurship, growing both the hard and soft infrastructure needed for increased trade, developing broad-based agricultural economies, educating their peoples, formalizing vast numbers of small- and medium-sized businesses, strengthening broad-based agricultural economies, and investing in clean energy technologies to reduce greenhouse gas emissions.

The State Department and USAID will support these development efforts by using their diplomatic and development tools to help countries enact policies that support economic growth—with a particular focus on improved tax collection, transparency, and anti-corruption measures. We will do more to promote entrepreneurship. And we will advance a range of measures to capitalize on the value of remittances and other domestic resources for infrastructure development. These efforts will be closely coordinated with the Treasury Department, on all areas where it has the lead or important equities. In cooperation with the Treasury Department, State and USAID will assign new priority to financial inclusion to reduce the cost and expand the reach of financial services as an engine for economic growth.

To ensure our focus stays sharp and that economic growth receives the high-level policy attention it demands, State is undertaking a significant restructuring, as outlined in Chapter 2, which will result in an Under Secretary for Economic Growth, Energy, and the Environment, who will lead the diplomatic component of our economic growth strategies.

We will align our efforts closely with those of the Millennium Challenge Corporation, drawing on its mandate to enhance economic growth and manage for results. The nature of MCC collaboration will be structured in large part by its country partnerships, five-year compacts, mandated investment criteria, and authorities of its board of directors.

Democracy, Human Rights, and Governance: Accountable, democratic governance is a universal value and a founding principle of our nation. The U.S. is committed to advancing democracy, human rights, gender equality, and sound governance to protect individual freedoms and foster sustainable economic growth. As the National Security Strategy makes clear, "governments that respect these values are more just, peaceful, and legitimate." Where these values are respected stability and security can be strengthened, economies can thrive, and individuals can fulfill their full potential.

The United States has a range of tools to support reform-minded women and men in other countries—in and out of government—as they build democratic societies that protect the basic rights of all citizens. In particular, State's Bureau of Democracy, Human Rights, and Labor advances democracy and human rights through direct diplomacy with non-democratic countries, often in coordination with like-minded ones. In addition, State bureaus directly integrate human rights considerations into our security and economic cooperation with other governments, often dispatching Economic Support and Democracy Funds to support other governments' reform efforts or civil society advocacy in countries lacking government will for reform. State has created a new Senior Advisor to the Secretary for Civil Society and Emerging Democracies, who will advance our engagement with civil society and help counter transnational threats to governance identified in the National Security Strategy. As detailed in Chapter 2, State is also establishing an Under Secretary for Civilian Security, Democracy, and Human Rights who will work to create the political space necessary for democracy to flourish. U.S. Chiefs of Mission in many countries will continue to oversee a wide range of State and USAID programs to assist local reformers.

As the world's first donor agency to establish democracy, human rights, and governance as core development objectives, USAID has invested more resources to advance democracy and human rights than any other development agency. With more than 400 experts around the globe, USAID manages and programs the majority of the U.S. government's overall Governing Justly and Democratically (GJD) budget. In order to continue this tradition of leadership, USAID announces the establishment of a Center of Excellence on Democracy, Human Rights, and Governance, housed within the Bureau of Democracy, Conflict, and Humanitarian Assistance. In addition, USAID will elevate democracy, rights, and governance as a critical development goal for the 21st century by increasing our investment in three critical areas: developing policy, strategies, and tools to support the human rights movement; working with local partners to make fragile democracies more responsive to their citizens; and creating, together with the broader donor community, new strategies to advance sound governance. USAID will also prioritize the integration of democracy and governance into advancing the Presidential Initiatives.

Finally, we cannot fulfill both the moral and the economic imperatives of development unless we universalize the opportunities we help to create. This is why State and USAID are making inclusion of persons with disabilities a central element of policies and practices. The appointment of a new Special Advisor for International Disability Rights at State, and USAID's newly-created Coordinator of Disability and Inclusive Development to be housed in the Bureau for Policy, Planning, and Learning, will work to mainstream disability perspectives throughout the programs and policies of State and USAID, respectively.

Humanitarian Assistance: When disaster strikes—whether floods in Pakistan or an earthquake in Haiti—the United States has always responded to the call for help. And our diplomats, development professionals, and military have the capability to answer that call as no other nation can. For both moral and strategic reasons we will continue to do so, building and focusing on our comparative strengths. This way, we will make certain that when other nations face their day of need, America responds with swift, meaningful aid that reflects the full measure of our compassion.

Open Government Initiative

"In all parts of the world, we see the promise of innovation to make government more open and accountable. Now, we must build on that progress. And when we gather back here next year, we should bring specific commitments to promote transparency; to fight corruption; to energize civic engagement; and to leverage new technologies so that we strengthen the foundation of freedom in our own countries, while living up to ideals that can light the world."

– President Barack Obama
U.N. General Assembly, September 23, 2010

Government accountability begins with transparency. At the United Nations in 2010, President Obama invited leaders to join him next year in making specific commitments to strengthen the foundations of open government. Some governments may guarantee access to information as a fundamental right; others may empower constituents to track the assets of public officials. Countries may identify new ways of seeking public ideas to improve the quality of decision making and the efficacy of investments. Others may resolve to do better in tapping the expertise of the private and non-governmental sectors in solving complex problems. While the individual commitments will differ, the collective force of a global effort towards openness will signal our resolve to transform the way we govern, empower citizens, and restore the frayed social compact between citizens and their leaders.

Humanitarian assistance is a whole-of-government undertaking. How efficiently State and USAID work together and with other U.S. government agencies bears directly on lives and human suffering, and ultimately, a country's ability to return to a path of enduring growth and development. We will build upon strong existing humanitarian assistance capabilities and continue to play a leadership role within the international community. As detailed in Chapter 4, State and USAID will work with other agencies under a new International Operational Response Framework for crisis response that generates a single task force with clear leadership, a unified U.S. government plan, and an integrated operational response for each crisis. USAID will strengthen its ability to lead a multi-agency disaster response effort and pursue innovations to mount ever-more effective disaster relief and humanitarian assistance, including food aid and protection. State will strengthen its humanitarian operations and humanitarian diplomacy by augmenting domestic and overseas staff focused on countries in crisis. State and USAID will also set up a Humanitarian Policy Working Group to strengthen the international humanitarian architecture for more effective response to disaster and complex crises.

Empowering Women: President Obama and Secretary Clinton have been clear: we must redouble our focus on empowering women and girls, not just as beneficiaries of development, but as agents of transformation. Countries that draw on the talents of only half their populations are competing in the global marketplace with one hand tied behind their backs. Investment in women and girls is essential both in its own right and as a means of maximizing development outcomes. We will infuse a strong emphasis on women and girls across all of the areas of our work. At State, gender policy is now coordinated by the first ever Ambassador-at-Large for Global Women's Issues, who reports directly to the Secretary. At USAID, over-all management of gender will be directed by the office of the Deputy Administrator under a new senior advisor for women's empowerment, who will work closely with the Ambassador-At-Large for Global Women's Issues.

We have already seen the benefits of this new emphasis on women's empowerment in U.S. development policy. Investing in women is a key pillar of the Global Health Initiative, which has a particular focus on women and girls and scales up our work on maternal health, family planning, and nutrition and integrates these core services with our HIV/AIDS, malaria, tuberculosis, and other health programs. These health programs link directly to efforts to remove the economic, cultural, social, and legal barriers women face. Our redoubled focus on women is also evident in our Feed the Future Initiative, which recognizes that most of the world's food is grown, harvested, stored, and prepared by women, who have specific needs for training and access to financial services and markets.

Going forward, we will take additional steps to integrate gender issues fully into our development efforts, including:

- *Gender integration guidelines.* USAID and State will finalize guidelines on gender integration in project selection and design, strategic planning, budgeting, and monitoring and evaluation. We will jointly create and adopt standard required gender indicators and will ensure a common reporting framework for development assistance, with all appropriate indicators disaggregated by sex and by age group. These common required indicators will form the basis for program planning, budgeting, and evaluation for both agencies. The newly established Bureau of the Policy, Planning and Learning will lead USAID's efforts in this area, and will also be responsible for assessing the gender implications of all Agency actions; ensuring that gender analysis informs legislation, policy, and programs; and integrating best-practices into all of USAID's work, including the three Presidential Initiatives on food security, global health, and climate change.

- *Women in humanitarian emergencies.* USAID and State will elevate women's issues in response to humanitarian emergencies, armed conflict, and post-conflict reconstruction and governance. State has already begun efforts in this area by initiating the development of a National Action Plan to implement U.N. Security Council Resolution 1325 on women, peace, and security and by creating a gender taskforce in our work on Afghanistan. USAID will enhance emphasis on programs to address trafficking in persons, gender-based-violence, and women, peace, and security, which will be guided by the Bureau of Democracy, Conflict, and Humanitarian Affairs.

- *New Programming.* State will support programs across a range of issues acutely salient for women—including education, economic opportunity, anti-trafficking, gender-based violence, political participation, health, and climate change—through the Secretary's International Fund for Women and Girls (a privately funded initiative providing flexible, rapid, and high-impact grants to nongovernmental organizations), as well as through its Small Grants Initiative. USAID will transform its Office of Women in Development into an Office of Women and Girls, so as to expand support for women's civil society groups and women's participation in governance and business structures. The USAID Bureau of Economic Growth, Agriculture, and Trade will lead this effort, coordinating with the private sector, international and regional organizations, and civil society bodies.

II. HIGH-IMPACT DEVELOPMENT BASED ON PARTNERSHIP, INNOVATION, AND RESULTS

Too often, we have found ourselves in the business of service delivery rather than the business of supporting systematic change. U.S. investments in health, education, water, and other sectors have driven significant improvements in the lives of millions in developing countries—but where there has been insufficient attention to the underlying economic and governance foundations, these improvements have proven difficult to sustain.

Our new approach to development changes the way we do business. It starts with a commitment to partnership—with partner countries, with other donors, with the private sector, and with local organizations—to maximize the resources we bring to the table and ensure sustainable development over the long term. It invests in game-changing innovations and technologies that we can rapidly scale to impact lives. And it remains firmly focused on delivering results, measuring our progress, and evaluating our impact.

1. Partnership

Our renewed commitment to partnership turns on four guiding principles. We will partner with those governments and local organizations, and institutions that show strong commitment to development and democracy, and will communicate frankly and openly with them to ensure common purpose and strategic direction. Second, we will partner with other donors—both public and private—to amplify overall effectiveness, allow donors to build and utilize their respective comparative advantages, while still ensuring overall coordination. Third, we will partner early with other agencies across the U.S. government, maximizing their respective skills and expertise. And we will partner with local implementers whose own growth will help solidify the long-term sustainability of our investments. Fourth, as we build these partnerships, we will continue to draw upon the technical expertise of the most effective U.S. NGOs, non-profit organizations, and private contractors, but those organizations will, in turn, need to work more closely with local and international partners as they help us deliver results.

- **Partnerships with the governments whose people we assist.** Our development policy must ultimately support long-term, sustained progress and make assistance unnecessary in the long term. To achieve that goal, we must partner with states that seek to build their own capacity, maximize the impact of the assistance they receive, and provide for their people. Our aid is most effective when it is least disruptive to the bond of accountability that links governments to the people they govern, and when we tailor our approaches to fit specific country contexts and needs. We will promote country ownership by ensuring that host nations take the lead in designing and implementing clearly defined development strategies and managing their own development processes.

Expanding Our Use of Host-Nation Systems and Local Implementing Partners:

Host country contracting is an indispensable part of building lasting capacity. Historically, USAID's host country contracting was used predominantly for large infrastructure projects, particularly in the Middle East region where USAID's budgets were large enough to engage in infrastructure building. Going forward, USAID programs will look to increase the use of partner country systems with a view towards sustainable development impact, rather than forcing our own systems and procedures on our development partners to achieve short term outputs and quick results.

USAID is particularly focused on employing this strategy in countries like Pakistan. Over the past 18 months, the USAID Mission to Pakistan has strengthened its working relationship with the Government of Pakistan to identify, design and implement "on-budget" activities. We now are transferring approximately 50 percent of Kerry-Lugar-Berman funds to the government for the programs we are supporting. As a result, the government of Pakistan becomes directly responsible for program development, contracting and implementation. As part of the transfer process, USAID conducts pre-award assessments to determine that each government entity involved meets certain fiduciary and management standards.

In doing so, we recognize that country ownership does not mean government ownership and control in all circumstances, especially in countries whose governments show little commitment to or interest in development or democracy. But it does mean working much more closely with and through committed governments and, as much as possible and appropriate, consultation with and ownership by those most affected by our programs. In all cases we must more fully take into account the needs, rights, and interests of a country's citizens. We will promote mutual accountability by prioritizing investments where partner nations have demonstrated high standards of transparency, good governance, and accountability—and where they make their own financial contributions to development, by making our own commitments transparent to our partners. By more effectively partnering with the countries to which we provide assistance and by vigilantly guarding against corruption, we will ultimately ensure that we deliver the maximum results for both American taxpayers and for those who directly benefit from our assistance.

Partnering with the Private Sector: A Closer Look At Haiti Relief Efforts

USAID currently has more than 1,000 alliances and 3,000 distinct partners, and our funding has been matched by more than $12 billion from public and private resources. These resources are helping to take USAID projects to scale to broaden their impact throughout the world. This is particularly true in Haiti where, after the January 2010 earthquake, USAID worked with the Bill and Melinda Gates Foundation to implement a mobile banking program targeted at those lacking access to financial services by incentivizing the development of a nationwide mobile banking program. This system will allow participants to send, receive, and store money on their cell phones. Mobile banking is safer and easier than traditional banking, and could give users access to a wider range of financial services, such as savings accounts and insurance. Mobile banking could help give users access to a wider range of financial services, such as savings accounts and insurance.

- **Partnerships with other public and private donors.** The international development community has and will continue to change significantly. More than 56 nations and 260 multilateral aid organizations contribute development resources. New donors are emerging: China, India, Brazil, Taiwan, and Russia collectively contribute over $8 billion each year. In addition, multi-donor trust funds, which pool and coordinate donor resources to address development challenges, are expanding. Trust funds administered by the World Bank have grown more than fourfold in the past decade, from $2 billion in 2001 to almost $9 billion in 2009. And private donors such as foundations and NGOs continue to expand their development role, contributing more than $52 billion in 2008 alone. In addition, private foreign investment plays a large and growing role in low- and middle-income countries around the world. Today, more than 80 percent of U.S. contributions to the developing world comes in the form of private capital, not government assistance. These changes will expand the overall impact of development, but they will also require new leadership to ensure the coordination—leadership that only the United States can provide.

  U.N. agencies and programs are particularly critical partners. More than 30 U.N. agencies, funds and programs engaged in development and humanitarian relief in 160 countries together provide more than $22 billion in assistance. The United States is the lead donor to a number of these agencies, including the World Food

AP PHOTO/KHALIL SENOSI

U.S Agency for International Development Administrator Dr. Rajiv Shah speaks to journalists and staff members at Mbagathi District Hospital in Nairobi, Kenya, on May 15, 2010. USAID plans to increase funding and staff for programs in Africa to help the continent reduce poverty, disease, and illiteracy.

Program and U.N. High Commissioner for Refugees. Given the magnitude of U.S. assistance that is channeled multilaterally, it is critical that State, USAID and the U.S. Mission to the United Nations work jointly to improve operational cooperation with U.N. agencies both in New York and in the field, especially in complex emergencies that are a top priority for the U.S., such as Afghanistan, Pakistan, Haiti, and Sudan. The U.S. is also uniquely positioned to help promote better collaboration among the U.N. agencies and the multilateral development banks, where we have a strong voice as the leading shareholder.

To build these partnerships with other donors, State and USAID will work with all development stakeholders, including other countries, private donors, NGOs, and businesses to coordinate objectives, programs, and projects. We will ensure that our efforts complement, rather than duplicate, one another, under a country-owned overall strategy. Country-specific development cooperation strategies, detailed later in this chapter and in Chapter 5, will provide a foundation for coordinating our efforts with other donors. State and USAID will develop joint guidance to enhance donor coordination, including for co-funding projects and contributing to multi-donor trust funds, working with Treasury with respect to trust funds at the international financial institutions. We will work to strengthen the capabilities of multilateral donors and trust funds to complement our development objectives within a country-led framework. For example, we intend to seek a $4 billion U.S. contribution through 2013 for the Global Fund to Fight AIDS, Tuberculosis, and Malaria—a 38-percent increase in the U.S. investment in the Fund over previous years—coupled with a commitment to strengthen the operations of the Fund to improve its effectiveness. And we will engage new donors, assisting them in building their own development capabilities and ensuring that their growing contributions conform to development best-practices and fit within overall country-led strategies.

- **Partnering across the interagency.** Nearly every U.S. government agency has expertise, skills, and resources that can advance U.S. development efforts—

particularly in those instances where the binding constraints on a country's development are largely government capacity limitations. One of the most powerful repositories of interagency expertise, the Office of Technical Assistance (OTA) within the Department of the Treasury has served more than forty countries, offering host governments help in everything from drafting budget, tax, and oversight legislation, to undertaking vital, if sensitive, reforms in areas like central banking and increasing financial services for the poor. Peace Corps volunteers help magnify the impact of U.S. government investments at the community level by ensuring that these investments are community-owned, properly maintained, and sustained over time. And there are many other examples.

Consistent with our commitment to facilitating effective collaboration detailed in Chapter 2, State and USAID will work with the more than two dozen U.S. federal agencies to ensure the implementation of the core objectives of the Presidential Policy Directive. Through the revised strategic and budget planning processes detailed in Chapter 5, we will ensure that assistance activities are coordinated in a single plan that supports a country-led development strategy. We will actively engage with each of these agencies, both in Washington and the field, to ensure that their unique contributions are included and fully utilized.

Through Feed the Future, for example, State and USAID are working closely with the Department of Treasury, Department of Agriculture, the Millennium Challenge Corporation, the Peace Corps, and other agencies to maximize the impact of our investments. The Global Health Initiative is taking a similar approach with State, USAID, the Centers for Disease Control and Prevention, other agencies of the Department of Health and Human Services, the National Institutes of Health, Peace Corps and other agencies. As detailed in Chapter 5, in the field, interagency country teams, under the leadership of the Chief of Mission, will develop comprehensive interagency *Integrated Country Strategies* that reflect shared foreign policy goals and the assistance, engagement, policies, and other means of achieving those goals. USAID and State will also seek greater efficiencies, such as the current GHI effort to harmonize procurement systems with those of other U.S. Government agencies working in health.

- **Partnering with local implementers to ensure sustainable development.** Our aid programs must do more than fill in gaps of services and basic needs; they must equip people and nations to deliver services and take ownership of programs over the long term. USAID and State will invest in national systems, institutions, and implementing partners to the extent practicable. We will design projects so as to be institutionally and financially sustainable over the long term. To do so, in at

least 25 countries, we will increase the portion of U.S. funds provided to partner country governments, local organizations, and local businesses from less than 10 percent today to 20 percent. We will more than double direct grants to local nonprofit organizations so that they account for 6 percent of program funds, and more than double our local partner base to 1,000 partners. And we will increase direct contracts with local private businesses from less than 1 percent to 4 percent of our assistance.

As we shift our assistance to rely more on local implementing partners, we will seek to ensure the sustainability of our investments by strengthening partner implementation systems. For example, through the Global Health Initiative, we are seeking health system reforms that will support local supply chains and lasting improvements in national health systems. Similarly, in 13 countries USAID, PEPFAR, and the Centers for Disease Control and Prevention are transitioning the leadership of HIV/AIDS treatment programs from external organizations to national governments and indigenous organizations.

Partnership in Action

"Working through local partners is often the most cost effective and sustainable way to invest our resources. I recently visited one of the 1,427 health huts in Senegal. In these huts volunteers who are selected by their communities and trained by USAID and by the Senegalese Health Ministry are offering life-saving, basic but life-saving, interventions to women or children who have health needs, or they're referring them into the proper health system. By training local health workers and hiring local staff for project management, the program lowers overall costs while saving more lives. And it builds local capacity so that one day our aid will no longer be necessary."

– USAID Administrator Rajiv Shah, National Press Club, June 18, 2010

- **Partnering with U.S.-based organizations.** To succeed in building local capacity and strong systems to advance our broader development goals, we will continue to work with and through the best and most effective U.S. NGOs, non-profit organizations, and private contractors. As we pivot to a greater focus on working with local entities, we are confident that the best U.S. organizations will adapt and continue to be effective partners in supporting these goals as they, too, build stronger partnerships with local governments, NGOs, and businesses. In this

way we can continue to partner with and draw on the deep expertise of the most effective of these organizations as we focus on the critical goals of building strong capacity, systems, and institutions.

2. Innovation

The National Security Strategy and Presidential Policy Directive on Global Development recognize the power of innovation and modern technology to transform lives around the world and our development policy. Innovation is a key engine of long-term economic growth. History shows how science and engineering open the door to revolutions in development—for example, the American agricultural scientists who drove the Green Revolution and the U.S. medical researchers who pioneered immunization techniques. More recently, USAID funded the trial of a vaginal microbicide that reduces the transmission of HIV/AIDS by 39 percent—a major breakthrough in HIV transmission. But we cannot pursue this path of innovation alone. We will need the help of donor and partner countries as well as stronger links with the private sector, NGOs, and international institutions. Specifically, we will:

- **Promote new discoveries and scientific breakthroughs.** Innovation, in all its forms, must be a centerpiece of the U.S. approach to development. We will promote new discoveries and scientific breakthroughs as well as both evolutionary and revolutionary changes in our programming and business practices. The hallmark effort of our new approach to innovation will be a new USAID Development Laboratory (DevLab), a first-of-its kind innovation hub within USAID that will lead the effort in finding and connecting game-changing innovations with our development goals. State and USAID will also promote innovation in three primary ways:

  - *Incentivize.* In addition to the DevLab, USAID is also establishing the Development Innovation Venture Fund, with projected seed funding of $53 million over three years. The Fund will solicit ideas from inside and outside the Agency, and support experimental program design, development, and impact assessment—in each case, aiming to catalyze innovations that yield a 15-percent rate of return or more on investment and reach at least 75 million people. Over time, the Fund will grow to be a central mechanism for sourcing and scaling what works. At State, Secretary Clinton launched and will sustain the Secretary's Innovation Award for the Empowerment of Women and Girls,

which seeks to find and scale the most pioneering approaches to the political, economic, and social empowerment of women and girls around the globe.

- *Incubate.* Just as new ideas are essential to innovation, so too, are new combinations of ideas, approaches, and expertise. As much as State and USAID may seek to create an innovative culture, meaningful innovation will require us to pair internal development expertise with outside approaches, ideas, and knowledge. To ensure this cross-fertilization, USAID will establish an Innovation Fellowship that brings 20 to 25 leading academics, social entrepreneurs, and private sector experts to work at USAID for a limited time to exchange ideas and expertise. State and USAID will also increase class sizes for the American Association for the Advancement of Sciences Fellows who will patent innovative development approaches to be piloted and, eventually, transitioned to scale through the newly established Venture Fund or through mission or bureau programming.

- *Scale.* Although many innovative methodologies and breakthroughs have been identified and developed at USAID or its partners, there have been no institutional mechanisms to test them for broader applicability or to expand successful pilots to more locations. USAID is establishing a means of evaluating successful efforts and scaling them into global or multi-country interventions. The State Department will continue pioneering public-private partnerships to broaden the reach of these success stories. Recent public-private collaborations include: the GSMA Women program, an initiative that promotes the use of mobile technology to advance gender equality and global development; the Global Alliance for Clean Cookstoves, a partnership to promote the adoption of clean cooking stoves and fuels; and Apps for Africa, a program that challenges African technologists to develop Apps tailored for developing countries

- **Accelerate development with science and technology.** Secretary Clinton, Administrator Shah and the President's Science Advisor, Dr. John Holdren, have set in motion an effort to collaborate with many of the world's leading scientists and development thinkers, along with leaders of key federal science agencies, so that the world's poor can benefit from advances in science and technology. At State, the Office of the Science and Technology Advisor will continue to promote global scientific and technological progress and cooperation as integral components of U.S. diplomacy. The Office provides scientific and technological advice to the Department of State; enhances science and technology literacy and

capacity within State; and shapes a global perspective on emerging and envisioned scientific and technological developments.

The Secretary of State's newly created Office of Innovation will continue to expand its already decisive mark on development. Within its first 18 months, the Secretary's Innovation Office dispatched "tech delegations"—small teams of technology executives, entrepreneurs, NGO leaders, and U.S. diplomats—to several countries, including Colombia and Iraq, helping these states transition to a brighter future, as

E-Panchayat India

State and USAID recognize that technology can play a leading role in creating a better, more accountable, open government. USAID's partnership with the Government of India on the *E-Panchayat* program is an example of how technology and open government can intersect to empower people in their own communities and improve government effectiveness and efficiency. The *E-Panchayat* system is the Government of India's planned system to connect all 250,000 panchayats (or, local governments) serving 600,000 villages and over 1.15 billion people through fiber-optic broadband internet to improve service delivery and government responsiveness and transparency. The mission of *E-Panchayat* is to empower individuals in the most rural of rural communities to not only get better access to citizen services, but also to improve the quality of information collected at the grassroots level.

In November 2010, the United States and India collaborated to host the first-ever Expo on Democracy and Open Government. Here, President Obama met a woman leader from a rural Panchayat who—once elected—overcame the opposition of the village leaders and mobilized her community to build the village's first-ever school for girls; he met with Janagraaha, a group that uses Internet testimonials to confront bribery among civil servants; and he heard from the Association for Democratic Reform, an Indian NGO that has developed an SMS service, which allows Indians to obtain a text message providing previously unavailable background information on their candidates. Through efforts like these, once-remote individuals are able to contribute information about the performance of their community, actually empowering them to be the change they seek.

well as to Russia, in support of its efforts to modernize its economy. These delegations have engineered mobile programs to better detect and report landmines in former-FARC strongholds throughout Colombia. In Iraq, they have piloted a program placing young Iraqi engineers into American technology start-ups for up to six months, teaching them the skills

necessary to establish successful technology businesses back home. And in Russia, they have established a prize for Russian software developers and engineers to create new technologies to prevent trafficking in women and children.

At USAID, Administrator Shah has put forward a plan to ensure that USAID is a global leader in employing science, technology, and research to solve traditional development challenges. He has appointed a Science and Technology Advisor and established an Office of Science and Technology. He has also actively enlisted innovators from around the world in an effort to highlight game-changing innovations such as dirt-powered fuel cells that can light remote villages, irrigation pipes that can filter and desalinate water, and cheap, practical medical devices that can save lives. Going forward, we will use science and technology to address development challenges through:

- *Grand Challenges and Prizes for Development* that will challenge scientists to develop game-changing solutions to specific development problems, such as simple, cost-effective ways to provide clean water or inexpensive but durable computers.

- *High Risk, High Reward Research Funds* that will support U.S.-based research and support our overseas missions in applying new appropriate technologies and scientific solutions for the developing world.

- *"Apps" for Development* that will invest in promising new technological platforms, including cellular networks and devices, to create mobile applications to support development.

- *Leveraging the significant assets of the full federal science community* to find solutions for the next generation of shared development challenges. USAID will partner with the larger federal science community, facilitating connections between and among developing countries and this research community.

3. Results

A signal difference in our approach going forward will be a strong focus on results. We will judge our performance, reward our people, and plan our budgets based not on dollars spent but on outcomes achieved. USAID already is investing heavily in an effort to become the world leader in monitoring and evaluation. In addition, we cannot defend our budget results unless we allow others to see for themselves what we are doing and how we are performing. So State and USAID will set new standards in transparency. But perhaps most

importantly, the results we measure will not matter unless we have the processes in place to learn from what we do and use those results to inform the design of new programs. Both State and USAID are developing processes to define specific strategic priorities, evaluating results in light of those priorities, and incorporating our conclusions into budget, program management, and project design decisions. Finally, because achieving results requires sustained efforts, the State Department and USAID will develop multi-year plans and indicative funding commitments, which are necessary to promote good governance and strengthen host-country systems.

- **Strengthen monitoring and evaluation.** Building on a proud legacy, USAID is committed to meaningful measurement of program progress, sectoral outcomes, and development impact, as well as rigorous means of evaluation to hold ourselves accountable and to learn from experience. Performance monitoring will focus not only on the pace of expenditures or the tally of outputs, but will also include efficiency benchmarking, particularly estimates of unit costs. In addition, higher-level indicators of program outcomes, such as changes in agricultural practices and improved electoral processes, will increasingly be measured, reported and used to assess whether investments are paying off. We know that, in many cases the outcome-level results are not solely attributable to U.S. government investments and activities; we will focus on the outcome-level progress in locations and subsectors where the U.S. government is concentrating support. The diligent tracking of this combination of output, efficiency and outcome-level indicators will help program managers and other decision makers determine when and if course corrections are needed.

  By January 2011, USAID will have in place a new evaluation policy that will bring to bear the best contemporary practices in development evaluation. The policy establishes new requirements for undertaking performance evaluations of all major programs. Further, it requires designing rigorous impact evaluations into programs seeking to trigger key micro-level changes, such as farmer adoption of new technologies, increases in the use of preventive health services, or improvements in the quality of public service delivery. The evaluation policy requires articulation of how the evaluation questions are linked to future resource allocation decisions, and what sound social science methods will be used to ensure accuracy of findings. In addition, through the new evaluation policy, USAID is making a commitment to the principles of ensuring unbiased measurement and reporting, and full disclosure of evaluation findings. These features reach or exceed current standards used in the development community.

- **Commit to transparency.** To defend our results, to hold ourselves accountable for those results, and to show both the American people and our partners that our programs deliver the results we have promised, we must allow others to see and judge our efforts. That, in turn, requires that we embrace transparency: that we further open up our books and records to allow others to see and judge for themselves. U.S. taxpayers, our development partners, and the individuals whom we seek to assist should be able to see our efforts and analyze our impact, consistent with security needs and privacy constraints. Consistent with President Obama's Open Government Initiative, USAID will commit to a new standard of transparency by providing clear information about commitments, programs and results on a timely basis. Ten USAID Missions are already providing this data and we will increase that number. In 2009, PEPFAR released its Next Generation Indicators which report and track the full spectrum of PEPFAR work with partner countries. To ensure that data is shared consistently, USAID will prepare joint guidelines on the release of information such as country strategies, budgets, project descriptions, implementers, scheduled and actual disbursements, procurement actions, and results indicators, while protecting sensitive information about our partners. Given the importance of partnership with host countries and local implementers, USAID will develop new guidance that facilitates sharing country development cooperation strategies with host governments as appropriate, including information on focus areas, expected U.S. contributions, and other key commitments. And to make our work more transparent to wider audiences, the Office of Foreign Assistance Resources at State (F) is launching a publicly accessible web-based "dashboard" that will allow all to see State and USAID foreign assistance data, including development and security assistance, and ultimately extend to include other agencies providing foreign assistance.

- **Ensure predictability.** High impact development built on partnerships with other donors, host countries, and implementing partners requires predictability. Others must be able to rely on our commitments to plan their own programs and assistance or to build the capacities needed to implement assistance programs. Predictability requires reliable funding streams and standard procedures for programs that work. Predictability demands that we stay the course where programs are effective, but terminate those that do not meet objectives. Ultimately, predictability requires transition to local leadership and implementing mechanisms that will be lasting and sustainable.

To ensure predictability, we are preparing multi-year foreign assistance plans, such as the 3-5 year Country Development Cooperation Strategies, discussed in detail in Chapter 5. These strategies are currently being implemented in USAID Missions that collectively represent 40 percent of USAID-implemented assistance. Within three years all USAID Missions will have approved Country Development Cooperation Strategies. We will expand these multi-year plans so our partners know and can rely on our commitments. USAID will also prepare and share with host countries indicative multi-year budget planning to be updated on an annual basis. And USAID will design and implement strategies that transition to local implementing mechanisms to ensure predictability over the long term.

Transparent and Accountable Assistance—Keys to Sustainability

"The foundation for our approach will be principles that will move us away from top-down assistance that too often fails to meet the needs of those we are attempting to help, or has only short-term effects. To solve the complex problems of poverty, hunger, health, climate change, where they intersect, we want to focus on those root causes, and look for approaches that really change, transform the environment in which people are making these decisions and in which governments are held accountable to a higher degree of performance and transparency."

– *Secretary Clinton, Remarks in Advance of the U.N. General Assembly, September 18, 2009*

* * *

To enhance the effectiveness of our assistance programs, USAID and State will recommit to and institutionalize the following principles to guide all aspects of our development assistance: *partnership, sustainability, cooperation, results,* and *gender equality.* We have adapted these principles from the Paris Declaration, the Accra Agenda, and the L'Aquila Joint Statement on Food Security, and formulated them to facilitate implementation and highlight some of the key priorities of the President, the Secretary and the Administrator. USAID and State will integrate them into our operational methods and institutionalize them across assistance programs, including, where feasible, assistance aimed at advancing security and stability.

To introduce these foreign assistance effectiveness principles successfully, we must recognize that there are tensions and trade-offs between them, and also between these principles and some key

operating objectives, such as a desire for speed in achieving results. For example, in some situations country ownership may be in tension with gender equality. Similarly, supporting country systems and building capacity requires time, patience, and resources, and so may be in tension with achieving immediate results (though it would be consistent with achieving sustainability). We must also recognize that these principles do not apply uniformly across all programs and countries. A strong role for the host government is critical in relatively well-governed democracies, but less appropriate in authoritarian countries. And the degree to which we can rely on country systems depends crucially on the particular country's institutional and professional capacity. Nevertheless, despite these challenges, we must incorporate these principles into the day-to-day business processes of both USAID and State.

III. BUILDING USAID AS THE PREMIER DEVELOPMENT AGENCY

President Obama and Secretary Clinton have committed to rebuilding USAID into the premier global development agency of the 21st century by embracing development as a professional discipline, modernizing USAID's human and institutional capabilities, and making it a leading voice on global development. Administrator Shah has already launched the USAID Forward program as the first key step toward achieving this vision.

PHOTO: PAT ADAMS, 2006

The Ronald Regan Building in Washington, D.C. is the worldwide headquarters of the U.S. Agency for International Development

1. Building USAID's human capital

Over the course of the last 15 years, USAID has lost much of its autonomy, many of its resources, and some of its key talent, which has diminished its overall effectiveness and accountability in achieving global development results. That past, however, neither defines nor limits what now must be achieved. In elevating the critical role that development, along with

diplomacy, must play in our national security and the forward defense of America, we must embrace that the task is not to rebuild USAID as it was—but, instead, to what it must be.

For USAID to be a U.S. and global development leader, it must recruit, train, and retain top development professionals. Today USAID has nearly 9,000 people operating out of 87 Missions around the world and rotating back through Washington. USAID must expand its human resource talent to include more experts in evaluation, planning, resource management, and research. And it must rebalance its workforce to build internal capacity, reduce its dependency on contractors, improve oversight and accountability, and expand engagement with other development stakeholders. Chapter 5 of this report details plans to expand USAID's expertise and rebalance its workforce. This expanded talent pool will allow USAID to reclaim its historical role as a global development leader.

Taken collectively, USAID's personnel reforms will attract and retain high-quality personnel and world-class expertise and align the workforce to address the most pressing development and foreign policy priorities. First, USAID needs greater in-house expertise to promote fresh ideas, new energy and new practices. With the support of Congress, the Development Leadership Initiative has put USAID on a path toward meeting the goal of doubling the number of USAID Foreign Service Officers. To date, 550 new USAID Foreign Service Officers have been hired and with the continued support of Congress the goal of 1,200 new officers will be reached. To build the technical expertise that today's development work demands, USAID will create a Senior Technical Group Career Track for our best people who have primarily technical expertise and responsibilities. A fully staffed Office of Civil Rights and Diversity will ensure that USAID builds on its strong record of promoting diversity in its own workforce.

Second, USAID's workforce must address the most pressing development and foreign policy priorities. USAID will continue to realign staffing requirements to empower development as a core pillar of U.S. foreign policy and further critical policy objectives. USAID has already created and staffed an Office of Afghanistan and Pakistan, established more than 100 new positions in sub-Saharan Africa to support of the Feed the Future and Global Health Initiatives, and begun essential recruiting for experts in monitoring and evaluation, acquisition, assistance, and partnership capabilities.

2. Building USAID's strategic capital and operational capacity

While rebuilding human capital is a critical first step, transforming USAID into the world's premier development institution also requires new strategic planning, budgeting, and

operational capacities. We will build these essential capabilities such that USAID's human talent has the systems, processes, and structures they need to deliver results in a rapidly changing development environment.

- **Establish development policy and strategic planning capacity.** High impact development must be informed by knowledge, analysis, and learning. Historically, USAID was a world leader in the discipline of development and its future success depends on reestablishing its policy planning and learning capabilities. To that end, USAID has established the Bureau of Policy, Planning, and Learning (PPL) to promote cutting-edge policies, employ science and technology, and reintroduce a culture of research, knowledge-sharing, and evaluation. The new bureau will lead agency policy and guidance formulation with particular focus on priority issues such as global health, food security, counterinsurgency and counterterrorism efforts, women and youth, inclusive economic growth and democratic governance, climate change, and meeting the Millennium Development Goals. It will lead agency strategic planning and reporting, including the production of Country Development Cooperation Strategies (described below and in Chapter 5) and efforts to streamline and rationalize joint State/USAID and USAID-specific planning and reporting requirements. Finally, the new bureau will lead USAID's expanded monitoring and evaluation efforts, by developing new expertise in these areas, establishing agency-wide standards and methodologies, and strengthening evaluation and reporting processes and platforms.

- **Empower Multi-Year Development Planning in the Field.** In Fall 2010, USAID initiated Country Development Coordination Strategies (CDCSs) in 25 countries, which prioritize the development investments USAID proposes to make over a five-year period. The goal is to expand these USAID strategies to every country with a USAID Mission by FY 2013. CDCSs will serve as the basis for the annual budget formulation process for USAID-implemented programs. Based on the CDCSs, Missions will develop budget (program and operating expense) updates and overall program justifications submitted through the Chief of Mission. For posts managing a range of assistance programs, the Chief of Mission will integrate CDCS plans with budget plans for other programs in the annual budget request, currently the Mission Strategic and Resource Plan (MSRP), for regional bureaus' consideration.

  Country Development Cooperation Strategies, as well as the additional planning associated with Presidential Initiatives on global hunger and food security, global

Foreign Assistance Effectiveness Principles:

Secretary Clinton and Administrator Shah have embraced a set of foreign assistance **effectiveness principles** to ensure that all U.S. assistance adheres to the highest standards and achieves the best results. The principles are based on the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action and formulated to address the shared challenges of the State Department and USAID.

1. **Partnership:** Foreign assistance is most effective when we partner with the countries and people receiving our assistance. To advance this principle, the United States will focus on:
   - Country ownership, with partner countries taking the lead in developing and implementing evidence-based strategies, as appropriate. In those countries where governments are strongly committed to development and democracy, country ownership means working much more closely with and through those governments; in all countries it means working closely and consulting with organizations and the people most directly affected by programs and activities.
   - Mutual accountability, creating mechanisms for meaningful commitments for action and resource allocation by both partner governments and donors.

2. **Sustainability:** To be effective over time, assistance must be sustainable and build the capacity of host nations to create the conditions that make assistance is no longer necessary. The United States will focus on:
   - Moving from a primary emphasis on service-delivery to promoting self-sustaining development progress, including improving regulatory environments, institutional capacity, and the responsiveness of governments to their people.
   - Strengthening country systems and capacity by investing in host country systems and implementing partners to the extent practicable and incorporating sustainability into project design.

3. **Cooperation:** Effective assistance requires cooperation between donors and host nations and among donors and other partners. The United States will focus on:
   - Strategic coordination with other donors, including non-governmental donors, private businesses and other partners to coordinate objectives, programs and projects, and to the extent possible, reporting processes.
   - Multilateral mechanisms, using multilateral institutions and facilities whenever appropriate, and working to strengthen multilateral capabilities.
   - Strengthening cooperation across the U.S. government, to take advantage of the specialized expertise and skills of all U.S. departments and agencies.

4. **Investing for results:** Investments must be focused to achieve measurable results. The United States will promote results-based, focused investments through:
   - Adaptable approaches, tailoring strategies to fit country contexts.
   - Sustained commitments, taking a long-term planning horizon with multi-year funding guidance to sustain commitments over time.
   - Focus on outcomes and impact rather than inputs and outputs, and ensure that the best available evidence informs program design and execution.

5. **Transparency:** State and USAID will provide timely, quality information about commitments, programs, and results to promote accountability and help governments, civil society and the public in the United States and abroad better understand our investments.

6. **Gender equality:** State and USAID will ensure that gender equality and analyses of impact by gender are incorporated and operationalized throughout our programs at all stages in the program cycle.

health, and climate, have all placed additional planning and reporting burdens on the field. To gain efficiencies in executing the budget and give our people the time they need to implement programs in the field, State and USAID began reviewing these and other planning and reporting obligations in September 2010 to eliminate instances of multiple annual operating plans, as well as to identify ways to streamline other aspects of these processes. This streamlining effort, which will be completed by February 2011, will give our personnel back the time they need while improving monitoring and evaluation by consolidating planning processes, revising the MSRP and Performance Plan and Report (PPR), and reducing duplicative processes in a single funding cycle.

In developing its strategic goals and spending plans, State and USAID will continue to reach out to leaders and members of Congress to ensure that their intent and priorities in authorization and appropriations language is fully reflected in our programs and activities. Such prior understanding is essential to maintaining consistent funding for vital initiatives and avoiding excessive earmarks that hamper needed flexibility and rational use of scarce resources.

- **Strengthen USAID's budget and resource management.** Effective development depends on the strategic deployment of resources that advance particular programs and align with overall policy goals. USAID must have sufficient control of its budget to systematically deploy its resources where they will have the greatest impact. To ensure this essential role in budget preparation and funding requests, USAID has created a new Office of Budget and Resource Management (BRM), charged with developing USAID's annual budget proposal and overseeing budget execution. Beginning with FY 2013, the USAID Administrator will propose to the Secretary of State and the Deputy Secretary of State for Management and Resources a comprehensive development and humanitarian assistance budget for USAID-managed programs that aligns programs and resources with overall priorities. These recommendations will be based on input from the field via the MSRP and the CDCS, as well as the State and USAID regional bureaus' consideration of regional priorities and tradeoffs during their reviews of the MSRPs.

  The Deputy Secretary, supported by the Director of the Office of U.S. Foreign Assistance Resources (F) (see discussion in Part IV, below), will consolidate and review the USAID and State budget components to make an overall recommendation to the Secretary with regard to State and USAID foreign assistance resources.

USAID FORWARD: Partnership. Innovation. Results.

USAID has embarked on an ambitious reform agenda, USAID Forward, announced by Administrator Shah in August 2010, to change the way the Agency does business. This expansive effort gives the Agency an opportunity to transform itself, unleashing its full potential to achieve high-impact development, while making the best use of limited resources.

USAID FORWARD REFORMS

1. **Procurement:** To provide grants to more and varied local partners, USAID is streamlining its procurement processes, increasing the use of small businesses and using host country systems where feasible.

2. **Talent Management:** To fully utilize the enormous talent that lies within the broader USAID family, USAID is seeking to attract and retain best-in-class employees who reflect global diversity and who share one common trait: the ability to be innovative problem-solvers.

3. **Rebuilding Policy Capacity:** To make smart, informed decisions, USAID has created a new Bureau of Policy, Planning and Learning (PPL) that will serve as the intellectual nerve center for the agency, devising cutting-edge, creative and evidence-based development policies.

4. **Strengthening Monitoring and Evaluation, and Fulfilling Commitments to Transparency:** To ensure we are accountable for results and improving our practices based on new knowledge, USAID is introducing a state-of-the-art monitoring and evaluation process, linked to program design, resource allocation, and strategy development. Moreover, USAID is fulfilling commitments to publicly share information about what we spend and what we achieve.

5. **Rebuilding Budget Management:** To direct resources toward effective programs and key priorities, USAID has created an Office of Budget and Resource Management.

6. **Science and Technology:** To deliver transformational development breakthroughs, USAID is upgrading its internal science and technology capabilities, supporting the expansion of technical expertise, and improving access to analytical tools such as geospatial analysis.

7. **Innovation:** To seek out new, effective development approaches, USAID is creating opportunities to connect staff to leading innovators in the private sector and academia.

To ensure coordination between State and USAID, the Director of Foreign Assistance Resources will analyze and integrate all foreign assistance budget proposals for the Secretary's approval and ensure that the development perspective is heard throughout the budget process, including though USAID participation in relevant meetings and exchanges with the White House Office of Management and Budget. The Secretary will continue to submit an integrated State/USAID Congressional Budget Justification that includes integrated country justifications while clearly identifying which agency will implement which resources.

Upon appropriation of funds, USAID will develop an allocation plan for USAID-implemented resources noting how it intends to meet Administration priorities and Congressional interests, subject to the statutorily vested authorities of other government officials. The Office of U.S. Foreign Assistance Resources will work with USAID to review its plan and finalize an integrated State and USAID 653(a) plan and submit the plan to Congress. USAID will initially be responsible and accountable for executing its budget within countries and objectives with an expectation that it will assume responsibility for intra-country allocations in FY 2012. USAID's Office of Budget and Resource Management (BRM) will be strengthened and staffed commensurate with its current and expanding set of responsibilities. BRM played a strategic role in shaping USAID's development budget proposals for the Secretary's FY 2012 budget request to OMB and will gain additional staff to take on the new budget execution responsibilities, as described above, by the 2nd quarter of FY 2011.

This revised process will allow the Administrator to ensure that overall priorities and country and sector strategies drive resource requests and deployment, subject to the statutorily vested authorities of other government officials. And it will ensure a comprehensive vision of all development programs weighs heavily in the overall budget process. USAID will be given the primary role in executing the budget for development programs it manages, including flexibility to shift in-country resources as needed to respond to urgent challenges and fleeting windows of opportunity. As a result, USAID will have greater independence in day-to-day budget operations and be able to speed program implementation, within a broader policy framework.

- **Improve operations to support development.** Once strategies and programs are designed and resourced, USAID's operations must ensure that goals are met and results delivered. USAID will modernize operational processes to speed the

delivery of assistance, expand the partner base, and allow more creative and agile implementation in the field. Procurement systems, which have an enormous impact on development outcomes, must be updated so that procurement itself furthers development objectives. In the past, USAID has favored implementation mechanisms that bypass country systems, using non-governmental organizations or contractors— most often U.S.-based—to implement programs to ensure both technical expertise and financial accountability. However, this approach has often created redundant systems of service delivery parallel to—and sometimes competitive with—that of the host government. As a result, sustainable local systems have either been neglected or withered. Going forward, USAID will better balance the goals of expertise and accountability, with the long-term sustainability of local systems.

As USAID works to strengthen sustainable local systems, it will also expand its partner base to include smaller implementing partners—both local and international—that may be best suited to implement aspects of programs, but not large enough to bid on large procurement contracts. Chapter 5 details steps that will be taken to expand the partner base, including: increasing reliance on partner country systems; expanding the number of partners and percentage of funding conveyed through direct grants and contracts with local organizations; increasing the number of prime contract awards and percentage of funding obligated to U.S.-based small and disadvantaged businesses, including women-owned businesses and small NGOs; and increasing the number of full and open competitive contracts and grants.

In a development environment that changes rapidly, USAID personnel must have the flexibility and agility to respond to challenges and take advantage of moments of opportunity. USAID's personnel and the systems and processes that support them must be empowered, flexible, and agile. They must have both the entrepreneurial approach and the systems to put new innovations and creative solutions to work in support of development objectives. To empower USAID's people and foster the flexibility needed today, USAID will devolve, to the extent practicable, choices with regard to procurement, implementation, talent management and budgeting to the field. By giving the people closest to unfolding events power to respond and adapt to them, USAID will become more flexible and agile. Yet this flexibility and authority must be accompanied by accountability. The USAID Mission Director will be responsible to the Chief of Mission and the USAID

Administrator, and through them to the Secretary, for appropriate investment and spending, risk assessment and management (including appropriate risk-taking), monitoring and evaluation, and program results.

3. Elevating USAID's voice

Today's most pressing foreign policy challenges, ranging from Afghanistan and Pakistan to Iraq and Yemen are also development challenges. For development to be an equal pillar of U.S. foreign policy in addressing these challenges, the development voice and vision must be heard, both in Washington and abroad. USAID must have a more prominent role in interagency foreign policy deliberations and decisions and be able to shape global development conversations. USAID's voice in Washington will be elevated as USAID assumes a lead role on the new Interagency Policy Committee on Global Development, established as part of the 2010 Presidential Policy Directive on Global Development. The USAID Administrator will be included in meetings of the National Security Council as appropriate.

The development perspective must also be incorporated throughout U.S. foreign policy decision-making. To ensure this broader policy role, USAID will have a consistent seat at the policy table on critical foreign policy challenges and contribute its development perspective to policy debates on national security in other forums. USAID will assume greater responsibility in the preparation of a U.S. Global Development Strategy every four years. As outlined in the PPD, USAID will assume responsibility for crafting a core development and humanitarian assistance budget for all USAID-managed funds, formulate country development cooperation strategies, and collaborate with others in streamlining and innovating development efforts. USAID will also create the infrastructure needed to lead interagency disaster relief efforts.

Beyond Washington, USAID must play an expanded role in planning and decision-making in the field. USAID Missions and U.S. embassies will work together to advance development objectives and integrate development throughout our policies in country. To this end, USAID Mission Directors will serve as the primary development advisor to Chiefs of Mission, coordinate Country Team contributions to the Country Development Cooperation Strategies, and act as the lead for development cooperation in the field, except in a limited number of countries where the appointment of a Foreign Assistance Coordinator may be required (see Chapter 5).

As the landscape of development cooperation continues to shift with the emergence of new donors and the expansion of multilateral development institutions, USAID must be able

shape global development conversations, to engage with other governments on development cooperation, and work directly with select multilateral organizations to promote development. USAID already leads U.S. engagement with other donors on many core development issues, such as the Millennium Development Goals. To further amplify USAID's international voice, we will seek Senate confirmation of the USAID Administrator as the Alternate U.S. Governor to the Asian, African, and Inter-American Development Banks to support the Treasury Department's lead role as the U.S. Governor to these institutions. These banks provide low-interest loans, grants, and technical assistance to countries in their respective regions of operation, and are playing a more significant role in multilateral development cooperation. And USAID will expand its role in working with emerging donor countries and improving international development cooperation by deploying development cooperation officers to new and emerging donor states.

IV. TRANSFORMING STATE TO SUPPORT DEVELOPMENT

Elevating development as a core pillar of U.S. foreign policy requires not just rebuilding USAID into the world's premier development institution, but also transforming the Department of State to support development. Secretary Clinton recognizes that while diplomacy and development are each critical in their own right, when they work together they are the basis on unrivaled civilian power to advance U.S. interests. For too long, however, the Department of State has not always been a willing and capable partner for USAID in supporting the development pillar of our foreign policy.

The past decade has already seen significant transformations within the State Department to support development. Missions and operations have shifted, State's presence in critical frontline countries has expanded, and the Civilian Response Corps, discussed further in Chapter 4, has created a standing civilian capability. And development resources managed by State and USAID under the purview of the Secretary of State have grown from less than $10 billion in FY 2000 to more than $26 billion in FY 2010, an increase of more than 155 percent.

As the United States elevates development, the Department of State's diplomacy is changing to reflect development's appropriate status by raising development issues from low politics to high politics. When a Secretary of State advocates as fiercely for food security and women's rights at the U.N. General Assembly as on proliferation of nuclear weapons; when a Deputy Secretary of State raises issues like polio eradication with leaders of countries like Nigeria and Pakistan; when an Ambassador makes clear that viable, resilient health systems and transparent government

services are our priorities, we improve lives in ways that reinforce almost every aspect of U.S. foreign policy. For development issues to be included systematically rather than sporadically in our diplomacy, diplomats and development professionals must work more closely together, understand much more about their respective professions, and recognize their common mission. State will work to complement—not duplicate—the expertise of USAID. State must embrace USAID's expertise, include development as an objective of our diplomacy, and provide our diplomats with the skills, tools and experience to advance development. Ultimately, we must ensure that our diplomatic and development activities are mutually reinforcing. State will commit to development diplomacy that connects our development and diplomatic efforts in pursuit of our foreign policy and national security objectives.

1. Using Diplomacy to Advance Development

Going forward, State will pursue "development diplomacy" by aligning our development and diplomatic efforts in a shared application of civilian power in pursuit of our foreign policy and national security objectives. Our civilian agencies with foreign affairs expertise have extraordinarily broad and deep access and relationships that can be used to advance our development goals: from presidents and prime ministers, to businessmen, to reporters, to civil society activists intent on transforming their nations. Within multilateral fora, international cooperation regimes such as the G8 and G20, and regional organizations, diplomatic efforts mobilize international contributions and help create and promote international policy agreements, standards, laws, and regulatory systems that provide the basis for sound political and economic governance.

Development and diplomacy must be mutually reinforcing, across the entire spectrum of engagement and assistance, and must leverage both State and USAID's distinct comparative advantages. Diplomats help shape the global development agenda, with State taking a lead role, for example, on treaty negotiations and other international agreements. USAID uses its technical knowledge and on-the-ground implementation experience. At the country level, development professionals at a number of agencies engage in diplomacy through their direct contact with planning and line ministries for health, education, environment, economy, and other sectors in which we invest development resources. State's diplomatic leadership helps prioritize development on national agendas. To achieve sustainable development on, for example, critical health issues, we must move the conversation beyond the health ministry to the finance ministry, the parliament, and up to presidents and prime ministers. Our diplomats will help make this happen.

We will:

- **Build development diplomacy.** We will reallocate Chief of Mission time to focus more on development priorities and diplomatic engagements that support those priorities, such as resource mobilization for Feed the Future and Global Health Initiatives. We will use the access that U.S. Ambassadors and mission leadership have to the highest level officials in aid-recipient countries to deliver critical messages in support of our shared development agenda. Finally, State Foreign Service personnel will be eligible to serve as USAID Mission Directors. USAID Foreign Service personnel are already recommended for Presidential appointment as Chief of Mission.

- **Improve communication and understanding.** Where possible, in-house rotations for State and USAID personnel will be instituted to strengthen the nexus between diplomacy and development. We will expand joint training before deployment and Ambassadors assigned to posts with significant development presence will have responsibility for ensuring development is an integral part of embassy priorities.

- **Ensure compatible communications.** For State and USAID to communicate, cooperate, and collaborate in the field, both agencies must share compatible communication platforms. Such communication is absolutely essential for USAID to participate in critical conversations that determine policy options, set priorities, and implement programs. We will develop long-term plans to ensure USAID has the necessary facilities to house secure communications and participate in these conversations.

State and USAID will also take a number of other steps to better enhance the support that diplomacy provides to development. We will design negotiation strategies that achieve development objectives, including our initiatives in health, food security, and climate change. We also will include diplomatic engagement in support of development in the Integrated Country Strategies and Development Cooperation Strategies discussed in Chapter 5. We will use State's diplomatic influence to establish global standards and norms that address key barriers to development such as corruption, transparency, and poor policy and regulatory regimes. Over time, we will seek to ensure that all State personnel receive training in how to coordinate U.S. government activities with multilateral development agencies; and we will ensure that they recognize the importance of development in their diplomatic efforts, by incorporating development advocacy in performance requirements.

2. Building development diplomacy as a discipline within State

USAID personnel conduct development diplomacy in their interactions with health, planning, education, finance and other ministries. However, to elevate development as a core pillar of our foreign policy, State personnel must have the understanding and incentives to advance development in conversations with heads of state and foreign ministries, among others. While mechanisms exist at USAID to develop guidance and institutionalize best development practices, State does not have a central office or the systems for promulgating guidance on foreign assistance policies and best practices to its operational bureaus. State will take steps to ensure the discipline of development carries over to the degree appropriate into State Department operations. We will:

- **Assess and provide the development skill sets needed at State.** State will assess the skills and competencies needed by personnel involved in managing development assistance programs or engaging in development diplomacy. For both Foreign Service and Civil Service personnel, development training will be expanded based on this assessment. In building a training curriculum, State will draw on USAID's expertise and curricula as appropriate and develop necessary training modules and cross-rotational field assignments.

- **Establish institutional mechanisms at State to develop and promulgate guidance on best practices and effective management of foreign assistance.** The Office of the Director of Foreign Assistance Resources (F), coordinating with USAID's Bureau of Policy Planning and Learning, will develop guidance on sound project design, management, oversight, and performance evaluation consistent with aid effectiveness principles, both for staff in headquarters and in the field who manage foreign assistance. Where appropriate, State will adopt or build on existing USAID guidance on these subjects. This guidance will be promulgated appropriately at State and incorporated into planning and evaluations of annual strategic and operations plans.

3. Managing Foreign Assistance Resources

In 2006, Secretary Rice reformed how State and USAID allocated foreign assistance resources. Prior to 2006, foreign assistance was fragmented across multiple bureaus and offices within State and USAID and a holistic picture of our foreign assistance was impossible. To correct these deficiencies, Secretary Rice created the Office the Director of U.S. Foreign Assistance (F), who concurrently held the position of USAID Administrator, to

strengthen the Secretary's ability to oversee and coordinate all U.S. foreign assistance by providing strategic coherence among foreign assistance objectives. Thanks to these efforts and subsequent reforms, the Secretary is now able to see an integrated foreign assistance program and coherently manage the allocation and execution of resources.

This Administration has built on these advances, but also taken a different approach to managing foreign assistance. The Deputy Secretary of State for Management and Resources and a strong USAID Administrator each separately, but also working closely together, play a key role in managing foreign assistance funding and programs. To reflect these changes, the Office of the Director of U.S. Foreign Assistance (F), will become the Office of U.S. Foreign Assistance Resources (F). This office will continue to report to the Secretary of State and the Deputy Secretary for Management and Resources and will be led by a Director, an Assistant Secretary-equivalent senior official, who will manage the integrated State/USAID budget formulation process, review and analyze budget proposals from USAID and from State Department bureaus, approve the use of appropriated funds and changes during the year between major objectives and countries, develop and promulgate guidance on best practices and effective management of foreign assistance, and provide advice and counsel to the Secretary on the resource implications of policy decisions. The new office will also play a strong role in the strategic planning processes discussed in Chapter 5, especially linking strategic plans to multiyear foreign assistance budgets.

Chapter 4: *Preventing and Responding to Crisis, Conflict and Instability*

INTRODUCTION

Internal violent conflict, weak or failed governance, and humanitarian emergencies in numerous states around the world have become a central security challenge for the United States. The State Department is committed to preventing and resolving crises and conflicts of many kinds—interstate wars and aggression, coups, insurgencies, proliferation, and countless others. Our diplomats mediate state conflicts and bring pressure to bear against rogue action, resolving conflicts from the former Yugoslavia to Northern Ireland. Our military assistance helps allies defend themselves and ward off attacks while deepening their relations with the United States. But one of the principal challenges identified by the QDDR is the need for the State Department and USAID to substantially improve our ability to address the crises and conflicts associated with state weakness, instability, and disasters, and to support stability and reconstruction following conflict.

Such conflicts have rarely been simple, but today they are defined by their complexity. They often involve multiple factions within states and are driven by a mix of religious, ethnic, ideological, political, economic, and geographic factors. They are ignited or sustained by the actions of governments, insurgent groups, criminal organizations, and terrorist networks. Increasingly, we see the effects of climate change, urbanization, growing youth populations, food insecurity, and natural disasters providing a spark to long-simmering grievances. International experts in conflict prevention and response use terms like "complex political emergencies" and "complex peace operations" to describe their field. And humanitarian emergencies—ranging from earthquakes to floods—continue to cause massive human suffering. More than ever before, effective solutions to the range of crisis, conflict, and instability require us to reach across agencies as well as beyond government to apply policies and programs that advance reconciliation, security, good governance, rule of law, and provision of basic human needs.

Despite their complexity, patterns emerge in the causes and enabling conditions of these conflicts. The link between internal conflict and weak governance stands out. Fragile states are

unable to provide physical security and basic services for their citizens due to lack of control over physical territory, massive corruption, criminal capture of government institutions, feudal gaps between rich and poor, an absence of social responsibility by elites, or simply grinding poverty and the absence of any tradition of functioning government. States and peoples compete for scarce resources, territory and power. When the United States is called upon to prevent or respond to crisis or conflict, that response must address these links in ways that require new knowledge, skills, and tools.

Much of the world has seen tremendous economic, social, and political progress since the end of the Cold War, yet the interconnected nature of today's world makes instability and conflict, even in distant corners of the world, a much greater threat to the United States. Weak governments and failing states create safe-havens for terrorist groups to organize and plan attacks against the United States and our allies. Criminal syndicates thrive in the absence of sound government. Dangers like piracy threaten international commerce. Cross-border attacks against or near major economies and supply routes can shock distant markets. When tensions threaten to escalate to mass atrocities, our core values as well as our security interests are deeply threatened. Addressing the problems of fragile states prevents these threats from affecting our own security.

For the past two decades, the U.S. government has recognized that US national security depends upon a more effective approach fragile states. Yet we have struggled with how to understand these challenges and how to organize our civilian institutions to deal with them. The challenge keeps growing. Today close to 60 percent of State and USAID's foreign assistance goes to 50 countries that are in the midst of, recovering from, or trying to prevent conflict or state failure. More than 25 percent of State and USAID's personnel serve in the 30 countries classified as highest risk for conflict and instability. More than 2,000 civilian personnel are currently deployed to Afghanistan and Iraq. Beyond those front-line states, we are working with a range of partners to stabilize fragile states like Kyrgyzstan and Yemen, stop further atrocities in the Democratic Republic of Congo, prevent a resurgence of violence in Sudan and Georgia, and respond to humanitarian crises in Haiti and Pakistan. Trend lines indicate that the forces of political instability and natural disasters will increase and diversify over the next decade in areas critical to our security and prosperity.

Many of the capabilities and skills we need for conflict and crisis prevention and response exist at State, USAID, and other federal agencies, but these capabilities are not integrated and focused on the problem in a sustained way. We must more effectively work with the Defense Department, which has unparalleled logistical, operational, and personnel capacities to operate in complex crisis situations and the capacity and knowledge to help countries build effective,

responsible military forces under civilian leadership. NGOs, foreign governments, and implementing organizations also possess expertise and operational capacity.

Yet too often our reaction has been both *post hoc* and *ad hoc*. We have not defined and resourced the problems of conflict and crisis as a central mission of our civilian toolkit or developed adequate operational structures to support U.S. and multi-partner responses. We have responded to successive events without learning lessons and making appropriate institutional changes to provide the continuity and support. Too frequently, we:

- Miss early opportunities for conflict prevention;
- React to each successive conflict or crisis by reinventing the process for identifying agency leadership, establishing task forces, and planning and coordinating U.S. government agencies;
- Scramble to find staff with expertise in conflict mitigation and stabilization, pulling personnel from other critical roles to send them to crisis zones with limited preparation;
- Rush to compile resource requests and reprogram within limited budgets;
- Turn to embassies that are not equipped to house or execute complex, multi-layered responses or to operate amidst significant instability;
- Leave it to our civilian and military teams in the field to figure out how best to work together;
- Rely on traditional diplomatic and development strategies rather than build new tools (embedded in on-going institutions and processes) tailored to conflicts and crises;
- Coordinate poorly with multilateral institutions, foreign governments, and nongovernmental partners in our response;
- Delay bringing conflict, humanitarian, terrorism, law enforcement, intelligence, and military communities into the same policy and planning process for emerging crises, missing opportunities for synergy, shared intelligence, and integrated solutions; and
- Fail to adequately understand and plan for the unintended consequences of large-scale operations and assistance, which can inadvertently intensify corruption and breed local cynicism towards our efforts.

It is time for a new approach. We start by embracing crisis and conflict prevention and resolution; the promotion of sustainable, responsible, and effective security and governance in fragile states; and fostering security and reconstruction in the aftermath of conflict as a central national security objective and as a core State mission that must be closely supported by USAID and

many other U.S. government agencies. We will define this mission by building on the expertise acquired over the past two decades by personnel throughout the U.S. Government, as well as the experience of other countries and partners. We will treat the knowledge and skills necessary to address these problems as a distinct discipline. We will develop the flexible, innovative approaches required for linkages to longer term development. And we will organize ourselves to carry out this mission most effectively.

We have learned from what has succeeded and failed in the past. Going forward, we will:

- Adopt a lead-agency approach between State and USAID based on clear lines of authority, a complementary division of labor, joint structures and systems, and standing agreements with other agencies;
- Bring together a cadre of personnel experienced in this discipline within a new bureau, fill out a standing interagency response corps that can deploy quickly and flexibly in the field, and provide broader training for diplomats, civil servants, and development professionals;
- Develop a single planning process for conflict prevention and resolution, sustainable governance, and security assistance in fragile states, including planning to address potential intended consequences of our assistance and operations;
- Develop standing guidance and an international operational response framework to provide crisis and conflict prevention and response that is not dependent on individual embassies;
- Create new ways and frameworks for working with the military to prevent and resolve conflicts, counter insurgencies and illicit actors, and create safe, secure environments for local populations;
- Coordinate and integrate assistance to foreign militaries, civilian police, internal security institutions, and justice sector institutions to promote comprehensive and sustainable security and justice sector reform; and
- Strengthen our capacity to anticipate crisis, conflict, and potential mass atrocities and raise awareness of emerging governance problems.

A central aim of the QDDR is to determine how to use our resources most efficiently in a time of tight budgets. Building an effective and deployable capability to prevent and respond to 21st century crises and conflicts will require resources for improving our tools and training, deploying the right personnel, and changing our ways of doing business both in Washington and in the field. But we are committed to spending these resources wisely—and measuring the results. What is more, investments in civilian capacity today can head off much costlier military or humanitarian interventions down the road. For this reason, Congress has been a champion of these

investments in the past, and we look forward to the continuing partnership necessary to deliver the results America needs.

Fortunately, we are not alone. We can and must increasingly rely on skills, expertise, and capabilities that exist within the country or region of operations. We work with local partners and host nations who are responsible for their own future. We must share burdens with the many other countries and international organizations that have resources and capabilities in conflict prevention and response. In places including Afghanistan, Haiti, Iraq and Sudan, other nations' civilians work alongside our own in peace operations and humanitarian relief efforts. Our partners make extraordinary contributions—from NATO and ISAF partner contributions to the ongoing mission in Afghanistan to the European Union's development work, from the contributions of our traditional allies to the expanded efforts of emerging centers of influence and regional organizations. United Nations agencies play a critical and leading role in organizing, directing, and promoting peacekeeping and stability operations globally. And non-governmental organizations are doing ever more to provide relief, rebuild societies, and expand local capacities. These contributions are invaluable; we must welcome, encourage, and coordinate with them. We will determine the best division of labor not only among national governments with different specialties, but also among national and international institutions and non-governmental organizations.

This chapter is a blueprint for building a civilian conflict and crisis prevention and response capability at State and USAID, in coordination with other agencies and international partners. It is divided into three parts. Part I details a set of reforms that will allow State and USAID to embrace conflict prevention and response in fragile states as a core civilian mission. Part II describes how State and USAID will execute conflict and crisis prevention and response in the field. Part III turns to the longer-term efforts necessary to build a foundation for peace under law through security and justice sector reform.

I. EMBRACING CONFLICT PREVENTION AND RESPONSE WITHIN FRAGILE STATES AS A CORE CIVILIAN MISSION

The first step toward defining a new approach to conflict prevention and response in fragile states is to define and execute it as a civilian mission. We are already taking over the civilian mission in Iraq and playing a greater civilian role in Afghanistan, even as we recognize how costly and demanding these missions will continue to be in coming years. But Afghanistan and Iraq are not the primary models for building our civilian capacity to respond to crises and conflicts.

Indeed, as Secretary Gates has written, "Repeating an Afghanistan or an Iraq—forced regime change followed by nation-building under fire—probably is unlikely in the foreseeable future. What is likely though, even a certainty, is the need to work with and through local governments to avoid the next insurgency, to rescue the next failing state, or to head off the next humanitarian disaster."

Civilian Leadership is Growing

Civilians are increasingly leading in frontline states including Iraq, Afghanistan, and Pakistan. In Iraq, U.S. civilian and military agencies are working together to plan and implement a smooth transition to a long-term civilian-led strategic partnership with the government and people of Iraq. Going forward, State and USAID will work together with other agencies to build stronger institutions at the national and local levels, assist the Iraqi people resolve divisive issues, strengthen the police and justice sector, combat corruption, and promote the efficient delivery of basic governmental services. In Afghanistan, U.S. civilians are working at every level of the international effort from district to province, brigade to division. State and USAID planners lead an innovative civilian-military planning and assessment effort that drives the overall U.S. plan. For the first time, senior civilian representatives are true counterparts to military commanders, working to ensure that effective Afghan and civilian-led governance and development approaches are synchronized with security efforts. In Pakistan, State has assumed leadership of the Pakistan Counterinsurgency Capability Fund, which rapidly enhances the capability of Pakistan's security forces and helps to provide a safe and stable environment. State and USAID have also dramatically increased our ability to deliver development and humanitarian assistance on the ground.

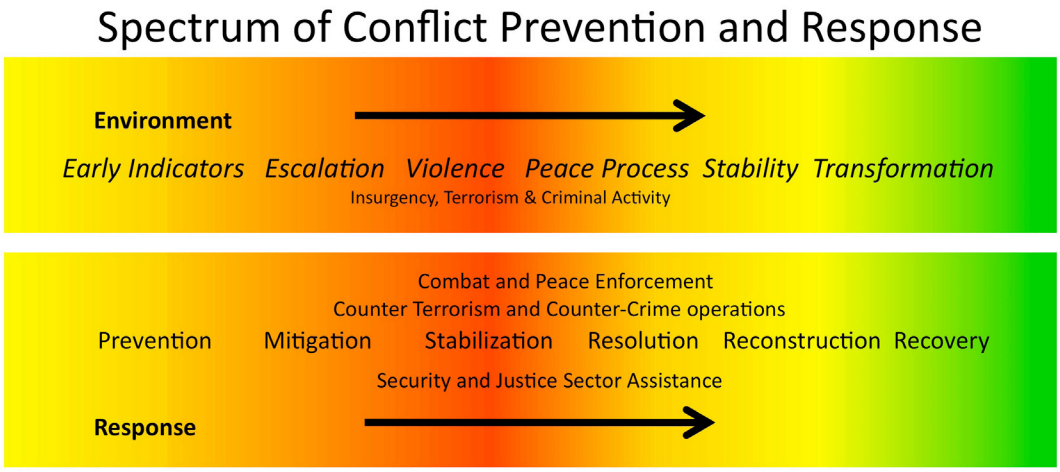
Civilian leadership is critical to crisis response, prevention, and peaceful dispute resolution. Avoiding, mitigating, and resolving conflict in fragile states begins long before violence erupts and before any country requires stabilization or reconstruction assistance. Civilian conflict prevention and response efforts identify and focus on a community, tribe, population, or country's underlying grievances and seeks to address the root causes of conflict. The Department of Defense, which also plays a critical role in shaping security environments, preventing military conflict, building partnerships, and influencing other nations' strategic decisions, noted the need for civilian agency leadership in conflict prevention, resolution, and stabilization in its 2009 Quadrennial Defense Review. There, it described the Defense Department's role as supporting "U.S. government efforts to assist partner governments in the fields of rule of law, economic stability, governance, public health and welfare, infrastructure, and public education

and information." It is now up to State and USAID to work with the National Security Staff and other civilian U.S. government agencies to develop an effective civilian capability to promote short-term stabilization, sustainable peace, and development.

To build the civilian component of U.S. conflict and crisis prevention and response and to give our military the civilian partner they need and deserve, we must start by clearly defining the civilian mission and identifying its leaders. And we must create a framework to bring together all the resources, expertise, and capabilities of the U.S. government and our international partners in support of that mission.

1. Defining the mission

The mission of State and USAID with regard to crisis and conflict in fragile states is to reduce or eliminate short, medium, and long-term threats to American security and to help create opportunities for governments and their citizens to address domestic challenge themselves. That mission encompasses a spectrum of operations from prevention to recovery, as illustrated by the graphic below. Whereas temporary order and an end to violence can usually be established through the application of force, the civilian mission is one of preventing conflict, saving lives, and building sustainable peace by resolving underlying grievances at both the individual and community levels and helping to build government institutions that can provide basic but effective security and justice. Over the longer term, the core of the mission is to build a government's ability to address challenges, resolve conflicts, promote development and provide for its people on its own. The visual image of a spectrum suggests a far more orderly sequence of operations than often occurs in practice,



where different combinations of these operations will be necessary in different contexts. But it serves a useful heuristic purpose.

Security and Justice Sector Assistance: The first job of any government is to secure the physical safety of its citizens. The second task, closely related to the first, is to provide for the peaceful resolution of grievances. Fragile states can only grow strong by developing the will and the ability to provide these most fundamental services, which are the prerequisite for the delivery of additional basic services such as infrastructure, emergency assistance, water, power, and transportation. Outside partners cannot supply the political will and effective leadership needed to drive sustainable process, but can provide assistance where domestic will and leadership exists. Capacity building assistance to foreign militaries, civilian police forces, and justice sector institutions are complementary and interconnected elements of a comprehensive approach to building the capacity of states to maintain domestic stability under responsible democratic governments. Security and justice sector assistance brackets both ends of the spectrum of conflict prevention and response and is discussed in the final section of this chapter.

Conflict Prevention. Conflict prevention in fragile states includes the classic tools of diplomacy: creative problem-solving, mediation, fact-finding, inspections, third-party monitoring, arbitration or judicial resolution of disputes threatening to lead to conflict, confidence-building measures, early warning systems, sanctions, conditional aid, and many other techniques. Identifying potential drivers of conflict and preventing conflict before it begins are core missions of State's diplomacy and USAID's relief and development work. Conflicts in fragile states, however, add extra layers of complexity due to the sheer number of parties that must be engaged to defuse a conflict, as well as the sensitivities of the government or governments asserting sovereignty over the territory or population involved in a specific crisis. Just as U.S. diplomats might specialize in preventing or resolving boundary or maritime disputes, State will need diplomats specialized in preventing or resolving disputes in fragile states. Their tool kit and network of colleagues and contacts must include subjects ranging from how to hold and monitor elections to establishing trust funds and trusteeships over valuable national resources to setting up truth commissions. Development experts must balance the short-term needs of communities at risk of conflict with the prerequisites for long-term sustainable development.

Genocide and Mass Atrocities Prevention. We must engage the full weight of our diplomatic efforts earlier in anticipation of potential—rather than in response to actual— violence, atrocities, or genocide. Consistent with the U.S. having joined others in endorsing the concept of "Responsibility to Protect," situations that threaten genocide or other mass

atrocities warrant very high priority for prevention. Such extreme violence undermines our security by fueling state and regional instability, prolonging the effects of violence on societies, and entrenching murderous regimes that perpetuate other threats. The moral values we cherish are breached, and the legal and normative structures we champion and depend upon for continued order are undermined. We will build on the important initial steps the Administration already has taken to strengthen capacity and affirm commitment to preventing genocide and mass atrocities.

Crisis Management. Where a political crisis has flared or a humanitarian emergency strikes, the mission may also include humanitarian assistance, peacekeeping, regional and multilateral diplomacy with informal contact groups and formal organizations, conflict assessment and analysis, community reconciliation, and the expenditure of short-term funds for purposes such as paying military or police salaries or livelihood programs. All of this activity must co-exist with the often heroic efforts of our consular affairs officers to ensure the safety of all American citizens in or near the conflict zone.

Conflict Mitigation and Resolution. When, despite the best efforts of individual nations and the international community, a crisis turns into armed conflict, the civilian mission shifts toward mitigating the impact of the conflict on affected communities. This typically occurs through humanitarian diplomacy and direct assistance to refugees and internally displaced persons, and through efforts to resolve the conflict using many of the same tools involved in conflict prevention. In addition, diplomats must focus on strategies to bring warring actors and potential spoilers to the table. Conflict mitigation in one part of a country or region is often accompanied by conflict prevention efforts in other parts to prevent violence from spreading. On both the diplomatic and development side, much conflict mitigation is done through or in partnership with regional and multilateral organizations, humanitarian agencies, and neighboring governments.

Stabilization and Reconstruction. As active combat draws to a close and civilian life resumes, the mission turns to restoring basic normalcy by reestablishing civil security and control, working with governments or local authorities to restore services and meet basic human needs, repairing basic infrastructure, and providing humanitarian assistance. Reconstruction operations more broadly include establishing a self-sustaining security and justice system; building or rebuilding a broadly participatory political system; generating jobs and restoring a market economy; providing basic education; demobilizing, disarming, and reintegrating combatants into society; resettling and reintegrating returning refugees and displaced persons; and reestablishing basic services for health, water, and sanitation. Although on a spectrum from peace to war to peace these operations come at the end of

armed conflict, many are ongoing in parts of fragile states as part of security and justice sector assistance and conflict prevention efforts.

Recovery. Recovery is the term generally used by disaster relief experts for the transition back to normalcy. It overlaps with the reconstruction phase following an armed conflict or disaster. In both cases it is particularly important for development professionals to design short-term projects and programs in ways that will make it easier to transition to longer-term sustainable development. Even in times of crisis or ongoing conflict, some of the principles of best development practice can still apply, avoiding unintended consequences and helping to save taxpayer dollars by avoiding unsustainable projects and building local capabilities as early and as often as possible.

A mission with this many possible components requires many different kinds of specialized expertise. It demands a particular kind of diplomacy to create the political space in which to operate. Where our focus is prevention, before a country has fallen into conflict, efforts must be deeply interconnected with those of the national government, which can give political permission for our civilian experts to operate and provide important support for our work. Lessons from the field underscore that once the tools of operation move from coercion to persuasion, diplomacy with local, provincial, and national government officials becomes indispensable. Indeed, returning military and diplomatic members of provincial reconstruction teams in Iraq and Afghanistan emphasize the need for interlocutors skilled in navigating local sensitivities and engaging political authorities.

Conflict prevention and response missions also require specialized development expertise regarding how to design and sequence programs in unstable and violent environments. The government officials and local populations with whom we must engage at multiple levels in fragile states seek technical assistance, mentoring, and training in areas ranging from city management to crop rotation. These are specialized development skills for which USAID has a distinct comparative advantage and other domestic agencies across the federal government have invaluable knowledge.

To move from shorter-term crisis and conflict response to longer-term sustainable diplomatic and development relationships also requires a focus on how to manage transitions. Of particular concern in any situation of weak governance and imminent, active, or recent conflict is the need to set in place effective security systems, not only military and policing, but also courts, prisons, prosecutors, defense lawyers, mediation programs—the rudimentary apparatus of a functioning justice system.

The conflicts on which we must focus our resources, from prevention through recovery, are those that have the gravest implications for U.S. security. In some cases a conflict in one state can destabilize an entire region, threatening our allies and our economic and political interests. In other cases we will lead the civilian side of large-scale counter-insurgency or counter-terrorism operations. In all cases we will be working with other partners.

2. Executing the mission

The overall civilian mission requires a wide range of capabilities, properly sequenced, and both strategically and operationally interconnected. The Secretary of State has multiple offices under her overall direction at both State and USAID with relevant capabilities. The Office of the Coordinator for Reconstruction and Stabilization was designed by Congress and former Secretary of State Colin Powell as an interagency capability, with the responsibility to build and implement whole-of-government solutions to the challenges of reconstruction and stabilization. Since 2004, the Coordinator has led an interagency staff to execute this mission, with detailees from USAID, the Departments of Treasury, Defense, Justice, Commerce, Agriculture, and Homeland Security. The Bureau of Political-Military Affairs (PM) manages a spectrum of programs designed to assist partner nations to provide for their own legitimate self defense and to participate in coalition and multilateral operations, as well as to build long term defense relationships that benefit the United States. The Political-Military Affairs Bureau also supports peacekeeping efforts, defense sector reform, and capacity building for peacekeeping, including the Global Peace Operations Initiative that builds and maintains capability, capacity, and effectiveness of peace operations by training and equipping peacekeepers and assisting regional and sub-regional organizations manage peace operations. The Bureau of International Narcotics and Law Enforcement Affairs (INL) oversees civilian security sector assistance, including assistance to police forces and correctional institutions, and INL and USAID provide justice and rule of law assistance. The Bureau of Population, Refugees, and Migration conducts humanitarian diplomacy and operations for the protection of refugees and supports major international humanitarian organizations that aid victims of conflict.

The Secretary's Coordinator for Counterterrorism, or the proposed Bureau for Counterterrorism if authorized by Congress, works to forge partnerships with non-state actors, multilateral organizations and foreign governments to advance the counterterrorism objectives of the United States and to counter violent extremism at all levels of society and government. And the Bureau of International Organization Affairs and the Ambassador to the United Nations work closely with our U.N. and regional counterparts on peacekeeping and peace operations issues.

U.S. military CH-46 helicopter delivers relief supplies to Pakistanis affected by flooding in the Sindh province of southern Pakistan on September 20, 2010

Other key resources exist at USAID. Over the past decade, USAID has spent an estimated 70-80 percent of its resources on complex humanitarian emergencies. Offices in USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA), including the Office of Transition Initiatives (OTI), the Conflict Mitigation and Management Office (CMM), and the Office of Foreign Disaster Assistance (OFDA) provide important expertise and operational capabilities. OFDA and OTI both have the ability to deploy teams quickly to implement programs in complex environments. However, OTI's work on community stabilization and political transition is often not optimally connected to the larger political and development strategies that guide our conflict and crisis prevention and response. DCHA supports a development approach that focuses on democracy and governance as a critical frame for success. And DCHA brings a keen understanding of those causes of conflict that undermine development and exacerbate poverty. When crises occur, DCHA deployable teams are able to mobilize partners inside and outside the U.S. government to ensure fast and effective humanitarian relief, with the goal of laying the foundation for longer term development.

To enable the Secretary to execute her role effectively, State and USAID must work together based on clear roles and responsibilities, complementary capabilities, and operational solutions that combine diplomatic and development expertise. Both have a critical role to play not only in conflict prevention and response, but also in the broader context of humanitarian crises caused by natural and industrial disasters or a host of other non-political causes. Given our physical distance and the distinct—at times even conflicting—mandates of immediate crisis response and longer-term development, State and USAID must find ways to effectively divide labor so as to promote collaboration and maximize collective effort.

The National Security Staff provides overall policy leadership and coordinates the interagency in responding to major crises. In all crises, it is critical to refine the division of labor

between State and USAID to increase operational effectiveness. Going forward, State and USAID will adopt a lead agency approach to guide our own operations

- **The State Department will lead operations in response to political and security crises and conflicts,** where there is a challenge to or a breakdown of authority resulting from internal or external conflict or destabilizing activities by state or non-state actors. This is not limited to acute crises but includes persistent conflict and instability such as severe state fragility, extremist activity, endemic criminality, and civil unrest.

- **USAID will lead operations in response to humanitarian crises** resulting from large-scale natural or industrial disasters, famines, disease outbreaks, and other natural phenomena. This approach reaffirms the 1993 Executive Order designating the USAID Administrator as the U.S. government's International Disaster Relief Coordinator, with broad responsibilities to lead all agencies in U.S. government disaster response. USAID will also drive the humanitarian response under State's overall lead when such disasters occur in acute political and security situations, such as the floods in Pakistan in the summer of 2010.

Notwithstanding this division of labor, *both* agencies have critical roles to play in both contexts. In political and security crises and conflicts, for instance, as in Yemen, Somalia, Afghanistan, Pakistan, and Sudan today, the political dimensions of the situation require State to lead in providing an overall policy and strategic framework for action. The focus of State and USAID's roles is different, but the capabilities often overlap. These efforts must be integrated, not replicated. For example, when State leads operations in response to a political or security crisis, it will provide direction on objectives and resources to be deployed, but USAID will retain operational control over how to deploy its resources to the field. Similarly, when a natural or industrial disaster, famine, disease, or other natural phenomenon strikes and USAID takes the lead, State has a diplomatic and, often, also an operational role to play in support.

In the field, the Chief of Mission shall have full responsibility for the direction, coordination, and supervision of all U.S. government executive branch employees in that country, with the exception of employees under the command of a United States area military commander and other statutory exceptions and consistent with existing authorities. In Washington, State and USAID will work closely with the National Security Staff and other federal agency partners to ensure unified interagency guidance, planning, and execution. In situations that call for a joint civil-military approach, State and USAID will coordinate with the Department of Defense. Our approach does not diminish the unique capabilities of either agency, but seeks to more precisely differentiate responsibilities, align mandates, and clarify roles.

As they address the increasingly complex challenges of our future, State and USAID will both strengthen their capabilities. State will strengthen its capacity to:

- Direct and coordinate whole-of-government approaches in the field, and facilitate international cooperation;
- Facilitate complex political and security solutions with local partners;
- Surge the right people, at the right time, with the right expertise;
- Develop and implement initiatives, interventions, and programs that mitigate violence, facilitate transition, and strengthen fragile states;
- Engage in humanitarian diplomacy and manage State humanitarian assistance funding by augmenting State's presence in and focus on areas of conflict displacement; and
- Support comprehensive, balanced security and justice sector assistance programs that integrate military assistance and reform, policing, and justice sector institutions.

USAID will strengthen its capacity to:

- Lead multiple agencies and respond to simultaneous crises by doubling the size of the staff of the Office of Foreign Disaster Assistance; and
- Strengthen its capacity to provide specialized, conflict-specific programming to support State's leadership in political and security crises and to link relief, recovery, and development assistance more effectively.

To ensure successful joint operations, State and USAID will develop a flexible decision-making mechanism to address differences that may arise during implementation of this approach. This mechanism will operate at a high enough level of authority to act quickly and decisively.

Recognizing the complexity of the crises we now face and will face in the future, and that this division of labor is in some senses arbitrary as both State and USAID must be deeply involved in crisis response, we will review the effectiveness of this division during the next Quadrennial Diplomacy and Development Review to determine if changes should be made.

3. Reshaping State Department structures to fit the mission

For State to exercise the leadership demanded in complex political and security contingencies, it must alter existing structures so that we integrate conflict and stabilization operations into core functions of the State Department. To this end, State will:

- **Unite capabilities through an Under Secretary for Civilian Security, Democracy, and Human Rights.** Pursuant to the reorganization of the Department described in Chapter 2, the Under Secretary for Civilian Security, Democracy, and Human Rights will oversee the Bureau of International Narcotics and Law Enforcement Affairs; the new Bureau for Conflict and Stabilization Operations; the Bureau of Population, Refugees, and Migration; and the Bureau of Democracy, Rights, and Labor and other offices. Uniting these bureaus under a single Under Secretary will bring together the diplomatic and operational capabilities needed to build sustainable security and justice sector capacity, protect individuals from violence, oppression, discrimination, and want in many different contexts, and promote democracy and global human rights. Conflict and crises within fragile states cannot be prevented or resolved for the long-term without a government that can secure these needs and protect these rights. The consolidation of these capabilities under a single Under Secretary will strengthen State's ability to lead the U.S. government response to political and security contingencies. As we unite and strengthen our capabilities during the implementation phase of this Review, we will also review how we manage the programs and duties of the Bureau of Political-Military Affairs, which has programs relevant to both the Under Secretary for Civilian Security, Democracy, and Human Rights and the Under Secretary for Arms Control and International Security.

- **Create a Bureau for Conflict and Stabilization Operations (CSO).** The new bureau will serve as the institutional locus for policy and operational solutions for crisis, conflict, and instability, subsuming the Office of the Coordinator for Reconstruction and Stabilization (S/CRS). The new bureau will build upon but go beyond the mandate and capabilities of S/CRS. As the Secretary's senior

advisor on conflict and instability, the Assistant Secretary of CSO will coordinate early efforts at conflict prevention and rapid deployment of civilian responders as crises unfold, working closely with the senior leadership of USAID's Bureau of Democracy, Conflict, and Humanitarian Assistance. In cooperation with other State bureaus, USAID, and other agencies, CSO will:

- Build the capabilities and systems of the Civilian Response Corps, interagency surge teams, and other deployable assets;
- Provide expertise and operational guidance to inform policies and strategies to prevent and respond to crisis and conflict;
- Provide specialists in crisis, conflict, and state fragility to regional bureaus to serve as CSO liaisons and to integrate the political and operational work of conflict prevention across State;
- Institutionalize an international operational framework for crisis response;
- Coordinate efforts to build civilian capacity among our key allies and emerging partners to strengthen interoperability and cooperation.

In building the new CSO Bureau, we will take three additional steps in personnel and contracting to improve upon past efforts.

First, we will ensure that CSO is staffed with the expertise to carry out the bureau's new mission and mandate. CSO's personnel will be drawn from experts with hands-on experience containing violence, reducing communal tensions, and preventing contested political power arrangements and who are engaged in ongoing efforts to determine best practical techniques and effective tools for conflict prevention and response. CSO will also draw on many other kinds of expertise from State, USAID, and across the federal government: program developers, managers, contracting specialists, and technical experts across a wide range of fields. It would be particularly useful for CSO to create a new cadre of senior diplomats who have advanced training and experience in the area of conflict resolution and mediation and who could be deployed to critical conflict zones and at-risk weak states.

Second, State will utilize the expertise of other agencies in needed areas and develop a contracting mechanism that allows the rapid, flexible, and efficient movement of people and resources into the field, with appropriate internal controls and management oversight.

Finally, State will work much more closely with the Office of Transition Initiatives (OTI) at USAID. We will build upon OTI's business model of executing programming tailored to facilitate transition and promote stability in select crisis countries. We will replicate OTI's organizational culture, which values calculated risk taking, dynamic problem solving and innovation. And we will link this instrument of political crisis response with State's diplomatic and crisis operations. In addition, we will:

- **Strengthen the reporting relationship** from the OTI country director to the Chief of Mission and the USAID Mission Director to ensure better coordination of activities in the field.

- **Expand OTI and review the best location and support system for the political mandate of OTI** as the CSO Bureau evolves. First, we will expand OTI immediately by deepening its engagement in priority countries with larger teams and programs. To support this expansion, we will increase the number of OTI staff in Washington and the field to build existing programs, develop new ones, and manage increased funding. Thereafter, we will review the best location for the political mandate of OTI with the goal of streamlining and rationalizing deployable capabilities to avoid duplication and seek efficiencies, consistent with State and USAID lead agency and supporting roles. Along the way, CSO will work with OTI leadership, with their record of success in crisis response, to ensure effective design of the new CSO Bureau and to get it up and running.

4. *Expanding USAID's capacity for conflict programs and the transition from relief to development*

Although traditional development methods can help address crisis and conflict, success requires more than minimal adaptations of these methods. USAID will increase specialized programming tailored to its role in mitigating violent conflict, assisting communities recovering from crisis and conflict, and protecting vulnerable populations. We will take the following steps to strengthen USAID's response to crisis and conflict:

- **Create a capacity for recovery and stabilization programming** that bridges the distance between crisis response and long-term development in disaster settings. We will increase USAID's capacity to bridge the "missing middle" — the gap between crisis and stabilization assistance and long-term development programming. Following the crisis period in which the focus is rightly on life-saving assistance, communities begin to show greater concern for housing and

shelter, disputes over land and inequitable wealth distribution, protection of vulnerable groups and access to jobs and opportunity. USAID will build new expertise in recovery to provide technical assistance to USAID Missions and other key stakeholders in coordination with CSO, the Civilian Response Corps, State's Bureau of Population, Refugees, and Migration, and other State Bureaus. Specific areas of focus for new technical assistance and implementing mechanisms include civilian protection, land reform, housing, livelihood development, and women's empowerment.

- **Increase conflict, stabilization and recovery-trained staff.** We will expand USAID's large component of the Civilian Response Corps to include personnel with tailored skills and experience across a range of missions. We will tap the existing expertise of civilian staff in other agencies who are ready to deploy. We will also increase the number of USAID personnel ready and able to work on conflict and instability through conflict-based training and programs for partnering with the U.S. and other militaries in operational environments.

- **Expand flexible systems and management innovations.** We will work with USAID missions through USAID regional bureaus to expand the practices that have made OTI and OFDA effective: flexible hiring, decentralized programming and decision-making, expeditionary mindsets and platforms, and a data-based approach. We will examine several innovations in Yemen, Afghanistan, and Sudan to see if they can be applied elsewhere to put in place tailored structures, oversee conflict mainstreaming in broader USAID programs, and manage expeditionary staff.

State and USAID will continue to improve operational, strategic and policy collaboration in crisis and conflict operations including coordination on policy and resource planning, common deployments, and joint training.

5. Pursuing a whole-of-government mission

Addressing the root causes of conflict demands a wide range of skills, expertise, and capabilities. While State and USAID have many of these, no single agency of the U.S. government has them all. Every federal agency has contributions to make to what must be a whole-of-government endeavor. The Department of Defense is uniquely positioned to stop violence, create conditions of security, and build the military capacity of foreign nations. The Department of Justice has essential skills and resources to improve foreign justice systems. The De-

Haiti Lessons Learned

The January 12, 2010 earthquake in Haiti was among the deadliest natural disasters in recent history, causing more than 200,000 deaths and the near total destruction of a national capital and its vital government infrastructure. Under the leadership of Secretary Clinton and USAID Administrator Shah, State and USAID led an unprecedented response involving multiple federal agencies that delivered humanitarian assistance to hundreds of thousands of Haitians and is supporting the Haiti's national reconstruction plan.

During the immediate response, a total of 830 civilian experts from across the U.S. government augmented the American Embassy in Port-au-Prince, while the Defense Department and U.S. Coast Guard provided some 20,000 troops and invaluable logistical capabilities to support critical humanitarian efforts. State and USAID engaged Haitian leaders about critical logistical issues, such as control of the airport for relief flights, and to organize an internationally supported coordinating body—the Interim Haiti Recovery Commission—that is ensuring Haitian leadership in recovery efforts. The U.S. also helped ignite the largest SMS-based fundraising effort in history, while the March 31, 2010 Donor Conference raised an unprecedented $7 billion from more than 50 nations, NGOs, and multilateral organizations.

From this experience USAID and State have gleaned valuable lessons:

- **Establish recovery and reconstruction authorities:** There is an immediate need following disaster for the affected nation to lead recovery and reconstruction, including coordinating the many donors who respond when need is great. In Haiti, for example, the State Department engaged Haitian leaders and the international community to establish a recovery and reconstruction authority to oversee and coordinate these activities.
- **Build humanitarian response capacity:** USAID's Office of Foreign Disaster Assistance's (OFDA) Disaster Assistance Response Teams provide invaluable information and expertise, and OFDA will be strengthened to respond to future humanitarian disasters.
- **Expand and institutionalize use of crisis response technology:** SMS fundraising and crisis mapping efforts dramatically increased the speed and effectiveness of the response from remote corners of the world to the streets of Port-au-Prince. These tools should be honed and institutionalized within the crisis response tool kit.
- **Grow the U.S. ranks of reconstruction experts:** Port-au-Prince's near total destruction highlighted the need for USAID to build its in-house expertise in sectors such as infrastructure, transport, housing, land tenure, water and sanitation, and electricity.
- **Improve the international system of humanitarian response:** We do not have the resources to address every humanitarian crisis unilaterally. The United Nations, other countries, and NGOs bring critical capabilities to bear, and we must enhance our commitment to building and working with the international humanitarian system.

AP PHOTO

U.S. Secretary of State Hillary Clinton and USAID Administrator Rajiv Shah talk with U.S. Ambassador to Haiti Kenneth Merten ahead of a meeting with aid workers and Haiti's President René Préval in Port-au- Prince, Haiti, on Jan. 16, 2010, just days after Haiti's devastating 2010 earthquake.

partment of Homeland Security can help countries develop their capacity to control their borders against smuggling and illicit trafficking while facilitating the free flow of legitimate commerce, and protect their ports, airports, online networks, and other infrastructure. The Department of Health and Human Services can help stop the spread of disease that all too often accompanies conflict and contribute to building sustainable health systems. The Department of Agriculture can help ensure food security and promote rural economic development. The Department of Energy can help establish the energy infrastructure necessary for recovery and economic growth. The Department of Treasury can improve financial systems and economic governance and the Department of Commerce can expand business opportunities. Together, these capabilities support the civilian power indispensable for conflict and crisis response.

The United States must move from the rhetoric of multiagency response to its reality. The Department of Defense has long recognized the need for interagency response to violent conflict. In fact, many of the Combatant Commands have representatives of more than a dozen agencies at their headquarters. While that interagency support for military responses is critical, addressing the root causes of violence requires a civilian equivalent: an integrated, interagency framework for preventing and responding to crisis and conflict that marshals all the civilian capabilities of the U.S. government. We must also ensure that the civilian component of our response is better coordinated with our military response—both when our military is actively deployed in stopping conflict and when the mission transitions to civilian leadership. To meet these needs, we will:

- **Develop a new International Operational Response Framework (IORF).** State and USAID will coordinate with interagency partners, through the National Security Staff led process, to develop an International Operational Response Framework that establishes the systems and procedures necessary to ensure transparent and accountable leadership structures and agency lines of

responsibility which, when combined, will leverage and deliver the full range of U.S. international disaster, crisis, and conflict response resources. The IORF, which will incorporate the distribution of responsibility between State and USAID discussed earlier in this chapter, should be a flexible instrument that can provide procedures for organizing, planning, and operating in Washington and the field. As such, this framework and associated procedures should complement required military contingency planning processes.

In developing this new framework, State and USAID will conduct a fact-based analysis of past failures and successes in interagency response mechanisms, both international and domestic, to determine what works. The IORF will draw on applicable elements from the widely-recognized National Incident Management System utilized by the Federal Emergency Management Agency when responding to domestic disasters as well as other international mechanisms. Like its domestic counterparts, the IORF will govern how the U.S. government conducts crisis response by addressing coordination among agencies, ensuring flexibility and speed in our response, and providing staffing to meet urgent needs.

- **Joint training and deployment of civilian responders.** An essential component of an interagency civilian response to crisis and conflict is the ability to deploy cross-agency teams who understand one another's contributions and are able to work together on the ground. We will improve the speed and effectiveness of civilian responders by:
  - Reforming the Civilian Deployment Center into a joint mechanism for deploying all civilian responders and a one-stop shop for equipment, medical needs, and training;
  - Combining the management offices at State and USAID for the Civilian Response Corps;
  - Providing more advanced joint training for responders in a range of conflict-related issues;
  - Augmenting Civilian Response Corps capacity to oversee projects in the field by enlisting staff from other agencies and increasing the number of deployable contract representatives within the Corps and developing more flexible contracts to shift with changing needs;
  - Working with Diplomatic Security to regularize expeditionary field deployments and manage risk in often-challenging field environments; and

- Facilitating participation of local and host nation personnel in common missions with deployed teams as members or associates to improve the team's effectiveness.

State and Defense Working Together

Joint programs that combine military and civilian expertise, under strong civilian leadership, can have a positive impact on our security objectives. Since 2008, for example, Navy Civil Affairs teams deployed to Kenya have been co-housed with a State Department Anti-Terrorism Assistance (ATA) program that trains teams to work with the Kenyan Navy. This joint presence resulted in the creation of a "Community Watch on the Water" program that serves as an early warning system against illegal fishing and potentially to combat other illegal activity. Recently, ATA students, the Kenyan navy, and maritime police apprehended suspected pirates who were adrift off the coast.

- **Civil-Military operational collaboration.** State and USAID will build upon and improve efforts to coordinate with the Department of Defense in the field. We have already developed new collaborative training for civilians and military officers deploying to Iraq and Afghanistan and have piloted new civil-military teams in those two countries as well as in the Horn of Africa and the Philippines. Civilians permanently stationed at major Combatant Commands represent State and USAID and plan with the military. Consistent with the recommendations in Chapter 2, we will deploy the highest quality personnel for these critical roles. The summer 2010 Judicious Response exercise, a joint civil-military conflict prevention and response scenario, was the first civilian-military reconstruction and stabilization exercise led by civilian agencies with military support. For civil-military collaboration within the International Operational Response framework to succeed, we must:

  - *Expand* the cadre of civilians who understand the principles and practice of civil-military cooperation and who have real experience working with the Department of Defense, both in Washington and in the field.

- *Integrate* the military within the new International Operational Response Framework by working with the Department of Defense to develop clear roles and responsibilities on taskforces and deployed teams, identify transition points between military and civilian leadership, and provide more civilian capacity at Combatant Commands and on joint taskforces. We will also encourage our diplomats and development personnel to highlight the principles of U.S. civil-military relations abroad with their foreign counterparts.

- *Stand up* the Congressionally authorized State-USAID-Department of Defense Advisory Panel to "advise, review, and make recommendations on ways to improve coordination among the DOD, State, and USAID on matters related to national security, including reviewing their respective roles and responsibilities."

A New Kind of Civilian Expeditionary Capacity

As we expand U.S. expeditionary capacity for conflict and crisis, we are building on the experience of innovative field officers at State and USAID who have set new standards for impact on the ground. These kinds of efforts must become a part of the "new normal" for our personnel deployed to conflict and post-conflict environments.

- In the contentious Tagab valley in Eastern Afghanistan, State personnel helped local officials design and hold the first cross-valley shura to bring together former fighters and establish community-based security arrangements. Along nearby Highway 1, a critical supply line for U.S. and allied forces, USAID field personnel, deployed in interagency teams with the military and local partners, used a data-based conflict survey to develop localized jobs programs along stretches of road notorious for attacks.
- In Haiti, State and USAID field officers worked with the U.N. mission, the Haitian government, and NGOs in the slums of Cite Soleil to increase effective local police presence and establish community-based initiatives that reduce the influence of local gangs.
- In Darfur, Sudan, following the 2005 peace agreement, State Civilian Response Corps members set up a field presence in El Fasher to increase understanding of local conflict dynamics and worked with the African Union to bring additional militias into the peace agreement, resulting in a "peace secretariat" to support confidence building measures.

II. EXECUTING CONFLICT PREVENTION AND RESPONSE IN THE FIELD

Strengthening State and USAID's operational effectiveness in crisis and conflict environments requires substantial changes to how we support our Embassies and Missions in the field. We must put the right experts on the ground to support the Chief of Mission and the host nation. In states experiencing conflict and crisis, we must tailor our embassy models with the right staffing, facilities, security and resources to manage a unified U.S. effort. And we must ensure that responders and embassies have access to state-of-the-art knowledge and information to employ results-based strategies that fit the mission.

Within our strategic priorities and country strategies, we will look to the competencies of other federal agencies, such as the Departments of Justice and Homeland Security, and state and local governments, that can bring valuable expertise to conflict and crisis situations.

1. Deployable Surge Capacity

State and USAID will work with other agencies to continue to build a scalable, flexible, and agile civilian surge capability that can rapidly respond to the range of mission sets in conflict-affected and fragile states. Surge personnel will support initiatives to prevent or prepare for an impending crisis, take steps to mitigate ongoing conflict, ensure long-term stability, and respond to humanitarian needs. Specifically, we will:

- **Expand and refine the Civilian Response Corps active and standby capacity[1].** The Civilian Response Corps, a pool of qualified, trained, and ready-to deploy civilian professionals, is the heart of our deployable surge capacity. We have initiated a surge "force review" to implement specific changes to the Civilian Response Corps to ensure that we have appropriate people, authorities, operational tools, and deployable models to respond effectively to the range of situations we will face. These likely include a larger number of smaller-scale conflicts and crises where we will not have a sustained large-scale U.S. military presence. We will also study ways to increase our use of multilateral capabilities and local experts. Upon completion of the review, we will present an in-depth two-year plan for changes to strengthen and expand the Civilian Response Corps' active and standby components and will work with Congress to secure the resources that may be necessary.

[1] The Civilian Response Corps, an interagency endeavor, was designed in three components: (i) an *Active*, in-house, full-time capacity able to deploy within 48-72 hours, (ii) a *Standby* capacity made up of experts "on call" from their existing jobs in participating agencies, and (iii) a *Reserve* that was never developed but was designed to draw on external experts from across the country.

- For the *Active component,* we will refine skill sets to meet new projected needs based on crisis and conflict trends and projected scenarios for U.S. responses.

- For the *Standby component,* we will expand the membership and skill sets by: (i) utilizing available staff and organizational units from across agencies; (ii) developing new incentives for supervisors and standby members; (iii) increasing flexibility to provide backfill when the responder is taken out of a position elsewhere in government; (iv) expanding Standby membership, pending legislative changes, to include personal services contractors, foreign service nationals, federal retirees and Peace Corps volunteers; and (v) expanding the number of agencies able to participate.

- **Replace the "Civilian Reserve" with a new Expert Corps.** Beyond the current Civilian Response Corps, which draws on active U.S. government employees, the United States needs access to deployable experts from outside the government able to hit the ground running in response to crises overseas. Without a corps of such experts, in Iraq, Afghanistan, and Pakistan we have had to rely on temporary hiring authority to bring on external experts with special skills not readily available within the U.S. government. The reserve component of the Civilian Response Corps was proposed as a mechanism to put more than 2,000 US experts from outside government in reserve service for four years with a required deployment of up to one year. The Reserve was authorized but never funded due to Congressional concerns about projected size and costs.

  We will propose replacing the "Civilian Reserve" with a more cost-effective "Expert Corps" consisting of an active roster of technical experts, willing but not obligated to deploy to critical conflict zones. The Expert Corps may include current temporary hires who have successfully served in Iraq, Afghanistan, Pakistan and elsewhere as well as other civilians with critical skills. We will work closely with Congress to pursue necessary funding and authorities for the new Expert Corps, with a more efficient budget focused on the costs of deploying the corps, rather than maintaining a large reserve. The Expert Corps would also not include earlier deployment requirements or re-employment rights necessary for a reserve. The Expert Corps would be well-suited to smaller-scale complex crises as well as large-scale U.S. operations.

- **Deploy State, USAID, civilian response personnel, and personnel from other agencies in task-oriented teams to ensure maximum impact.** Our civilian surge

must be based around interagency teams tailored to mission circumstances and drawn from appropriate bureaus across State and USAID, the interagency, and the Civilian Response Corps to support embassies with technical, planning, management, and staffing for complex contingencies. These teams will be flexibly deployed to provide services such as:

Civilian Response Corps member Eythan Sontag stands with African Union peacekeepers and soldiers from Minni Minawi's Sudan Liberation Army faction aboard one of their "technicals" in Umm Baru, North Darfur. He deployed from 2006 to 2008 as part of an effort to stabilize the political, security, and humanitarian crisis and its impact on the people of Darfur.

- *Embassy augmentation* to bolster the Country Team and support management, planning, staffing, logistics, and operations to meet the requirements of the mission. Personnel will be deployed at the request of the Chief of Mission with self-sustaining equipment, communications gear, flexible funding and transportation, prepositioned or standardized for easy deployment. For example, following the January 2009 earthquake in Haiti, the Department of State USAID, and other agencies rapidly deployed a range of experts to the Embassy in Port-au-Prince to plan and direct relief and reconstruction efforts.

- *National governance and economic development expertise* to assist local authorities develop political, security, and economic solutions to conflict, extremism, insurgency, and other instability. Our civilians will build institutional capacity and advise authorities on issues such as security, corruption, human rights, reconciliation, and economic growth.

- *National science and technology expertise* to respond to pandemic threats, seismic, meteorological and climate change threats, or cyber attacks. Our civilians will help governments stand up digital platforms for crowd-sourced crisis mapping or emergency communication systems.

- *Community stabilization expertise* at the sub-national or local level, which will build on the successful experiences of provincial reconstruction teams in Iraq and Afghanistan. Community stabilization efforts include designing, synchronizing and executing conflict transformation plans; building security, governance, and rule of law institutions; and promoting economic recovery.

- *Rapid assessments* conducted by specialists to provide expert perspectives on the factors, risks, and opportunities that should be considered or pursued by interagency policy processes charged with developing strategies to prevent mass atrocities and genocide. The federal government already has Disaster Assistance Response Teams responsible for conducting initial assessments that drive U.S. responses to humanitarian emergencies, a similar rapid-response specialized capacity is necessary in order to inform and develop robust interagency atrocity prevention strategies.

2. Organizing Embassies and USAID Missions for conflict, crisis and instability

For Chiefs of Mission in conflict zones or fragile states to effectively manage crisis and conflict response, they need specialized expertise, logistics, and processes so as to adapt to changing circumstances and reorient operations quickly and flexibly. State and USAID are developing models for organizing and supporting embassies in multiple types of conflict that will address:

- Staffing to provide technical expertise for crisis and conflict, including civilian surge teams;

- Security arrangements consistent with the review of risk management outlined in Chapter 2 that allow the flexibility required to execute these missions while mitigating risk and securing U.S. employees in the field;

- Specialized planning and management capacity, including changes to the country team and interoperability with U.S. military where appropriate;

- Logistical changes to account for unstable environments, including temporary housing and work facilities, and support for personnel in and beyond the capital;

- Expanding the ability to use resources flexibly in dynamic environments.

To support these objectives, we will expand required pre-deployment training for all staff going to countries at risk of instability. We will establish training on conflict instability and response for all Chiefs of Mission, Deputy Chiefs of Mission, and USAID Mission Directors deployed to such countries. We will refine performance and promotion incentives for conflict zones to attract the most qualified personnel, including through changes to job descriptions and performance evaluations.

3. Using data and evidence to deliver results

Learning from and adapting based on data and evidence will improve results on the ground. State and USAID will work with other agencies and outside experts who have expertise to expand our knowledge and ability to collect and apply evidence of what works by:

- **Building operational effectiveness through state-of-the-art knowledge and training.** State and USAID will build on existing diagnostic tools to analyze strategies and tactics that work (and do not work) in preventing and responding to crisis and conflict. We will establish an in-house knowledge and learning center and partner with institutions with existing capabilities such as the U.S. Institute for Peace and the Center for Complex Operations at the National Defense University. We will also build on two years of strong interagency cooperation to develop a more extensive training program for State, USAID, Department of Defense and interagency civilian responders.

- **Developing operational and strategic guidance to shape policies, strategies, and tactics.** State will work with USAID, the Department of Defense, and other partners to develop operational guidance on tactics and methods for crisis and conflict prevention and response. We will disseminate guidance through manuals, operational tools, and training programs to provide planners in Washington and civilian responders in the field with the tools they need to achieve results.

- **Measure the effectiveness of conflict prevention and response initiatives on the ground.** We will collaborate with experts at other agencies with expertise in monitoring and evaluation to build on current metrics tools being piloted in Afghanistan, Yemen, and other unstable environments to measure the effectiveness of our civilian responders and implementing partners. We will tailor objectives and benchmarks to transitioning and conflict environments and measure outcomes and impact on the ground. Based on data collected, we will alter the course of

our efforts both to provide better results and to hold ourselves accountable to the taxpayer.

- **Data-driven crisis forecasting.** Working with other federal agencies, we will examine how to better utilize existing crisis forecasting mechanisms, including by ensuring that they are linked to the diplomatic planning and response required to prevent, mitigate, and respond to crises, and will seek to identify any modifications or new capabilities that may be required.

4. Working with and through international partners

Each conflict or crisis is unique and no one organization or approach can be appropriate to all. But one thing is constant: the United States cannot and should not shoulder the burden of preventing and responding to crisis and conflict on its own. We must work with and help build the capacity of international, regional, and bilateral partners to prevent conflicts from erupting or escalating, and to keep and build the peace in their aftermath. The United Nations is a particularly important partner across the full-spectrum of conflict response. Along with regional organizations, the U.N. can mount efforts to broker peace agreements and oversee their implementation through small civilian political missions or large-scale peacekeeping operations. Individual countries or sub-regional organizations can help prevent conflicts from erupting through quiet preventive diplomacy. President Obama, Secretary Clinton, and Ambassador Rice have made peacekeeping reform one of the highest priorities for the United States at the U.N.

Our international partners have welcomed this renewed focus and are looking to the United States to provide coordinated, constructive approaches to addressing complex international crises. To increase our ability to work with international partners and strengthen their ability to respond, we will:

- **Improve operational cooperation with allies and multilateral organizations.** We will build on and enhance our current collaboration with many international organizations. State's Bureau of International Organization Affairs and our Ambassador to the United Nations maintain a long-standing cooperative relationship with the flagship U.N. agencies managing multilateral peace operations. Disciplined engagement and capacity building between State's Bureau of Population, Refugees, and Migration and the United Nations High Commissioner for Refugees (UNHCR) has enhanced UNHCR's ability to meet the needs of refugees and displaced persons worldwide and has made

UNHCR more responsive to key U.S. government objectives. USAID's Bureau of Democracy, Conflict, and Humanitarian Assistance has built a similar relationship with the World Food Program and the U.N.'s Office for the Coordination of Humanitarian Affairs. Going forward, we will match our engagement with individual specialized humanitarian agencies with a strengthened effort to work with the U.N. system's humanitarian response capabilities as whole. And we will strive for a more coherent inter-agency approach to engagement with international development agencies and financial institutions involved in these fields.

State is already engaged in an interagency process to strengthen U.N. peace operations. The new Conflict and Stabilization Operations bureau will be able to complement and support these efforts by bolstering bilateral and regional initiatives. For instance, it will continue to build the U.S. contribution to the International Stabilization and Peacebuilding Initiative (ISPI), a working-level network of governments and multilateral organizations that builds technical knowledge and increases operational cooperation between the 15 member states and six multilateral groups. State and USAID, under the leadership of the Bureau of International Organization Affairs and Bureau of Population, Refugees, and Migration at State and the USAID Bureau of Democracy, Conflict, and Humanitarian Assistance, will also set up a Humanitarian Policy Working Group to ensure a unified policy and enable more coordinated approaches with key U.N. partners to strengthen the international humanitarian architecture for more effective response to disaster and complex crises. Both State and USAID will continue to strengthen the U.N. cluster system and engage with the United Nation's new Emergency Relief Coordinator.

- **Build foreign policing and military capacity for crisis and conflict operations.** Building foreign military and police capacity for crisis and conflict operations is one of the most effective ways to build long-term global capacity for crisis response. Through the Global Peace Operations Initiative (GPOI) and related efforts, the United States has helped train and equip over 136,000 peacekeepers, and supported deployment of more than 110,000 personnel from 29 countries. Other U.S. support funds and equips individual peacekeeping operations around the globe. We will extend GPOI through FY 2014 and use other security sector assistance programs as appropriate to increase assistance to other countries to train and supply peacekeepers. The Bureau of International Narcotics and Law Enforcement Affairs' new International Police Peacekeeping Operations Support Program will bolster the capacity of police contributing nations for peacekeeping operations, enhance qualifications and critical skills of police peacekeepers, and

help the United Nations Department of Peacekeeping Operations with its goal of professionalizing international policing. We will continue to build the capacity of U.N. peacekeeper and police-contributing countries and the ability regional organizations to design and oversee operations. And we will boost the number of women police officers and peacekeepers who are particularly well suited to work with host country female populations and local communities, such as the unit of female Indian police currently filling a critical role in Liberia.

- **Support effectiveness and modernization reforms for U.N. Peace Operations.** The U.N. is completing a series of needed reviews to identify capacity gaps in its field support, rule of law and civilian protection, and civilian capacity for peace operations. We will continue to support reforms that help achieve economies of scale and realize cost savings; strengthen oversight, transparency, and accountability; improve field personnel and procurement systems; strengthen mission planning; reduce deployment delays; encourage stronger mission leadership; and clarify the roles and responsibilities of all U.N. actors in the field and at headquarters. We will also continue to support reforms that increase U.N. focus on protecting civilians, including funding new U.N. efforts to integrate civilian protection into every facet of its missions. And we will continue to foster efforts to implement U.N. Security Council Resolution 1325 on women, peace and security and Resolution 1820 and 1888 on prevention of rape as a tool of war.

AP PHOTO

U.S. Secretary of State Hillary Rodham Clinton reviews an honor guard by United Nations policewomen from India during a welcoming ceremony near Monrovia, Liberia, on August 13, 2009.

Action Plan on Women in Peacebuilding

The United States is developing a National Action Plan to accelerate implementation of Security Council Resolution 1325, which recognizes the important role of women as agents of reconciliation, not just victims of war, in all aspects of peace-building and as agents of conflict prevention and reconciliation. The Plan will advance women's participation and representation as a necessary security imperative. As Secretary Clinton said at the United Nations in October 2010, "The only way … to reduce the number of conflicts around the world, to eliminate rape as a weapon of war, to combat the culture of impunity for sexual violence, to build sustainable peace—is to draw on the full contributions of both women and men in every aspect of peacemaking, peacekeeping, and peace building."

In Afghanistan, for example, U.S. diplomatic efforts have supported women's inclusion at all levels of the reintegration process. In Africa and elsewhere, State's Bureau of International Narcotics and Law Enforcement Affairs trains national police to strengthen their ability to combat gender-based violence. In the Democratic Republic of Congo (DRC) where rape has been used as a strategic weapon in armed conflict, the U.S. has worked to strengthen judicial systems to ensure that those responsible for crimes are brought to justice. Also in the DRC, State's Bureau of Population, Refugees, and Migration has enhanced the capacity of the U.N. High Commissioner for Refugees' protection staff and is working to improve access to vulnerable communities. USAID has launched programs around the world to empower women to build civil society organizations, address gender-based violence in the context of population displacement and expand girls' education, women's livelihood programs, and maternal-child health care in post-conflict situations.

III. BUILDING A LONG-TERM FOUNDATION FOR PEACE UNDER LAW THROUGH SECURITY AND JUSTICE SECTOR REFORM

Governments in countries mired in the ongoing cycle of conflict, crisis, and instability are often unable to effectively protect their own citizens from violence, criminality, corruption, or unfair government action. Assistance to help rebuild security and justice sectors is one of our most important tools for addressing this challenge. Its ultimate aim is to support local efforts to build effective and accountable security and justice institutions capable of maintaining law and order, providing a safe, secure environment for citizens, and administering justice. While U.S. and international efforts have evolved substantially over the past decades, there is much work ahead.

Guided by the National Security Staff led Review of Security Sector Assistance, the QDDR examined how State and USAID could become more effective at providing security and justice assistance. Our overall approach needs to be comprehensive—integrating military assistance, police and internal security, and rule of law programs—and sustained to achieve results. To be effective, we must prioritize and select our partners, ensure that security sector assistance promotes responsible democratic governance, and improve coordination within State and USAID as well as across the interagency to promote unity of effort. We excel at delivering certain types of security and justice assistance, such as military training and equipment and support to police forces. For example, more than fifteen years of U.S. assistance aimed at building the Haitian National Police has resulted in a force rated by Haitians as the most trusted and competent public institution in the country. Too often, however, we fail to integrate assistance across the range of security and justice institutions and help partner nations develop comprehensive, effective security and justice sectors. In Haiti, for example, the justice sector remains largely inoperable. It has among the highest pre-trial detention rates in the world and a prison system fraught with human rights violations. Going forward, our assistance needs to be comprehensive and integrated, with the aim of developing effective, sustainable, and accountable military, internal security, intelligence, judiciary, and corrections institutions, legal frameworks, and government systems. And, as articulated in Chapter 2, we need to employ the wide range of expertise and skills that exist in other federal agencies, such as the Department of Defense, the Department of Justice, and the Department of Homeland Security, as well as state and local governments that have expertise in law enforcement and related issues.

The Many Partners in Security and Justice Sector Assistance

State and USAID both play key roles in administering security and justice sector assistance. USAID provides programmatic support to build justice institutions such as courts and judiciaries, increase access to justice, strengthen civil society organizations, support community policing, and prevent armed violence in communities. State manages, administers and/or executes security and justice assistance provided to foreign militaries and civilian forces and institutions, such as police, courts, prisons, and criminal justice professionals. State also administers counterterrorism programs aimed at building the capacity of local partners to counter violent extremism and terrorism. State, USAID, the Department of Justice, the Department of Homeland Security, and the Department of Defense all play critical roles in these activities, and each brings a unique perspective and contribution that must be integrated as a part of a whole-of-government approach.

The Way Forward

Moving forward, consistent with the strategy articulated in Chapter 2, State and USAID will focus on filling specific gaps in our security and justice sector reform capabilities, institutionalizing a whole-of-government approach, and implementing institutional reforms to increase our effectiveness. Specifically, we will:

- **Adopt an integrated approach to security and justice sector reform.** State and USAID will approach security and justice sector reform comprehensively. We will design programs that build connections between police, prosecutors, courts, prisons, and oversight mechanisms. We will balance our traditional focus on training and equipping security forces with an increase in resources for and attention to building fully integrated justice systems. We will strengthen our ability to demobilize and reintegrate armed combatants, provide support for addressing crimes of the past, and provide direct support to local security and justice institutions to restore and maintain law and order and deliver fair, effective justice.

- **Support host nation ownership.** We will work more closely with host nations and communities to design efforts that prioritize local security concerns, build local systems and capacity, and support local leadership. We will tailor our assistance in each country, prioritize projects that reflect the resources and capabilities of host nations, and avoid those that are unsustainable without external assistance. We will assess and monitor host nations' political will to make the reforms necessary to make effective use of U.S. assistance to ensure our assistance is being targeted where it can have the most impact.

- **Link security and justice initiatives to governance and development approaches.** We will design and execute security and justice assistance programs rooted in development and governance by focusing on sustainability and building local institutional capacity. We will provide all assistance within a framework that promotes law and order, democratic norms, and good governance so that local security and justice institutions are accountable to civilian oversight, in accordance with international human rights laws and standards. We will increase attention to localized insecurity and lawlessness caused by gangs, traffickers, criminal enterprises, and predatory security forces, all of which undermine development and governance objectives and threaten citizen security. Building upon a growing body of knowledge on reducing local armed violence, we will develop programs that address crime, youth violence, gang recruitment, organized intimidation, and violence.

- **Emphasize civilian policing.** Consistent with existing authorities, including the need to avoid supporting foreign forces responsible for human rights abuses, we will strengthen our ability to help states build effective, accountable civilian security sectors, including police forces, institutions, oversight mechanisms, and links with communities and judicial institutions. State will increase in-house technical expertise to analyze challenges and develop policy responses, improve operational methods for building sustainable policing capacity, and increase our focus on meeting longer-term goals. Consistent with the approach developed in Chapter 2 and Chapter 5, State and USAID will also increase our use of other federal agencies, such as the Department of Justice and the Department of Homeland Security, as well as state and local governments, to develop and implement policing programs. We will collect lessons of what works and apply them to country strategies, training, and institution building. We will maximize the sustainability of our assistance dollars by helping countries build their own capacity to manage, administer, and support local police assets.

- **Ensure whole-of-government effort.** Security and justice sector reform requires unity of effort and vision across all agencies that provide assistance in this space. State and USAID are committed to building, leading, and supporting a whole-of-government system that integrates relevant agencies in a meaningful way as described in Chapter 5. Whole-of-government approaches to security and justice sector assistance also directly serve U.S. security interests by facilitating relationships and partnerships between U.S. agencies and their foreign counterparts. The National Security Staff led interagency review of Security Sector Assistance will provide policy guidance for a U.S. government approach to security and justice assistance. Under the guidance of the President, State and USAID will work together with the National Security Staff to:

  - *Facilitate coordination.* We will convene the agencies with roles in security and justice sector assistance on a quarterly basis to review progress in implementing reforms, share lessons learned, and develop and sustain a comprehensive, integrated US approach to security and justice sector reform. This process will strengthen capabilities at each agency, clarify roles and responsibilities, and help avoid duplication of effort and mandates.

- *Develop a common strategic framework and operational guidance.* Working with other agencies, we will develop a common security and justice sector reform framework, consistent with the ultimate findings of the National Security Staff led Security Sector Assistance Review, that describes U.S. objectives and priorities, and interagency roles and responsibilities. This framework will serve as the basis for more coherent interagency planning, budgeting, and operations. We will develop guidance that provides: (i) standardized methods for training, mentoring, institution building, legal reform, integration and other operational requirements for strengthening security and justice; (ii) detailed standards and indicators for program monitoring and evaluation; and (iii) guidance on trade-offs and sequencing of short-term and long-term goals in conflict zones. This framework will help ensure that security and justice sector policies, strategies, and decisions are embedded in our broader assistance strategies.

- *Coordinate a diverse workforce.* We will work with other agencies to ensure improved coordination and utilization of a well-trained, integrated security and justice reform workforce that balances in-sourcing and outsourcing, and draws from all relevant offices, departments, and agencies, including State's Bureau of International Narcotic and Law Enforcement Affairs, the Secretary's Office of the Coordinator for Counterterrorism or, if approved by Congress, the new Bureau for Counterterrorism, the new Conflict and Stabilization Operations Bureau, the Bureau of Political-Military Affairs, USAID, the Department of Defense, the Department of Justice, and the Department of Homeland Security. And we will draw from the private sector where it has a comparative advantage.

- *Draw on state and local capabilities.* In the United States, some of the most important skills needed for international security and justice sector reform efforts are found at the state and local level. We will expand partnerships with state and local governments to take advantage of this expertise.

- *Design a model for effective in-country management.* State and USAID will work with other agencies to provide coherent management of security and justice assistance in country by establishing, as appropriate, security and justice assistance coordinators in embassies and developing a process for coordinated program implementation. Consistent with the planning processes described in Chapter 5, we will rationalize security and justice assistance planning at the

country level as a component of the Integrated Country Strategy in appropriate countries.

- *Civil-Military collaboration.* Particularly in countries characterized by conflict or instability, initiatives and programs jointly developed by teams of State, USAID, and Department of Defense personnel are generally more effective. Where appropriate, we will work in joint civilian and military teams and develop innovative mechanisms for civil-military collaboration, such as shared funding or pooled funds.

- **Build implementation capacity.** State and USAID will also institute the following institutional reforms to build implementation capacity:

  - *High-level management of reform at State.* During the implementation phase of this Review, we will develop a mechanism and appropriate reporting lines to ensure that military, police, internal security, and justice sector assistance are integrated, mutually reinforcing, and promote responsible, democratic governance.

  - *Increase International Narcotic and Law Enforcement Affairs (INL) Bureau effectiveness and strengthen mandate.* State will strengthen INL to serve as its locus for civilian security and justice sector reform efforts and foster more consistent results on the ground. INL's clarified mandate will put it at the forefront of administering integrated programming in this area, moving beyond traditional police training activities to expanded efforts on justice and rule of law. These reforms include strengthening INL's human capital, including a professional development path to retain experienced experts in this area, and a commitment to rigorous monitoring and evaluation across INL's assistance programs. Improving INL's own human capital will also enable the bureau to more effectively work with interagency partners.

    We will substantially strengthen INL's program management and oversight capabilities to increase accountability and operational effectiveness, including the processes by which INL designs, implements, oversees, and measures its programs. We will review and improve current contracting practices and increase our use of other federal agencies and state and local governments in the design and implementation of assistance programs, as discussed in Chapter 2 and Chapter 5. On the ground, INL reforms will focus on tailoring programs

to the specific requirements of the country and mission, adopting a more evidence-based approach, and instituting strict requirements for performance measurement. INL will work with local partners to deliver effective justice and security through programs including those that cover police and law enforcement, courts/judicial bodies, corrections, legal reform, access to justice, and executive branch reform.

- **Expand knowledge base to support effective programming.** State and USAID will collect data to build a body of knowledge and doctrine for the purposes of honing operational techniques and increasing program effectiveness.

- **Build human capital.** State will make human resource reforms to better develop and execute security and justice assistance. We will develop a meaningful career path for security and justice reform professionals. We will rebalance the Civilian Response Corps to include more security and justice sector experts who will work in a coordinated fashion with their interagency partners. We will offer more tailored security and justice sector training and expand details and exchanges between relevant offices and agencies. As detailed in Chapters 2 and 5, we will expand our internal human capital on security and justice sector assistance and, consistent with our desire to work more closely with our interagency partners, increase our use of interagency partners to design and implement security and justice sector assistance programs. And we will strengthen State's ability, in cooperation with the Department of Defense, to manage and oversee the provision of military assistance, including State funds administered through the Department of Defense and other implementers. State will work closely with the Department of Defense to ensure that military assistance is informed by broader foreign policy goals.

Chapter 5: *Working Smarter:* Reforming Our Personnel, Procurement, and Planning Capabilities to Meet the Challenges of the 21st Century

"Smart power requires smart people. We've got the smart people. We just need the smart procedures that will enable the smart people to do the work that we expect...."

– Secretary of State Hillary Rodham Clinton (January 23, 2009)

The urgent and critical nature of State and USAID missions—to secure the conditions abroad that ensure American security and prosperity at home—demands excellent, accountable management in support of high rates of success. Every dollar spent in building our workforce and carrying out our policies and programs is provided by U.S. taxpayers, and they rightly demand a return on their investment. We owe it to the American people to ensure that our personnel have the skills and training to match their missions, that we make smart choices about what we do with their resources, that our choices are transparent, and that we deliver results. We will seek to utilize the strengths of all U.S. government agencies and not seek to duplicate established relationships, personnel and mechanisms, but coordinate the most effective agencies to carry out the work.

The QDDR seeks to strengthen our accountability and our capacity to deliver results in a changed world by improving the integration and coordination of whole-of-government efforts and through a series of specific reforms in personnel, procurement, and planning. First, we will continue to build and support a workforce that is well-matched to the challenges of the 21st century, and ensure that we are deploying the right people to the right places at the right time. Second, we will change the way we award, manage, and monitor contracts to ensure that inherently governmental functions are carried out by government personnel and that the contracts we do award serve our strategic interests and deliver results for the American taxpayer. Third, we will manage for results through more effective strategic planning and budgeting, data collection, and performance monitoring. Fourth, through consolidation of State and USAID services we will deliver supportive quality services and ensure further efficiencies and cost savings in the

field. Taken collectively, these efforts provide the foundation for a more accountable and more effective Department of State and USAID.

I. A 21ST-CENTURY WORKFORCE

AP PHOTO/ALEX BRAN

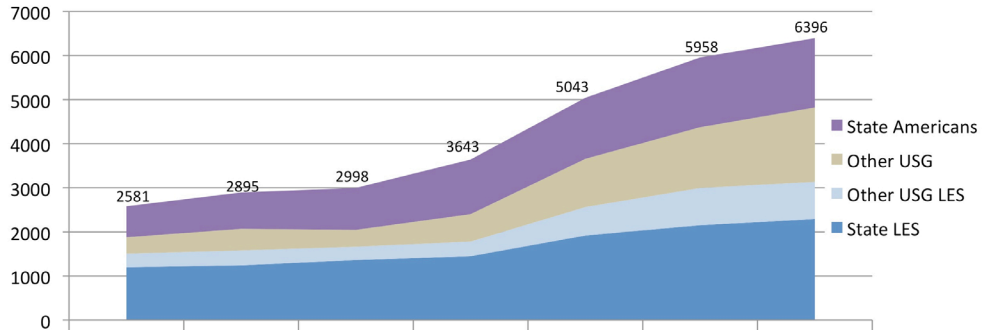
Secretary Clinton dropped by the USAID senior staff retreat at the Ronald Reagan Building on August 3, 2010.

The vision of civilian power set forth in the preceding chapters hinges upon our ability to continue to recruit, train, deploy, and motivate the very best talent with the right expertise. A de facto global civilian service, with State and USAID at its core, requires a workforce that is innovative, entrepreneurial, collaborative, agile, and capable of taking and managing risk. Our best personnel already exhibit these skills and are anxious to use them; we must ensure they have support and incentives to do so. In the short-term, the personnel reforms undertaken through the QDDR will begin to change the face and pace of our global engagement; in the long-term, they will deliver on the promise of a global service that reflects these attributes.

Furthermore, State and USAID remain strongly committed to creating a workforce that reflects the diversity of our nation. State has instituted a number of internal and fellowship programs aimed at attracting diverse candidates who are fully competitive and committed to Foreign Affairs careers. In addition, we are committed to attracting qualified candidates and providing opportunities for persons with disabilities.

We start with our institutions where they are. Over the past five years, State and USAID have been called upon to significantly expand our presence and operations in frontline states such as Afghanistan, Pakistan, and Iraq. And we have responded to that call. From 2006 to 2010 we have nearly doubled the numbers of employees reporting to the Chiefs of Mission in these three countries from almost 2,600 to more than 5,000. By 2012 we expect that number to rise to 6,396. Yet our ability to meet these urgent and immediate personnel needs in critical countries has only been possible at the expense of operations elsewhere, as we have had to redeploy personnel, leave critical vacancies in other missions, and scale back our presence in some countries.

Projected Deployments to Afghanistan, Iraq and Pakistan through 2012



	2006	2007	2008	2009	2010	2011	2012
State Americans	703	826	952	1240	1385	1583	1574
Other USG	372	490	383	623	1095	1379	1687
Other USG LES	309	338	302	331	645	844	844
State LES	1197	1241	1361	1449	1918	2152	2291

- State Americans includes FS, CS(LNA), 3161
- Assumes 2011 levels continue into 2012

Insufficient authority and resources to hire in the recent past have resulted in mid-level gaps in staffing and experience at both State and USAID. Numerous reports and evaluations have documented staffing and skills shortages as critical impediments to State and USAID's success in meeting new challenges. A soon-to-be-released Stimson Report sponsored by the American Academy of Diplomacy notes that "[i]n late 2008, more than one of every six Foreign Service jobs worldwide went unfilled. In high-hardship posts (excluding Iraq), 17 percent of Foreign Service Officer positions were vacant, and 34 percent of mid-level positions were filled by officers one or two grades below the position grade. Training suffered and skills were not up to standard...."

The Administration and Congress have recognized the need to address these challenges. They see that an investment in the diplomacy and development workforce today can help avoid costly interventions down the road. With the support of Congress, State and USAID have benefited from increases in new hiring over the past two fiscal years that, if sustained, will significantly ameliorate staffing deficiencies. The appropriations in FY2009 and FY2010 budgets have allowed a surge of new hiring under the State Department's Diplomacy 3.0 initiative and USAID's Development Leadership Initiative (DLI). To date, Congress has appropriated funds

for the State Department and USAID to hire more than 3,000 new Foreign Service and Civil Service personnel.

Given the expanded roles State and USAID are being asked to assume in critical countries and the demands of engaging with new centers of influence, this new hiring must be only the start of a sustained commitment to building State and USAID's personnel resources. While recognizing the very real resource constraints that face the U.S. government, rebuilding and strengthening the workforce at State and USAID is essential to advancing American interests. We must continue to invest in our people, expanding their numbers, improving their skills, and giving them the tools they need to deliver results.

If we are going to ask the American people to provide additional resources, we owe it to them to ensure that they are getting the maximum return on their investment. Outlined in this section is a series of measures—both big and small—designed to maximize the strengths and talents of our personnel in order to ensure we have a global civilian workforce that will better deliver results for the American people: a workforce that will be agile enough to adapt and respond to the rapidly changing conditions of today and the global context of tomorrow; that will be empowered to harness the resources of the U.S. government and the private sector to advance our interests and values in creative and effective ways; and that will have the knowledge and technical skills to secure the outcomes we seek. This is the vision of the workforce that, alongside our military, will promote American security and prosperity in the years ahead.

This section highlights six areas of reform needed to achieve that vision:

1. Marshalling expertise to address 21st-century challenges
2. Rewarding and better utilizing the civil service
3. Closing the experience gap through mid-level hiring
4. Recruiting and retaining highly skilled locally employed staff
5. Training our people for 21st-century missions
6. Aligning incentives and rewarding performance

1. Marshalling Expertise To Address 21st-Century Challenges

Our diplomatic service has long been based on a culture of generalists–women and men who through regular rotations around the world developed political, observational, and analytical skills, adaptability, broad knowledge, and constructive pragmatism as well as the ability to lead and manage in the face of the unexpected. These generalists remain essential to our foreign policy success. But the range of global challenges we face also requires much more specialized expertise, and the pace of change and modes of doing business in an interconnected world require a greater ability to innovate, experiment, and work with a wide range of partners. And, in all circumstances there will be the ever-present need for those who can reach across all disciplines and manage resources in support of our national goals.

At USAID, our Foreign Service personnel have historically been technical specialists, with large concentrations of experts ranging from agronomists to engineers, social scientists to public health experts. But years of attrition and reductions in force have eroded this technical depth, and today—despite recent growth through the Development Leadership Initiative (DLI)—our ranks are too thin to meet the needs and achieve the mission.

The challenges of the 21st century demand both traditional skills and specialized knowledge and experience. We must bolster our efforts to recruit a workforce with the tools needed to operate effectively in today's global context. We need experts in fields as diverse as public diplomacy and crisis response, public health and food security, gender issues, arms control and police training, counter-radicalization and management. And we need them now.

Through the QDDR we will take a number of specific steps to marshal such expertise. We will:

- **Draw on outside expertise through expanded fellowships.** We will expand our efforts to recruit experts from outside government to participate in fellowship programs (e.g., Franklin Fellows, American Academy for the Advancement of Science Fellows, Jefferson Science Fellows). Fellowships are a low-, almost no-cost way of bringing fresh expertise into our ranks for a limited period of time. The U.S. government benefits from the fellows' real-world experience and expertise, and the fellow and his/her home institution gain valuable insights into the work of diplomacy, development, and the foreign affairs bureaucracy. The Franklin Fellows program, for example, brings professionals, funded by their home institution, to State and USAID for a one-year assignment. As part of the QDDR implementation we will seek to expand our annual cadre of Franklin Fellows by 50

percent by 2012 and 10 percent a year thereafter, and will encourage longer service at our agencies. We also will explore opportunities to enlarge our other fellowship programs that enable us to acquire graduate-level experts for limited periods at minimal cost.

- **Seek additional authorities to hire specialized needs.** The Office of Personnel Management (OPM) provides excepted service hiring authorities to hire for special needs or to fill jobs in unusual or special circumstances. USAID currently lacks certain flexible civil service hiring authorities that many other federal agencies enjoy. As a result, USAID has turned to interagency agreements and institutional support contracts to augment technical headquarters staffing in the face of rising program budgets and staffing needs. In-sourcing this technical expertise by securing "direct hire authority" for USAID would enable USAID to more rapidly acquire technical expertise and do so at a lower cost than current approaches. As part of the QDDR implementation, USAID will seek approval from OPM for "Schedule B"-excepted service authority to fill staffing requirements and support in-sourcing as operating expense resources become available. Similarly, State will use existing "Schedule B"-authority to allow the hiring of individuals with specialized technical and policy skills in information technology and social media. These skills are critical to supporting the Secretary's 21st-Century Statecraft agenda and responding to the increasing number of threats posed by malignant actors using new technologies.

- **Utilize limited-term authorities to deploy expertise.** Our missions overseas increasingly address highly complex, technical issues—from designing foreign assistance programs that buttress Pakistan's border forces to helping to broker a water-use agreement among nations in Africa. When such temporary needs arise, we need to be able to draw on experts with in-depth knowledge and experience. When a Foreign Service Officer with the requisite skills is not available to meet the need, we must be able to tap into the vast pool of expertise available from within our Civil Service, our community of retired Foreign Service personnel, the interagency, and, when necessary, organizations outside government. State and USAID will expand our use of Foreign Service Limited Non-Career Appointment authority to meet these temporary needs in a timely manner. We will put particular emphasis on appointment of Civil Service personnel to Limited Non-Career Appointments to expand their professional development opportunities and give them greater exposure to and knowledge of the overseas work environment. At the same time, we will make greater use of existing limited hiring authorities to

address temporary needs for domestic expertise that cannot be met from within our existing workforce.

- **Expanded pathways into the Senior Foreign Service.** Building and retaining expertise also requires ensuring opportunities for advancement for our best employees who have that expertise. At USAID, technical Foreign Service Officers who are critical to rebuilding the organization's technical leadership are often disadvantaged in consideration for promotions because of the narrower focus of their assignments. USAID will create a technical career path that includes designated assignments and rotational opportunities, and clear promotion precepts that can lead highly skilled technical officers to promotion into the Senior Foreign Service.

- **Enlarge the pool of candidates with specialized skills.** State and USAID are fortunate to be employers of choice for many talented people interested in serving their country. More than 16,000 men and women took the Foreign Service Officer Examination in 2009 alone. These applicants bring a diverse range of skills and prior experience in and out of government. The QDDR highlights some specific new skills and knowledge sets State needs to address the challenges of our increasingly complex world: familiarity with new technology; scientific training; security sector and rule of law experience; expertise in humanitarian assistance, gender issues, energy security, environmental issues, and macroeconomics; among others. In addition to providing training to further develop those skills within our existing workforce, we have begun to develop specific recruitment efforts aimed at professional, educational, and other groups whose membership possess the skills we require.

- **Draw on the expertise of U.S. government personnel already deployed overseas.** We must recognize and embrace the wealth of knowledge and specialized skill that exists within all civilian agencies of the U.S. government, and effectively deploy it in appropriate circumstances.

- **Focus on innovation and specialization in the Foreign Service Officer Test.** Based on the QDDR's examination of required skill sets, an independent committee comprised of former Foreign Service Officers, retired senior State officials, private sector innovation experts, and others as appropriate will review the Foreign Service Selection Process and make recommendations to the Board of Examiners of the Foreign Service for revisions that will better promote the

hiring of innovative, entrepreneurial personnel with the range of backgrounds and skills needed to meet the challenges of diplomacy and development in the 21st century. The Board of Examiners will report their findings to the Secretary and take any measures necessary to ensure the selection process tests for these skills and requirements.

- **Employ technology to match skills to missions, knowledge to needs.** To deploy the right people with the right skills where they are needed most, we must be able to identify in real time where those skills reside within our workforce. This is particularly true in a crisis when we need to call on experts quickly. At present, State does not maintain an active, comprehensive database that would allow a quick match of skills to missions, knowledge to needs. The Employee Profile + (EP+) system that State put in place years ago to regularly capture employees' skills and experience can no longer keep up. We will seek the required resources to upgrade the system and develop procedures for ensuring that employees keep their information current. With these improvements, we will not again face the situation we did in September 2001, when it took us weeks to determine how many Arabic speakers we had and where they were assigned. When the need for specialized skills arises, we will be able to identify where the expertise resides within our ranks and call upon it quickly.

2. Rewarding and Better Utilizing Civil Service Expertise

State and USAID Civil Service personnel are a core repository of expertise and specialized skill sets critical to our missions around the world today. Approximately 11,000 Civil Servants at State and USAID work alongside our Foreign Service personnel and are essential to our mission. A diverse group of economists, scientists, policy experts, attorneys, contract specialists, and others, these skilled personnel provide critical expertise, institutional memory, leadership, and administrative abilities to both agencies.

More effective use of Civil Servants has traditionally been constrained by operating expense funding limitations at USAID. Talented Civil Servants have also been victims of their own success: opportunities for mobility at both State and USAID have been limited by the indispensable role they often play in their existing positions, making supervisors reluctant to release them for extended training or rotational assignments. We must do more to remove these constraints and better utilize our Civil Servants to fill existing gaps in skills and experience.

To this end, we will:

- **Expand overseas deployment opportunities.** Many Civil Service employees would welcome the opportunity to utilize their skills overseas and gain experience that would enhance their effectiveness in Washington. At State and USAID, our current excursion program offers Civil Service employees the chance to compete for a limited number of positions overseas each year for which there are insufficient Foreign Service bidders. As part of the implementation of the QDDR, we will expand the number and type of excursion opportunities available to Civil Service personnel—both overseas and domestically (e.g., details to other agencies)—as appropriate. At State, Civil Service employees who serve one year in a priority overseas assignment (currently Iraq, Afghanistan, and Pakistan) will be eligible to bid with Foreign Service personnel on a subsequent foreign assignment, within one grade of their present grade level.

- **Create new opportunities for conversion to the Foreign Service.** The Foreign Service is a lifestyle and personal commitment as well as a career. Some Civil Service employees who never seriously considered the Foreign Service prior to employment with State become interested in joining once they see first-hand how they might contribute. While all State personnel can apply to enter the Foreign Service through the traditional selection process, it is in the Department's interest to offer more and quicker pathways to entry for those Civil Service employees who have demonstrated that they possess the skills and qualities to be successful in the Foreign Service and have made the life choice to join the Foreign Service. Expanding conversion opportunities will allow the Department to bring more specialized skills and experience in priority areas (e.g., interagency collaboration, program management) into the Foreign Service. It also will provide a means to retain talented, experienced personnel. To support these objectives, State will expand its conversion program as appropriate to ensure we are able to draw as needed on the talents and skills of our Civil Service employees.

- **Strengthen career pathways at State and USAID.** The Foreign Service has an established career development program that describes the skills and experience that an employee must obtain to be competitive for promotion to the next level. In addition to providing a roadmap for employees, it also is a useful management tool for encouraging employees to pursue high priority assignments or obtain critical skills. No such program or guidelines exist for Civil Service employees, whose career and promotion paths are significantly different from those of the Foreign

Service. Even among the various Civil Service occupational series there are wide variations in terms of career progression and promotion potential. To help Civil Service employees develop reasonable expectations for career paths and promotion and guide them on the types of skills and abilities they will need to succeed at higher grade levels, State and USAID will review selected Civil Service career and promotion data to aid in developing or improving meaningful career development guidelines. This process also will specifically identify impediments to rewarding Civil Service career paths and propose solutions so we can better ensure that we retain these valuable employees.

3. Closing the "Experience Gap" at the Mid-Levels of the Foreign Service

Years of understaffing have produced a significant mid-level experience gap at both State and USAID. More than one-quarter of State's Foreign Service generalists and over 40 percent of USAID's Foreign Service personnel, entered the service within the past five years, while 50 percent and 70 percent, respectively, have been employed for fewer than 10 years. This has created substantial shortages of experienced mid-level managers at both agencies. Expansion of certain authorities and creative application of others are needed to fill this temporary gap and strengthen the Foreign Service over the longer term. Specifically, we will:

- **Triple mid-level hiring at USAID.** The mid-level experience gap is especially acute at USAID. To address this shortfall USAID has hired mid-level managers as part of its Development Leadership Initiative (DLI). We will seek Congressional approval of an increase in the cap on DLI mid-level hiring at USAID—from 30 to 95 per year—in order to rapidly meet the immediate needs of Presidential Initiatives and the challenges in frontline states.

- **Deploy experienced personnel on limited-term appointments.** Both State and USAID benefit from a base of talented Civil Service employees with significant experience who would welcome the opportunity to serve overseas for a limited period. Foreign Service Limited Non-Career Appointments (LNAs) allow for the overseas deployment—up to five years—of outside experts, current Civil Servants and retirees who can fill a specific need certified by the Department. As part of the QDDR implementation, we will expand the use of LNAs among the Civil Service at State and USAID to meet current challenges overseas. We will also utilize LNAs to draw upon the pool of retirees and other outside experts that are essential to our work in Afghanistan, Pakistan, and other critical states.

The Work of the Civil Service

The State Department and USAID employ nearly 11,000 Civil Service employees, primarily in Washington, D.C., who provide the commitment and technical expertise needed to advance every aspect of the Department's work—from promoting human rights to trade and economic issues. Our Civil Service employees also serve as the domestic counterparts to our consular officers abroad, issuing passports and assisting U.S. citizens who encounter trouble overseas. Examples of the essential work our Civil Servants perform includes:

- In the **Bureau of Population, Refugees, and Migration** (PRM), Civil Service employees of the Office of Multilateral Coordination and External Relations help manage our global approach to protecting refugees and resolving refugee problems.
- In the **Bureau of Democracy, Human Rights, and Labor** (DRL) and the **Bureau of Population, Refugees, and Migration** (PRM), Civil Service employees work with the U.S. embassy in Bishkek, Kyrgyzstan, to help protect Uzbek refugees and asylum seekers who fled to Kyrgyzstan, after the Kyrgyz government violently cracked down on citizens in Andijon, Kyrgyzstan in 2005.
- Civil Service employees in USAID's **Bureau of Democracy, Conflict, and Humanitarian Assistance** have planned and overseen the distribution of more than two million tons of food aid to malnourished children and families in 50 countries, and supported research, training and sharing of best practices among development professionals on how to structure aid programs to address and mitigate the causes and consequences of instability and violent conflict. In the aftermath of the Haiti earthquake, they led humanitarian response efforts that provided assistance for two million Haitians.
- The Civil Servants in the **Bureau of Economic, Energy, and Business Affairs'** (EEB) Office of Aviation Negotiations (OAN) and Office of Transportation Policy (OTP) work to provide America's travelers, businesses, and communities with access to safe and reliable international passenger and cargo transport. They recently helped conclude Open Skies agreements with countries around the globe that expand international passenger and cargo flights and help ensure global airline and airport security.
- Civil Servants in the **Bureau of International Organization Affairs** (IO) work with regional bureaus, the U.S. Ambassador to the United Nations, and the United Nations to design, negotiate, and implement global sanctions programs that advance U.S. foreign policy interests ranging from nuclear proliferation to combating terrorism to fighting civil wars in Africa.
- Civil Service employees in USAID's **Bureau of Democracy, Conflict, and Humanitarian Assistance** helped plan and oversee the distribution of more than two million tons of food aid to malnourished children and families in 50 countries, and supported research, training and sharing of best practices among development professionals on how to structure aid programs to address and mitigate the causes and consequences of instability and violent conflict. In the aftermath of the Haiti earthquake, they led humanitarian response efforts that provided assistance for two million Haitians.

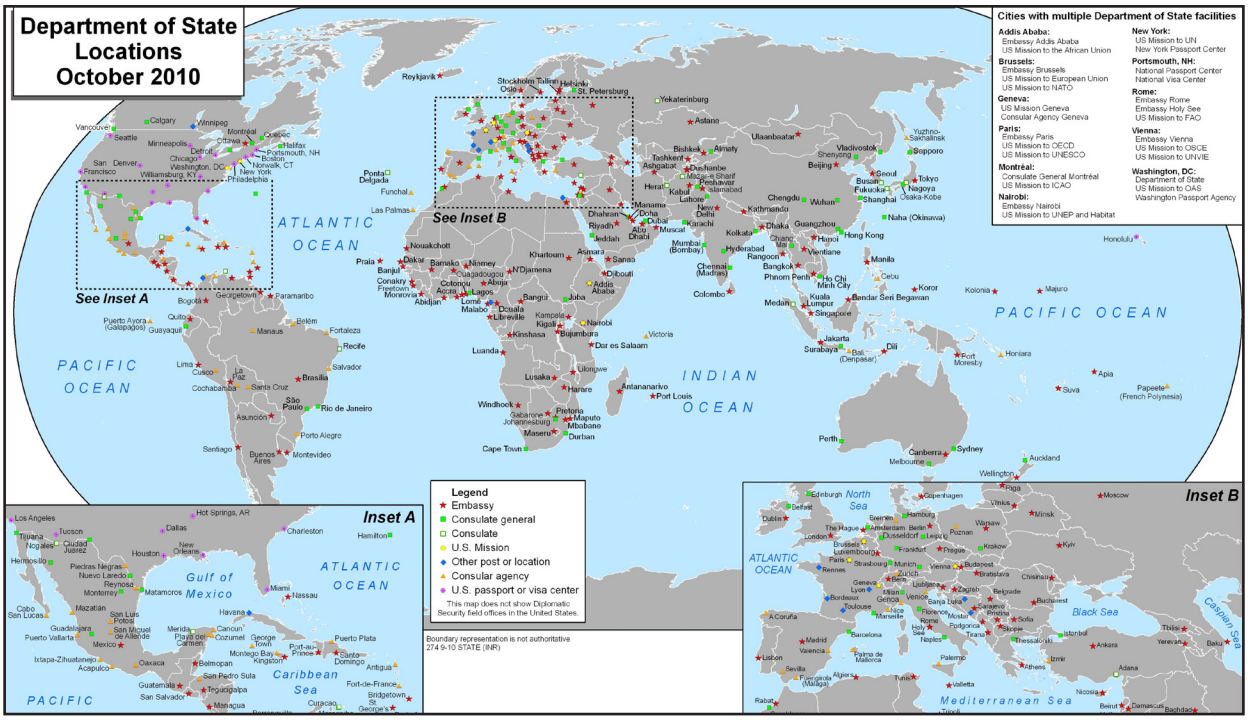
- **Prepare "surge" hires to assume mid-level responsibilities.** At State, entry-level Foreign Service personnel today are entering the Service with an average of 11 years of prior work experience. Foreign Service personnel with significant prior experience who were brought on as part of the expanded hiring that began in 2009 will be called upon to take on supervisory and other mid-level responsibilities relatively early in their careers. To give them the support they need to be effective managers, we will seek resources as necessary to expand our Foreign Service mentoring program, drawing on elements of the existing Civil Service program with proven track records. We will expand use of technology and long-distance mentoring to develop and share mentoring best practices and distribute guides for mentors and mentees. We will also pilot a new regionally based program for first-time supervisors that combines classroom training with a dedicated mentor who follows participants for months following training to help them put lessons into practice. If successful, we will seek to expand this offering to all regions.

4. Recruiting and Retaining Highly Skilled Locally Employed (LE) Staff

Both State and USAID benefit from the service of a large and dedicated cadre of Locally Employed Staff (State) or Foreign Service Nationals (USAID) at our embassies and missions around the world. These employees, numbering some 47,000, provide critical technical expertise, host-country knowledge, and administrative support in the field. Since 2002, Locally Employed Staff with expertise in universal mission-management skills, including financial management, general services, human resources, and consular affairs, have helped stand up U.S. Missions in Iraq, Afghanistan, and other challenging posts, and have helped to train and mentor new staff around the world.

USAID has increasingly used highly qualified Foreign Service Nationals to support program management and operations in critical priority countries and is expanding these efforts through both a fellowship program in Washington and the establishment of a Senior Advisory Corps that can provide temporary services and support to missions outside their home country. USAID relies upon its locally employed professional cadre to manage large development programs and in some cases to represent USAID and advise senior host-country government officials on technical development policies and reforms.

As State and USAID seek to engage with a wider array of local actors and to operate more flexibly beyond mission walls, our ability to recruit, retain, and deploy highly qualified local employees will be increasingly critical to our success. To this end, we will:



Department of State and USAID Presence

- **Establish a new Senior Locally Employed Staff cadre.** To ensure that we maximize the talent available to us to undertake the highest level of professional work, we will establish a new category of "supergrades" available to Locally Employed Staff to provide agencies with senior capabilities not currently available. This cadre would be limited to no more than 5 percent of an agency's total Locally Employed Staff. Posts will prepare position descriptions upon the request of agency heads and then submit them to Washington where they will be reviewed and validated. Given the special nature of these positions, compensation levels will be established individually for each position using a methodology parallel to that used for Exception Rates and based upon the updated compensation process outlined below.

- **Ensure our compensation and benefits plans reflect local labor markets.** Local Compensation Plans, developed in each overseas Mission, form the legal basis for all compensation payments to Locally Employed Staff. In developing local compensation plans, the benchmark used to establish levels and types of benefits is "prevailing practice" in accordance with the Foreign Service Act. As part of the QDDR implementation, USAID and State will update their means for determining prevailing practice in line with private sector best practices and

implement a strategy to improve communication with posts and employees on compensation and benefits. We will coordinate with other agencies (e.g., Millennium Challenge Corporation, Centers for Disease Control and Prevention and the U.S. Department of Agriculture) who also utilize Locally Employed Staff.

Our Foreign Service Nationals:

In addition to Foreign Service and Civil Service employees, USAID depends on the dedication of thousands of Foreign Service Nationals (FSNs), citizens of the countries where USAID works who do everything from interpreting local languages to managing USAID's programs on the ground. FSNs bring critical local knowledge, connections, and subject matter expertise to enable USAID's work.

In **Guatemala,** for example, one of USAID's senior Foreign Service Nationals, an expert in health programs, successfully negotiated with Guatemalan health officials to implement a strategy to increase immunization rates in children and infants. This same Foreign Service National has also worked side by side with the Guatemalan Ministry of Health to design and implement innovative strategies to reduce maternal mortality.

In **Afghanistan,** Foreign Service Nationals oversee project implementation across the full range of USAID's portfolio—working every day to advance stability and development despite a dangerous and often personally risky security environment. The Foreign Service National Program Manager of USAID's Community Development Program, for example, coordinates project activities worth more than $364 million through a network of other Foreign Service Nationals across the country, many of whom can travel more widely throughout the country than USAID's U.S. personnel. The Program Manager and field staff work with four different implementing partners in 30 Afghan provinces, the broadest geographic scope of any of USAID's projects in Afghanistan.

5. Training Our People for 21st-Century Missions

As we ask our people to take on new tasks and new responsibilities, we must ensure they have the skills they need for success. We must unlock and encourage innovation and entrepreneurship so that our personnel can find creative ways to continue to develop new partnerships, to advance multilateral and regional initiatives, to create whole-of-government solutions through better engagement and coordination with other U.S. government agencies, and to become more effective operators in the field. To succeed in these endeav-

ors, we must improve the training available to all of our personnel—Foreign Service, Civil Service, and Locally Employed Staff/Foreign Service Nationals. We must strengthen the training culture at State and USAID, through increased formal classroom training, distance learning, on-the-job training, and mentoring.

At present, formal training at State and USAID is often assignment-driven, focused on the specific set of skills—such as foreign language ability and tradecraft—needed for an individual's next assignment. While the Foreign Service Institute (FSI) offers a broad leadership and policy curriculum in addition to language and tradecraft, staffing gaps continue to make it difficult to take essential personnel "off-line" for this type of training. Few incentives exist to ensure that time spent in professional training is career enhancing.

State has launched a strategic review of our approach to language training that will become an integral part of our comprehensive training review. This review will focus on long-term language requirements, recruiting for languages, designating language positions overseas and developing, managing, and sustaining language capability in the Department. But as the new demands on and missions for our personnel articulated through the QDDR suggest, additional sets of skills are also required to advance U.S. interests and priorities in the 21st century. We must strengthen training across the board in such areas as democratic governance and human rights; economic growth, energy and environment; gender integration; conflict prevention, stabilization, and response; innovation and technology; and program management. State and USAID personnel also need to be better equipped with the tools of global engagement, including multilateral and regional affairs, community engagement, public-private partnerships, and public diplomacy. To this end, we will:

- **Expand the training complement.** Building training into career tracks requires increased resources and high-level commitment to ensure employees have the time to pursue periodic and long-term training. For our personnel to be successful, they must have the space, the time, and the incentives to make training a critical part of their careers. The U.S. military's approach to training and continuing education recognizes and reflects this fact. State and USAID's approach must do the same:

    - To ensure that the long-term objective of training is not compromised by short-term staffing needs, we must continue to *build the personnel ranks* at State and USAID so that training can become a larger part of our staffing models.

- In the near term, the Foreign Service Institute will develop a strategy and identify the required resources to identify and *manage a larger training complement* of Foreign Service Officers to enable State and USAID employees to do longer-term language and skills training assignments.

- **Tie training to promotion.** To ensure that personnel are recognized and rewarded for developing new skill sets, as resources permit training and detail assignments will be included in the Foreign Service Promotion Core Precepts, and be considered in promotions.

- **Support cross-training at State and USAID.** State and USAID officers must speak each others' language and understand the basic components and objectives of each others' work. Building collaborative training platforms will enhance State and USAID's ability to work together and within the interagency. The Foreign Service Institute provides a robust training platform for State and other U.S. government agencies.

  The Foreign Service Institute is already designated the first-choice for all USAID language training. Where emerging training needs of State and USAID require new course development, FSI and USAID will work together to leverage FSI's training expertise to develop new courses, thus both avoiding costly duplication and increasing understanding of each agency's mission. USAID and the Foreign Service Institute will conclude a framework agreement to strengthen collaborative training and staff-development efforts, including joint development of distance learning and shared expertise in respective areas of strength. For overseas training, USAID and State can, where appropriate, take advantage of regional training centers in Bangkok, Charleston, Fort Lauderdale, and Frankfurt to develop joint training programs for locally engaged staff from both agencies where job requirements are similar.

- **Increase rotational assignments to other agencies and from other agencies to State and USAID.** As noted throughout the QDDR, our training must focus more on how to engage and coordinate other agencies as well as ensure their representatives are effectively integrated into a Mission's Country Team. To foster these skills, we will increase rotational assignments to and where possible from other agencies at all levels in both State and USAID.

- **Strengthen management training.** In order to get the best out of our workforce we need talented supervisors and managers who can lead and guide our workforce and enable employees to realize their full potential. We also need a new management orientation that better draws on the resources of other agencies and results in more effective coordination in Washington and the field. To that end, we will:

  - *Improve performance management* at both State and USAID by expanding and enforcing mandatory supervisory and leadership training, holding employees more accountable for evaluating personnel, and streamlining our performance evaluation process.

  - *Create a regional position(s) to train and mentor* first-time State supervisors and provide central funding for regional supervisory training at State.

  - *Expand training resources and opportunities* for Foreign Service supervisors of Civil Service employees at both State and USAID.

  - Endorse the soon-to-be-launched expansion of the USAID *program to prepare experienced officers to become Mission Directors,* through intensive course study comprised of eLearning and instructor-led classroom training.

- **Launch a Development Studies Program.** USAID will launch a state-of-the art Development Studies Program to examine the mechanisms, tools, opportunities, and challenges for development in the 21st century. The original Development Studies Program was a demanding 7-9 week state-of-the-art program aimed at mid-career personnel. The program prepared our best personnel for senior leadership by exposing them to the latest development theory and training. The new program will be expanded to cover junior, mid-career, and senior-level Foreign Service and select Civil Service and Locally Employed Staff/Foreign Service Nationals employees. To better improve State support and understanding of development objectives and concepts, the Development Studies Program will also include State personnel assigned to missions with significant development focus. USAID will also open the program to personnel from the Department of Defense and other appropriate U.S. government agencies and NGOs, as space allows.

- **Interagency training across the U.S. government.** We will also work with the Department of Defense and other agencies to leverage their capabilities and

expertise as we train our personnel both to work with these agencies and to work in difficult environments. In addition, the President has directed the National Security Staff to reinvigorate the National Security Professional Development program initiated with May 2007 Executive Order 13434. Currently 19 executive departments participate in the National Security Staff-led effort to define and draft a strategy to guide a National Security Professional Development program.

6. Aligning Incentives and Recognizing Performance

Having the right staffing and skills profile is only part of the formula for success at any organization; motivating employees to give their best and see value in expanding their expertise are also essential. Building a motivated workforce is a function of offering them well-defined career paths, appropriately managing and rewarding their performance, and encouraging them to take risks and pursue innovative approaches to their work. State and USAID's success in meeting 21st-century challenges depends on our doing better in all of these areas. To improve overall performance management at both State and USAID, we will:

- **Recognize and reward innovation. Innovation is informed risk-taking.** Both State and USAID will inaugurate an annual Innovation Award that demonstrates how entrepreneurial behavior often involves initial setbacks, willingness to adapt, and persistence in order to succeed. We will incorporate in all reviews of lessons learned at State and USAID a focus on failures as well as successes, to recognize the important lessons from such failures and to ensure that prudent risk taking, even if not ultimately successful, does not carry negative stigma.

- **Reward innovation and entrepreneurship in senior leadership posts.** Our Ambassadors and their Mission Directors manage our people, facilities, and programs in country. They set the tone and expectations not only for State and USAID personnel, but the range of U.S. government actors and agencies that fall under Chief of Mission authority. Their role in effectuating the changes described in this Report cannot be overstated. We will begin our efforts by recommending leaders for these positions that embody the qualities and skills necessary to meet the challenges and opportunities described in the QDDR. To this end, senior USAID personnel should also have more opportunities to serve as Deputy Chiefs of Mission and Chiefs of Mission.

- **Align performance tools with new skills and priorities.** The Foreign Service career development program (CDP) was put in place several years ago to chart

expectations for employees' skills and experience as they move through the ranks. It has served as a critical career planning and development tool, especially for new hires. We will amend the CDP to integrate the new skills and priorities identified in the QDDR. These skills will also be incorporated into the CDP for the Civil Service, to be developed pursuant to this Report. In addition, State and USAID will revise the Core Foreign Service Promotion Precepts to account for these qualities and skills.

II. MANAGING CONTRACTING AND PROCUREMENT TO BETTER ACHIEVE OUR MISSIONS

The way in which USAID and State pursue their missions has changed significantly over the last decade. Much of what used to be the exclusive work of government has been sourced to private actors, both for-profit and not-for-profit. As responsibilities mounted, obligations in frontline states expanded, and staffing levels stagnated, State and USAID increasingly came to rely on outsourcing. Contracts with and grants to private entities often represent the default option to fill growing needs. And these contracts and grants themselves have become high-profile instruments of U.S. diplomacy and development.

The risks of outsourcing have come under scrutiny in recent years, especially where the work is done beyond America's borders. Waste, fraud, and abuse are more difficult to contain, especially in conflict zones and local environments that may not comport with our standards of accountability. At the same time, the use of grants and contracts has benefits. Outsourcing certain functions can facilitate innovation, efficiency, and flexibility in government operations. And given the realities of modern-day global diplomatic and development operations, outsourcing will continue to play a central role as we move forward. Our goal should be to balance the risks and benefits through contracting and procurement policies that serve the interests of the American people, maximize efficiency, and produce measurable results toward our policy priorities. With this in mind, we evaluated our use of contracting and procurement through the lens of three strategic objectives.

First, State and USAID seek to balance the workforce and improve oversight and accountability. We need to restore government capacity in mission-critical areas while harnessing the energy and initiative of the private sector and non-profit community to provide expertise, supplemental capacity, innovation, and efficiency. While the need to expand government capacity in the right places is a recurrent theme of the QDDR, simply in-sourcing whatever is easiest to in-source will not address the workforce balance and oversight challenges.

The starting point for recalibrating the balance of the workforce is determining what functions must be conducted by government employees and what functions can be carried out by non-government entities working on behalf of and under the direction of government. First, we must ensure that work that is critical to carrying out our core missions is appropriately resourced by direct hire personnel. Next, after sufficient internal core capacity exists to ensure mission control and appropriate oversight, we must conduct a cost and efficiency analysis to determine whether government personnel or contractors should perform other required work. Finally, for functions that we decide to outsource, we must match a well-structured contract with the most effective contract administration tools in order to achieve accountability for performance and results.

Second, State and USAID seek to enhance competition for our contracts and broaden the partner base. When we decide to outsource the implementation of our programs, the scope of the work is often complex in nature. The formidable requirements written into these contract solicitations often result in only a small group of large global contractors bidding on and winning the awards. With reduced competition comes diminished incentives for high performance, efficiency, and innovation. By expanding the pool of bidders, we can ensure that the U.S. government receives the best value and most innovative and effective solutions for our program dollars. While both USAID and State have strong records of competition for our procurement actions, we recognize that more active steps must be taken to broaden the base of those who compete for our awards.

Third, USAID seeks to create opportunities to build local development leadership through contracting. Our overwhelming reliance on U.S.-based contractors and implementing partners misses opportunities in many cases to build local capacity so partner countries can sustain further progress on their own. Successful development depends in large part on the efficiency, integrity, and effectiveness with which a country raises, manages, and expends public resources. Improving a country's public financial management system, including public procurement, enables it to manage better public resources. Helping build more robust country systems will also enable greater alignment of donor funds to identify priorities, reduce transaction costs through greater accountability and transparency, facilitate donor alignment around the country's agenda, and enhance the sustainability of results. As donors increasingly plan and disburse funds through a partner country's institutions and systems, they are investing in the country's long-term capacity to manage its development programs. A vibrant and strengthened civil society that monitors performance, encourages transparency, and demands results is a necessary complement to improving country systems. Therefore, we will work to increase the flow of our development dollars to trustworthy and transparent government institutions and local implementing partners.

In each of these three areas, we have developed a series of reforms to our contracting and procurement practices that will empower us to advance more effectively our development and diplomacy missions.

1. Balance Our Workforces and Improve Oversight and Accountability

The use and management of outsourcing must be driven by our policy objectives and strategic intent, not by scarcity of in-house expertise. We will work to ensure that State and USAID have the appropriate mix of direct-hire personnel and contractors so that the U.S. government is setting the priorities and making the key policy decisions. We will also leverage the experience and expertise available from other U.S. government agencies. And when we choose to outsource a function, we must ensure that we are managing the performance of the contract for results. In support of these objectives, State and USAID will:

- **In-source positions more appropriately performed by direct-hire personnel.** Creating a more balanced workforce at State and USAID is necessary to ensure that both agencies are supported, not supplanted by contractors. To this end, State will build on the results of its Office of Management and Budget pilot projects, which developed a framework that will be replicated in other bureaus within the Department. The framework identifies which functions are inherently governmental, critical, or essential to the mission of each organization. In our pilots conducted within two select offices from one regional and one functional bureau, we identified nearly a quarter of the contractor workforce performing work that was closely associated with inherently governmental or mission-critical functions. We also found that another 10 percent should be in-sourced for cost efficiencies. The average estimated cost savings in these pilots was $33,000 per position.

  - *Build direct-hire capabilities in specific State bureaus.* Using the framework developed in these pilots, State is moving forward to build internal direct hire capabilities in two large bureaus: the International Narcotics and Law Enforcement Affairs (INL) and Information Resource Management (IRM) bureaus. Given the importance of security sector assistance to State's mission and the fact that INL's current workforce comprises only five percent direct hire State employees, rebalancing is necessary. INL is already enhancing its control over police training in Iraq, where one quarter of the advisors deployed as part of our police training program will be direct-hire project managers. Within IRM, a close examination of effectiveness and efficiency is needed due

to a longstanding reliance on contractors. An initial inventory found that approximately 120 positions may need to be converted to in-house positions due to the critical nature of the function being performed. An in-depth assessment and cost analysis will be conducted within both bureaus to develop the appropriate workforce balance and expertise.

- *Increase direct hire staff at USAID.* Over the past two decades at USAID, program budgets increased much more rapidly than operating expense budgets. Since direct hires were funded with operating expenses, USAID turned to funding an increasing number of contractors with program funds to perform mission critical functions. To address this imbalance, USAID will build on a pilot assessment of institutional support contractors within the office of the Chief Information Officer. That pilot indicated the need to hire staff directly, rather than rely on outsourcing, for approximately 30 percent of the 420 contracting positions in the office. This pilot assessment will serve as the basis for similar assessments of all USAID offices in Washington and will identify any funding, position approval, or facility constraints involved. As the assessments are completed, we anticipate significant increases in direct hire staff will be required at USAID to assure balance of control and reestablish core competencies.

- *Leverage internal direct-hire capacity in the interagency.* As described in Chapter 2, if State and USAID do not have the core internal capability to perform a function overseas, we will enter into interagency agreements, consistent with existing law, to draw on the skills, expertise and personnel of other federal agencies before turning to contractors where State determines that building in-house government capability or promoting bilateral working relationships furthers our foreign policy priorities. For example, in Iraq we are working side-by-side with our colleagues at the Department of Justice to develop an integrated criminal justice program that deploys U.S. government employees to train the Iraqis on specialized investigatory skills, rule of law, and judicial security.

- *Increase the number of contract oversight personnel.* While the use of contracting has grown, the number of people trained in and responsible for contract management and oversight has languished. These dual trends have resulted in reliance on fewer, larger awards that cover a broad range of activities, with less

oversight. A key goal of the balanced workforce assessments will be to enhance contract oversight personnel within both State and USAID moving forward.

- **Elevate the role and improve the performance of contracting officers and oversight personnel.** Effective contract planning, management, and oversight depends upon motivated and well-trained State and USAID staff who have the skill sets and resources to appropriately evaluate contracting plans and their alignment with mission objectives. The need for greater understanding of and expertise in these critical tasks applies both to designated oversight personnel and to the senior management who bear ultimate responsibility for the implementation of our programs and policies. Accordingly, State and USAID will:

  - *Elevate the status of contract oversight personnel* to reflect the critical functions of contract oversight and management professionals and incentivize their commitment. Both agencies will establish clearer career paths, increase the visibility of contract management positions, and increase incentives or rewards within such career paths to elevate the stature and importance of these functions.

  - *Link oversight duties to performance evaluation* by incorporating them as a core element of employees' work objectives where applicable.

  - *Tailor and expand training and certification to incorporate field examples and experience-based training,* including an emphasis on appreciation for local customs and business conduct.

- **Establish a budget mechanism to fund contracting needs at USAID.** Since early 2008, State's acquisition office has utilized a one-percent procurement surcharge to increase staffing and training for contract management. This surcharge has allowed State to deploy resources to create greater efficiencies through a number of innovations, including: forming specialized teams to negotiate and administer certain complex types of contracts, such as those for embassy local guard forces; negotiating service level agreements with its largest in-house customers; expanding use of the reverse auction process; and strategically sourcing for office supplies and courier services. USAID will pursue congressional authority to establish a one-percent working capital fund similar to the existing model at State. This authority would allow USAID for the first time to use program funds to implement procurement reform; improve its acquisition and

assistance services to bureaus, offices, and missions; increase strategic sourcing of supplies and services; and realign its work capacity to match evolving Agency policy and priorities.

- **Drive efficiencies through more fixed price contracts.** Because of the difficult operating environments in which USAID and its implementing partners work, contracts have often been designed as cost reimbursable, which allows for flexibility to meet changing conditions on the ground, such as unexpected delays or fluctuating currency rates. This type of contract, however, can place the burden and performance risk on the U.S. government. Minimizing the use of cost-reimbursement contracts and relying more on fixed-price contracts can help reduce the amount of resources and time devoted to contract administration by the U.S. government, thereby freeing up contract oversight resources. As part of its USAID Forward procurement reform effort, USAID has set three-year and five-year targets to increase the percentage of fixed price contracts for commodities, equipment and other types of contracts. Further, USAID will decrease the use of certain procurement methods that OMB has classified as "high risk" (e.g., large indefinite quantity contracts and sole source contracts) when more cost effective contract alternatives are available (e.g., single award contracts that ensure both more continuous competition and more entry points for potential private sector partners).

- **Elevate accountability for planning and oversight of large contracts.** Procurement planning focuses on soliciting, evaluating, negotiating, and awarding contracts. Many contracts are well into their performance phase before an adequate contract administration strategy is established or resources for contract administration are identified. Contract administration planning must take place at program inception. Sufficient resources for contractor oversight, support, travel, communications, and other appropriate resources will be identified and included as part of the contracting process itself. Each Assistant Secretary at State will be required to certify personally that program planning and oversight is adequate for every service contract valued at an annual expenditure of $25 million or more. Assistant Secretaries will verify in their annual management control statements that they have reviewed implementation plans and oversight arrangements for these contracts and have judged the oversight to be sufficient.

- **Enhance and improve private security contractor oversight and accountability.** State uses private security contractors to help meet the extraordinary security

requirements in critical threat and non-permissive environments. Through operational changes already implemented and an examination conducted as part of the QDDR, State is ensuring proper management, oversight, and operational control of the private security contractors we deploy overseas. We institutionalized many of these changes through the new Worldwide Protective Services contract awarded in September 2010, which incorporates lessons learned to ensure that private security contractors perform their requirements in a professional, responsible, culturally sensitive, and cost effective manner. Specific steps we have taken include:

- *Ensuring professionalism and responsibility* through improved direct oversight of security contractor personnel:
  - Direct hire Diplomatic Security personnel directly supervise protective motorcades;
  - Diplomatic Security personnel reside at off-site residential camps in Afghanistan;
  - Revised mission firearms policies strengthen rules on the use of force and new less-than-lethal equipment fielded to minimize the need for deadly force; and
  - Video recording systems and tracking systems installed in vehicles.
- *Improving the image of the security footprint* through enhanced cultural sensitivity:
  - Mandatory cultural awareness training for all security contractors prior to deployment to Iraq and Afghanistan;
  - Revised standards of conduct, including a ban on alcohol; and
  - Interpreters included in protective security details.
- *Achieving greater efficiencies* through new contract terms:

- One set of terms and conditions, enhancing the ability to provide appropriate and consistent oversight;
- Reduced acquisition timelines;
- Larger number of qualified base contract holders, thereby increasing competition and controlling costs;
- Timely options in the event a company fails to perform;
- More efficient program management compared to multiple, stand-alone contracts; and
- Computerized tracking of contractor personnel to aid in reviewing personnel rosters used to support labor invoices.

2. Increase Competition and Broaden our Partner Base

Expanding the number of potential implementing partners can lead to more favorable pricing and improved quality of procured goods and services. It also increases the accountability of our contractors and partners through healthy levels of competition and helps the U.S. government access innovative solutions that new partners may be able to offer. While both USAID and State have strong records of competition for our procurement actions, we recognize that more active steps must be taken to broaden the base of those who compete for State and for USAID's acquisition and assistance awards. In support of this objective, State and USAID will:

- **Use smaller and more focused awards for USAID.** At USAID, the tendency to package needs into large contracts is a result of increasing levels of program funding, reduced project design and acquisition planning staff availability, untimely allocations of funds, an overly complex procurement system, and limited ability to adapt procurement mechanisms to developing country environments. Large contracts have also been the path of least resistance when in-house staffing shortages have grown acute. However, large contracts that combine a number of program components under one award can make it difficult for small businesses or local firms to compete. The participation of small/local businesses in an award competition can also be limited by the diversity, size, or specialized nature of the elements of the performance specified in the contract request; the aggregate

dollar value of the anticipated award; and the geographical dispersion of contract performance sites. USAID has established a formal Board for Acquisition and Assistance Reform, with the mission of restructuring larger procurements to be more manageable, more inclusive of new and smaller partners, and better designed to meet USAID development goals. Through this process and other steps, USAID will reduce the use of large Indefinite Quantity Contracts and Leader with Associate awards in favor of smaller, more targeted awards and fixed-price contracts/grants. The goal is to decrease both the number and dollar value of large pre-competed contracts and grants, and increase the number of full and open competitive contracts and grants.

Development Innovation Ventures

The new Development Innovation Ventures (DIV) program is an example of how USAID is using smaller and more targeted awards to create innovative and scalable solutions to core development challenges. Borrowing from the private venture capital model, DIV seeks ideas from inside and outside USAID to invest resources in promising high-risk, high-return projects. One such project launched in India supports women in rural areas who act as health educators in their communities. Dimagi Inc. is a Massachusetts-based company that has spent the last two and a half years developing a software platform for mobile phones to allow health care workers to collect data, monitor the health of new mothers, and log household visits. With funding through DIV, Dimagi is embarking on a pilot program to support health educators in India's Uttar Pradesh province with its CommCare mobile software. Success of this program could offer help to community health workers around the world.

- **Increase small and disadvantaged business participation in foreign assistance contracting.** State and USAID are often perceived as closed shops where the same U.S. firms and NGOs repeatedly receive awards. Working more with small businesses—including disadvantaged, women, veteran, and minority-owned businesses—and using appropriate-sized awards or more suitable mechanisms for them, can allow State and USAID to expand their partner base. Small organizations or firms often receive one USAID award and then continue to grow into medium-sized partners that can compete more successfully alongside larger and more established contractors. Contracting officers must be careful to consider what award size is appropriate for both small and medium-sized firms so as not to put firms at jeopardy of failing to manage U.S. taxpayer funds effectively.

- *At State:* When existing contracts are fulfilled and come up for renewal and new bids are sought, State will seek to separate work into more discrete pieces that will be amenable to small, disadvantaged, women, veteran, and minority-owned businesses and newer implementing partners. This practice will not only support the American ideal of promoting small business, but should also build smaller businesses so that we will increase the pool of bidders on the larger and more complex programs over time. Special focus has already been applied to the Civilian Police and the African Peacekeeping programs. The Small and Disadvantaged Business Unit will be actively engaged in these reviews moving forward.

- *At USAID:* USAID will increase the number of awards reserved for U.S.-based small, disadvantaged, women, veteran, and monority-owned businesses; enhance access to its awards by aggressively simplifying and streamlining grant and contract solicitation documents, award eligibility requirements and contract management/reporting rules; ensure that prime contractors and grantees provide more sub-grants or sub-contracts to small and start-up NGOs and small and disadvantaged businesses—including for substantive and technical components of programs, not just administrative ones; and increase the number of prime contract awards and percentage of total dollars obligated to U.S.-based small and disadvantaged businesses. USAID has set three-year and five-year targets to meet this objective.

3. Build Local Development Leadership

Our goal is to create the conditions over time in which developing country partners will no longer need our assistance. That goal can only be realized if the assistance we deliver strengthens the local actors and institutions that are ultimately responsible for transforming their countries. In support of this objective, USAID will:

- **Increase our use of reliable partner country systems.** We will increase our use of reliable partner country systems and institutions that meet fiduciary standards and, where needed, enhance our governance programs to provide support in strengthening public accountability. USAID uses direct and indirect program funds to strengthen partner-country public institutions and systems. In FY 2009 USAID obligated less than 10 percent of its program funds for direct support for partner country capacity. The vast majority of this funding went to only four

country governments that each received over $200 million. In order to increase the use of partner country systems, USAID will:

- *Develop and apply an assessment tool* of partner country public financial and procurement systems;

- *Develop guidance* on the amount of funds that can be conveyed through partner country systems based on such assessments; and

- *Strengthen governance programs* and provide capacity-building support, especially in public financial management and procurement, to partner countries that make a commitment to improving their systems.

- **Strengthen local civil society and private sector capacity.** USAID will expand our direct engagement with indigenous organizations by materially increasing the percentage of total funding conveyed through direct local grants and contracts, as well as increasing the absolute numbers of such benefiting organizations. To this end, USAID is deploying specialized teams to provide hands-on support to local entities in order to strengthen their financial and technical capabilities to help them both meet U.S. government requirements and to compete in the global marketplace. Importantly, these teams will be dedicating regular Foreign Service tours of duty to performing this targeted, capacity-building, work. Achieving these targets will require streamlining and simplifying our procurement processes to reduce the burdens currently placed on our employees and implementing partners alike. To the maximum extent possible, we will use scarce human and financial resources to build sustainable capacity in the countries we serve.

- *Strengthen cooperation with other donors on procurement practices:* State and USAID will strengthen our collaboration and partnerships with other governments and donors on procurement issues. In particular, we will work to harmonize our planning, procurement, and oversight systems with other governments and multilateral donors to increase efficiencies to align our efforts and avoid wasteful duplication.

III. PLANNING, BUDGETING AND MEASURING FOR RESULTS

In an increasingly constrained budget environment, it is essential that we have the ability to make sound policy decisions that maximize the impact of our resources. We will ensure this capability through the careful use of three interrelated processes: strategic planning, budgeting, and performance management. Strategic plans—informed by our policy priorities—provide guidance for the development of budgets and, ultimately, for operations. Sound performance management practices enable us to adjust strategy and budgets based on programmatic results and describe our progress to Congress and to the public.

In the last two years, we have made solid progress. The appointment of the first-ever Deputy Secretary of State for Management and Resources has brought greater coherence, efficiency and accountability to the budgeting process, leading to the development of an integrated State (F and RM)/USAID FY 2012 budget request and significantly enhanced transparency and coordination. Earlier in the year State and USAID launched a Streamlining Project to review current planning and reporting processes and develop recommendations to eliminate redundant requirements while maintaining the information necessary for more effective program management. As this Report is written, the Streamlining Project Team is conducting in-depth interviews—both in Washington and in the field—of all users and preparers of State and USAID products. The information gathered from this effort will identify opportunities for significant improvements in efficiency and effectiveness.

Yet while numerous efforts are underway, there is much still to be done. Our current planning processes—a mix of country, program and regional planning efforts—require too much staff time, particularly in the field, and provide too little analytical information in return. Strategic and operational plans are at times redundant or disconnected from policy implementation. At the same time there are gaps. While some areas of programming are the subject of overlapping plans and reviews, others, such as security sector assistance, suffer from insufficient planning and analysis. Overall analytic capacity—especially in Washington—is in constant demand as are clear performance metrics and monitoring and evaluation tools. The result is that too often decision-makers are handicapped in assessing tradeoffs; budget realities and line item decisions end up *driving* policy rather than budgets *supporting* articulated policies, strategies, and plans.

The current system must be streamlined and significantly revised with more efficient mechanisms. *The goal is not to layer new processes on top of current ones.* Rather, we aim to create a seamless, coherent process from planning to budgeting to operations that establishes priorities, translates those priorities into budgets, and provides accountability.

The paragraphs that follow describe our vision for strategic planning, budgeting, and performance management at State and USAID. Some of these changes have already been initiated, others will come together as we prepare the FY 2013 budget request, and still others will come to fruition in the years beyond. Achieving significant reform in the way we plan, budget, and manage performance will not be easy, but it is a necessary step for almost every other recommendation in the QDDR.

This section highlights five significant objectives that will be pursued as part of the implementation of the QDDR:

1. **Elevate and improve strategic planning.** State and USAID must have the tools and talent necessary to plan effectively on a multi-year basis and to link agency, regional, country, and sector plans into a coherent whole using a whole-of-government approach to maximize efficiency and reduce duplication.

2. **Align budgets to planning.** State and USAID must ensure that budgets support strategic priorities and must transition both plans and budgets to multiyear formats.

3. **Create better monitoring and evaluation systems.** State and USAID must strengthen the ways in which information is generated, used, and shared within diplomatic and assistance programs.

4. **Streamline and rationalize planning, budgeting, and performance management.** State and USAID must streamline the various dimensions of planning, budgeting, and performance management into a coherent process that establishes priorities, translates those priorities into budgets, and provides accountability. This effort must include filling gaps in our current systems where planning is executed inconsistently across sectors, or where strategic planning is disconnected from budget formulation and evaluation.

5. **Transition to integrated national security budgeting and planning process.** State and USAID commit to working with Congress, the Office of Management and Budget, the Department of Defense and other agencies to better align the elements of civilian and military programs that operate in synchronization.

1. Strategic Planning: Elevate and improve planning to ensure State and USAID create strategic plans aligned with priorities, resource requests, and fiscal constraints

Sound strategic planning must involve a cycle that includes both top-down prioritization as well as bottom-up information on how best to achieve those priorities. State and USAID are initiating a revised strategic planning and budgeting process that begins with leadership identifying–up front–significant, specific strategic objectives and known resource constraints. The process will then draw on knowledge and experience in the field to help further define priorities and develop tactical plans that focus limited resources on the achievement of those priorities. Striking the optimal balance between top-level guidance and country-based planning is the key to success. Additionally, to ensure a coordinated and synergistic whole-of-government strategy, State and USAID will collaborate at an earlier stage with other civilian agencies to make certain that other agencies' perspectives and expertise are incorporated at all levels of planning.

The current system of planning includes the creation of an overarching strategy—the Joint State/USAID Strategic Plan (JSP), Bureau and Regional Strategic Plans (BSRP), Mission Strategic and Resource Plans (MSRP), and sectoral strategies related to Presidential Initiatives. The JSP is prepared in accordance with the requirements of the Government Performance and Results Act and establishes a high-level strategic framework for State and USAID. While the JSP covers a six-year timeframe it is not linked to, nor does it guide, specific tactical or budget planning processes. Posts, missions, and bureaus currently articulate country and regional goals and make specific budget requests that support the goals articulated in the JSP through the BSRP and the MSRP.

Outlined below are the key components of a revised strategic planning process that builds on the current system and will allow State and USAID to better align priorities, planning, and resource allocation and complement existing program reporting and budgeting. These steps are summarized visually with a graphic further in the document showing how the various aspects of strategic planning are linked.

- **State/USAID Joint Strategic Plan.** The State/USAID Joint Strategic Plan will be guided by senior State and USAID leadership and will reflect their decisions on our highest priorities within current budget constraints. Taking direction from the National Security Strategy, the Presidential Policy Directive on Global Development, other national-level guidance and strategies, and the Secretary's vision, and coordinating as necessary with other interagency stakeholders in

achieving the Administration's top priorities, the JSP will include a statement of key priorities, strategies for achieving those priorities, and the criteria against which results will be measured. The JSP will guide the overall budget process, allowing senior officials to make the necessary decisions and tradeoffs between all of the priorities and requests identified by posts, bureaus, and sector specialists. Most immediately, as part of the implementation of the QDDR the existing Joint Strategic Plan will be revised based on the priorities and strategic guidance contained in this Report. In effect, the QDDR will serve as the basis for the JSP for State and USAID for the timeframe FY2011-2016, with a focus on FY2011-2013.

- **State/USAID strategic priorities guidance.** Under the guidance of the Deputy Secretary for Management and Resources and the USAID Administrator, the State Department's Office of Policy Planning (S/P) and USAID's Bureau of Policy, Planning, and Learning (PPL) with other offices will develop high-level guidance drawn from the Joint Strategic Plan. The strategic priorities guidance will translate the over-arching goals of the JSP and set out multiyear priorities that drive all of our planning processes and influence resource shifts and decisions in the annual budget process. In crafting the priorities guidance, regional and functional bureaus will be consulted to integrate regional priorities as well as issue-specific priorities such as gender, climate change, water, food security, global health, and stabilization programs. Regional plans will be integral elements of the strategic planning process that inform country strategies and budgets.

- **Integrated Country Strategies.** Chiefs of Mission lead the overall management effort at the country level and will be responsible for producing an Integrated Country Strategy involving all U.S. government agencies with programming in country (the MSRP currently serves as the planning tool and vehicle for this purpose). The Integrated Country Strategy will integrate all existing and new country-level planning processes and efforts into one single, multi-year, overarching strategy that encapsulates U.S. government policy priorities, objectives, and the means by which diplomatic engagement, foreign assistance, and other tools will be used to achieve them. Broadly speaking, the Integrated Country Strategy will be comprised of two main components—a diplomatic strategy and foreign assistance strategy.

  - *Country Diplomatic Strategy*. The Country Diplomatic Strategy will map out the country-specific objectives that relate to high-level policy goals and

the broad set of tools that will be brought to bear in achieving them, including policy advocacy, diplomatic and consular engagement, public diplomacy, donor coordination, and participation.

- *Country Foreign Assistance Strategy.* The Country Foreign Assistance Strategy will identify key foreign assistance objectives related to high-level policy goals, key challenges and opportunities, and a comprehensive, coordinated interagency strategy for achieving targeted outcomes. Country Foreign Assistance Strategies will be tailored to disparate needs and circumstances around the globe. In a limited number of countries, the size, scale, and complexity of the foreign assistance portfolio may require a comprehensive effort. For example, in places where security assistance and stabilization efforts dominate U.S. engagement, the nature and character of strategic planning may require the appointment of a *Foreign Assistance Coordinator* to oversee all assistance, under the leadership of the Chief of Mission, and to supervise the development of a multi dimensional comprehensive Foreign Assistance Strategy.

  - *In some countries, the foreign* assistance portfolio is oriented primarily or solely around development assistance. The strategic planning need in these countries is for a comprehensive Country Development Strategy that aligns our efforts with the host government's national development strategy and integrates sector initiative plans such as the Feed the Future or the Global Health Initiative. In these countries, the USAID Mission Director or Regional Mission Director, as appropriate, under the leadership of the Chief of Mission, will be responsible for producing a Country Development Strategy that ties with the broader objectives of the Integrated Country Strategy and harmonizes our development efforts across the U.S. government. (The Country Development Cooperation Strategy (CDCS) currently serves as an example of this planning process but not all development assistance is reflected in the current CDCS).

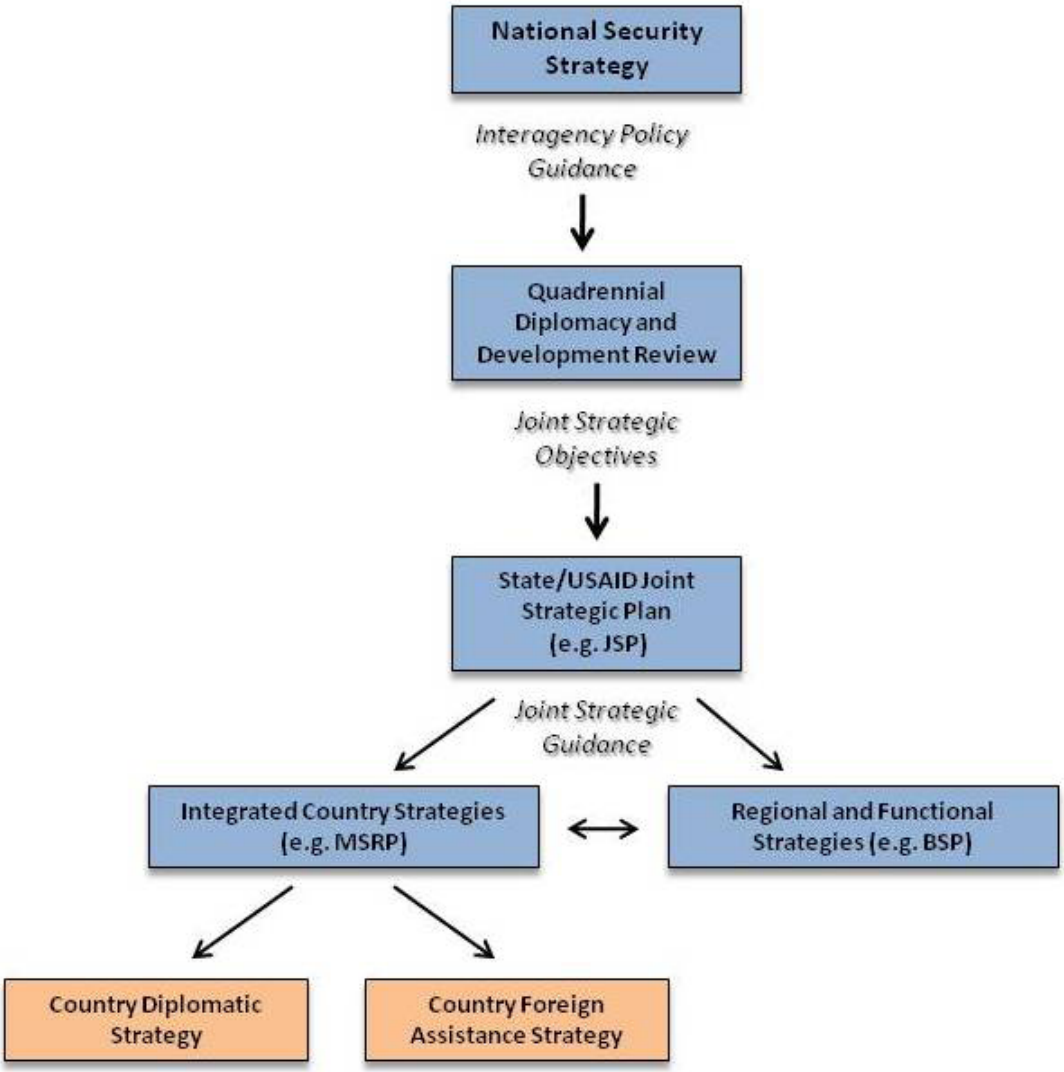
  - In some of these countries as well as others, security sector assistance is a significant, multi-agency undertaking. One strategic planning need in these countries is a *Security and Justice Sector Strategy* that develops the type of comprehensive approach described in Chapter 4 and fits into the broader Foreign Assistance Strategy.

- In a limited number of countries, the size, scale and complexity of the foreign assistance portfolio may require a more comprehensive effort. For example, in places where security assistance and stabilization efforts dominate U.S. engagement, the nature and character of strategic planning may require a multi-dimensional foreign Assistance Strategy overseen by a Foreign Assistance Coordinator, under the leadership of the Chief of Mission. In such environments the Foreign Assistance Strategy would capture the type of comprehensive approach described in Chapter 4 of this report.

- **Regional and functional strategies.** Bureaus and technical disciplines at State and USAID will establish strategies drawing on the Joint State/USAID Strategic Plan (JSP) that articulate priorities within a region or sector and lay out specific tradeoffs necessary to bring resources in alignment with highest potential for impact. In addition, the bureaus play a significant role in assessing the proposed Integrated Country Strategies, evaluating and synthesizing them into full-fledged regional and issue-specific strategies that ensure alignment with high-level priorities, and assessing trade-offs necessary to prioritize. The functional bureau strategies will lead to multiyear strategic plans related to specific sector programs such as stabilization programs, climate change, water, food security, or global health. The regional and functional strategies of the Department of Defense, especially as articulated in COCOM Theater Campaign Plans, provide another venue for enhanced State-USAID-Department of Defense planning. We will seek to improve State and USAID linkages to these Department of Defense planning efforts, especially where beneficial to ensuring harmonization with our Integrated Country Strategies.

- **Gender integration.** Bureaus will continue to be required to include a plan for gender integration as part of their strategic planning and budget proposals that describe how policies and programs will improve gender equality and how such plans will contribute to overall mission objectives. Where possible, these plans will outline what portion of proposed programs target or affect women and girls.

This following graphic depicts the strategic planning model described above, showing the linkages between the various levels of strategic planning.



2. *Align budgets to planning: Ensure that budgets support strategic priorities and transition to multiyear budget cycles*

Planning and budgeting must be integrated so that State and USAID clearly articulate and link priority goals, the strategies to achieve those goals, and the resources required to implement those strategies. To justify the resources we need to carry out our mission in a constrained budget environment, we must show that every dollar advances a well-conceived

strategy that reflects America's core priorities. All levels of strategic planning–agency, functional, regional, and country-level–must guide the formulation of the State/USAID budget. We must also begin to formulate multiyear budgets, to provide transparency to all U.S. Government agencies, other donor nations, and recipients of US foreign aid programs on what resources, subject to Congressional appropriations, can be expected in the future. While requirements, priorities, and budget levels change over time, multiyear budgeting will better enable the Secretary and senior leadership to understand the budget implications of policy decisions and tradeoffs and allow implementers and assistance recipients to plan accordingly.

State and USAID have already taken steps to improve the way we plan for and develop the budget in alignment with our strategic planning. Over the past year we have:

- **Instilled greater discipline** in the internal budget formulation process beginning with the FY 2012 budget by establishing realistic budget parameters for bureaus and offices to make proposals and identify tradeoffs among priorities. State and USAID are also working to improve the transparency of the internal budgeting process and frame policy choices for the USAID Administrator, the Deputy Secretary, and the Secretary on key issues by identifying priority decisions, essential tradeoffs, and possible synergies across programs early in the process.

- **Established a new Office of Budget and Resource Management** (BRM) at USAID to strengthen the Administrator's ability to shape development programs and funding level recommendations. USAID worked closely with State to incorporate development recommendations into the overall FY 2012 foreign assistance budget process managed by the Office of Foreign Assistance Resources (F). The relationship between BRM and F established the foundation upon which USAID will play an enhanced role in the FY 2013 budget cycle, as discussed in Chapter 3.

- **Inaugurated a USAID Country Development Cooperation Strategy** (CDCS) planning process at approximately 25 missions that seeks to expand planning into a multiyear timeframe, producing strategies that concentrate resource priorities and creating greater targeted impacts through coordination with interagency partners. In addition, formation of multiyear diplomatic and development strategies established for the Presidential Initiatives on global health and food security will guide the evidence-based approaches.

Country Development Cooperation Strategies

The President's Global Development Policy calls for a long-term commitment to rebuilding USAID as the U.S. government's lead development agency and strengthening USAID leadership in the formulation of country and sector development strategies. A commitment to multi-year strategic planning, based on strong analysis and an appreciation of the value of explicit priority-setting, is a core component of Administrator Shah's reform agenda.

In 2010, USAID developed a Country Development Cooperation Strategy (CDCS) with Peru. Over the course of three months, USAID led the U.S. Embassy Country Team in Lima through a full U.S. government strategy exercise that saw a dozen other U.S. agencies reaching consensus on a wide range of issues and priorities under the Ambassador's direction. Through meetings with some 200 Peruvian government officials, community leaders, academics, local implementing partners and representatives of other donor nations, USAID then crafted a CDCS document that focused its future investments on two core development objectives: (1) strengthening Peru's stability and capacity to govern effectively and equitably, and (2) strengthening Peru's capacity to manage the environment.

The USAID/Peru CDCS will leverage U.S. government resources to implement Administration priorities such as the Global Climate Change Initiative and procurement reform. The CDCS aims to mitigate global environmental threats, while ensuring that Peru remains on a positive economic and political trajectory. Consistent with the Administration's rigorous commitment to study and improve our work, the CDCS will build monitoring and evaluation components into programs across our work in Peru.

USAID also developed Country Development Cooperation Strategies in Africa, one with Liberia and one with Uganda, which it expects to be finalized by the end of 2010. By mid-2011 USAID plans to have approved CDCSs in additional countries that collectively account for at least 40 percent of the USAID-implemented budget.

Over the next two years State and USAID will take further steps toward significant, long-term improvements in the budget processes. We will:

- **Enhance the budget formulation process to utilize more up-front detail** on program design, expected impacts, and implementation. These key elements of a well-justified budget request will provide better information about how we execute our diplomacy and development missions.

- Work with Congress on ways to streamline procedures to **move appropriated foreign assistance funding into the field faster**, beginning in FY 2011. It should not take State months to allocate funding to operating units, particularly given the short window of opportunity for many resources.

- Continue to **enhance USAID's role in executing the budget for the development programs it manages**. In FY 2011, State will devolve specific responsibilities for managing and implementing the annual budget to USAID. USAID will have significant flexibility in programming resources, while State will retain approval authority over development reprogramming decisions across countries and over certain other high-level programming actions. Moreover, USAID and State will work together to manage development earmarks without the need for formal State Department approval in most cases, allowing increased flexibility to allocate earmarks in ways that support the key objectives defined in country strategies.

- State and USAID will improve their capacities to plan, program, and budget over a **five-year time horizon**, and, starting on a pilot basis in FY 2013, begin formulating multiyear budgets.

3. *Create better monitoring & evaluation systems for evidence based decision making*

Ensuring the effective and efficient use of limited resources is not just about top down strategic management. We must also build and assess our strategies, plans, and budgets based on clear performance metrics and high-quality evaluations. Strengthening the ways in which evidence is generated, used, and shared within diplomatic and development programs represents a fundamental organizational and behavioral change, which we intend to affect through clear guidance and strong incentives. Our approach will account for the fact that not everything that counts can be counted, and that key strategic choices will not be produced mechanistically, but will also reflect values and judgment.

We are already undertaking a review of the performance data we collect and the data we need. The goal is to rationalize data collection and reporting requirements so the costs of data collection, both in terms of dollars and time, correspond to the value of the information obtained. State and USAID have made progress on this front—reforms over the last several years have reduced the number of performance indicators from over 10,000 foreign assistance indicators to approximately 600. As we have cut, we have also rationalized. In

the past, decision-makers could not compare results across programs because the indicators used were devised by the specific program implementers without regard to comparability across programs. Our current common reporting framework of 600 foreign assistance indicators allows decision-makers to compare partners, programs, and countries and respond to stakeholder questions that rely on cross-program data. Six hundred indicators to track foreign assistance, however, are still too many and the indicators focus heavily on common stakeholder questions related to inputs at the expense of information necessary to evaluate outcomes and impact. State and USAID have jointly identified further improvements, including reducing the number of current foreign assistance indicators by 33 percent and incorporating indicators that better assess outcomes achieved. This work will be complete in 2011, in time to inform the FY 2013 planning process.

In order to improve our collective commitment and capacity to generate new data, analysis, and research and evaluation findings throughout the development of strategies and implementation of programs, State and USAID, in collaboration with all U.S. government agencies working globally, will:

- **Strengthen monitoring and evaluation capacity and procedures.** Recognizing that the measurement of achievement of diplomatic and other foreign policy objectives is challenging and often requires customized methods, State and USAID assistance programs should be evaluated under consistent monitoring and evaluation frameworks that ensure the same degree of rigor across agencies and programs. Regardless of the purpose for which funds are used, financial accountability, sound program management, and information about the success or failure of strategies and programs against objectives are necessary for current and future decision-making.

  State and USAID will undertake a series of steps to enhance monitoring and evaluation capacities and procedures, with State adopting or modifying USAID frameworks where appropriate, with the ultimate goal of a shared framework for similar programs with similar objectives across both agencies. Specific actions to be undertaken by State and USAID include:

  - *Establishing consistent indicators* and standard results frameworks based on explicit strategic aims and/or targets for multi-country initiatives, including working with other agencies that have established programs with strong reporting, monitoring, and evaluation frameworks.

- *Investing in the development or strengthening of key data sources*, particularly those data sources that yield findings that are comparable across countries.

- *Reviewing existing indicators in key sectors* and thematic areas and develop new indicators where necessary.

- Developing indicators and *long-term evaluation* systems to measure the impact of programs on women and girls.

- Working collaboratively with *in-country partners* to identify objectives and indicators at the outset of a program.

- Designing and supporting analysis of progress toward *country-level goals*, and the contributions of particular strategies and investments.

- *Designing program evaluation at the time of program design*, and integrating evaluation into program design if and when feasible.

- *Conducting rigorous impact evaluations* to understand better the validity of key micro-level assumptions that underpin large-scale strategies but are not yet supported by strong evidence.

- *Reviewing existing evaluation resources*, guidance, and training at State and USAID and developing annual programs of joint activities, including staff training and seminars, and sharing resources such as evaluation tools and a baseline data warehouse.

In addition to enhancing our monitoring and evaluations capabilities, State and USAID must incorporate analysis and evidence into strategies, budgets, and program design. State and USAID will set high standards for the integration of up-to-date empirical evidence into the development of strategies and programs. Operationally, this means:

- *Senior officials will communicate*—in guidance supporting country and regional strategic planning exercises—their expectation that proposed strategies and programs will seek and apply the best available evidence from research and evaluation findings. In many cases, they will direct that a systematic review of the literature be undertaken to derive key lessons to inform particular decisions.

- *Training programs for State and USAID personnel* will emphasize the value of empirical information for budgeting and decision-making and provide analytic tools, including cost/benefit and cost-effectiveness analysis.

- *Greater engagement with the academic and research community* will be fostered on specialized topics of interest to the development and diplomatic communities.

We recognize the need for a phased approach to implementing this ambitious effort to improve analysis and evidence-based decision-making. We are beginning our efforts in particular sectoral initiatives of policy priority, including the strategic planning process for our food security, global health, and climate initiatives. These initial efforts are aimed at shaping program design in the FY 2011 cycle and strategic resource decisions for the ongoing FY 2012 budget process and FY 2013 budget development.

4. Move toward an integrated national security planning and budgeting process

A key conclusion of the QDDR is that today's challenges demand a comprehensive response that integrates civilian and military power and allows us to deploy these tools in a coordinated and flexible way. In an ideal world, policymakers and lawmakers would be able to see the whole of our national security priorities, look across the capabilities of the entire U.S. government, and make decisions about where resources are required and which tools of America's national security should be used in which circumstances.

AP PHOTO COURTESY OF THE BUREAU OF PUBLIC AFFAIRS

Defense Secretary Robert Gates, left, and Secretary of State Hillary Rodham Clinton hold a joint news conference at NATO headquarters in Brussels, Thursday, Oct. 14, 2010.

This is not the case today. Our interagency national security system remains, in the words of Secretary of Defense Robert Gates, "a hodgepodge of jury-rigged arrangements con-

strained by a dated and complex patchwork of authorities, persistent shortfalls in resources, and unwieldy processes." Despite shared objectives, missions are seen as distinct, plans are developed separately, and budgets are evaluated and appropriated in isolation. These arrangements prevent decision-makers in the Executive Branch and in Congress from utilizing to their fullest potential the mutually reinforcing tools of diplomacy, development, and defense. All too often, choices as to which elements of national power are used in a given situation are driven by where resources can be found, instead of by a clear assessment of the nature of the challenge and the most effective response.

Changing the interagency planning and budgeting process to facilitate whole of government national security solutions is outside the power of any individual executive agency. Yet there are steps State and USAID can take, working closely with the Department of Defense, other relevant agencies, and the Congress, to better align the elements of American power, particularly in places where America's success depends on the synchronization of whole-of-government campaigns.

- **Resourcing changing missions in Iraq and Afghanistan.** Success in Iraq and Afghanistan requires the seamless integration and optimal balance of military and civilian power. Our civilian operational capacity is expanding markedly to meet the requirements of transition in Iraq and the President's strategy in Afghanistan. As the civilian mission grows, resources must shift commensurately.

  - *In Iraq*, we are in the midst of the largest military-to-civilian transition since the Marshall Plan. Our civilian presence is prepared to take the lead, secure the military's gains, and build the institutions necessary for long-term stability. After years of uneven coordination between State and the Department of Defense, the President's decision to draw down our troops in Iraq has prompted the first comprehensive joint State-Defense planning effort. Over the past year, Department of Defense and State have systematically reviewed more than 1,300 tasks the military was performing in Iraq and determined together which activities should be transferred to State, which should go to the Iraqis, and which should sunset as our troops depart. State and Department of Defense FY 2010 Supplemental and FY 2011 budget requests were crafted to support the specific roles and missions jointly agreed to as part of drawdown planning. These requests show that while State will require additional resources to meet its expanded role in the transition to civilian lead in Iraq, the United States will still reap billions of dollars in savings from the drawdown of U.S. forces and commensurate expansion of the civilian role.

- *In Afghanistan*, we have been integrating our civilian and military missions, as well as the requests for resources to fulfill those missions. We have already begun to look ahead to the beginning of the drawdown of U.S. military forces in July 2011 and the transition to Afghan-led security in 2014. The transition process is being planned jointly with the Afghan government, with NATO and other allies, and in conjunction with an integrated U.S. plan for resourcing as transition unfolds. In each transitioning province, civilian departments and agencies will be taking on tasks previously performed by the military. We are drawing on the experience in Iraq to prepare in advance for this process.

As we transition in Iraq and Afghanistan from predominately military to predominately civilian missions, some of the savings accrued from the military drawdown must be reinvested to ensure that our interests are protected and advanced in the years ahead. Investing in civilian operational capacity is the next phase of our strategy, not a separate effort.

- **Establishment of an Overseas Contingency Operations budget**. Roughly one-quarter of the State/USAID budget goes to civilian efforts in three frontline states: Afghanistan, Pakistan, and Iraq. State and USAID resource requirements for these missions are extraordinary given the unique security and political situation, and are likely to be short-term in nature as conditions on the ground change. In these frontline states, investing in civilian operational capacity is as critical to our strategy and ultimately our national security as our military efforts.

  The Department of Defense has traditionally budgeted for the costs of its overseas contingency operations in a separate request from its regular or base budget. In this way, Department of Defense can fund its requirements for contingency operations, which are also extraordinary, with less of an impact on the regular budget. Beginning in FY 2012, State and USAID will propose a State/USAID Overseas Contingency Operations (OCO) account to cover the extraordinary civilian resource requirements in the frontline states and allow State and USAID to respond effectively without undermining American influence and power elsewhere in the world. A State/USAID OCO account will allow the Administration to describe the whole-of-government cost of our missions in Afghanistan, Pakistan, and Iraq, illustrate how civilian and military efforts are mutually supporting, and ultimately facilitate the integration of civilian and military power in contingency operations, thus providing for a more effective and efficient U.S. effort.

- **Pooled funding.** As we work toward comprehensive solutions to the challenges described above, State and USAID will pursue innovative mechanisms to facilitate unified planning and implementation of missions that cut across agencies, programs and budgets, and that require the integration and cohesion of military and civilian power. We are currently exploring the creation of a 3-year joint pilot pooled fund between State, USAID, and Department of Defense for security and justice sector and stabilization assistance.

  The creation of a pooled funding mechanism would provide needed flexibility and resources in situations in which the confluence of several security challenges, such as armed conflict, terrorist activities or organized crime, converge with state fragility. In such circumstances, a coordinated and holistic assistance response across the security and justice sector is necessary, requiring State and USAID to work in complete synchronization with the Department of Justice, Department of Defense, and other agencies.

  Pooled funding would help overcome the limitations of current authorities and resource shortfalls, by allowing for the integration of military and civilian assets in planning and implementing comprehensive assistance programs. In this way, it would facilitate the design of assistance programs based on the comparative advantages of each agency in a particular situation, instead of the current allocation of funding between agencies. Pooled funding would embody the principle of shared responsibility, with a dual key decision model and an interagency staff, through which our agencies would work together to identify requirements and develop programs, taking advantage of the diverse expertise of State, USAID, the Department of Defense, and other agencies.

- **Move toward an integrated national security planning and budget process.** We cannot continue to let our strategies and policies follow piecemeal pots of money and stove-piped authorities. Nor can we demand of our workforce collaboration, agility, and innovation while maintaining planning and budgeting mechanisms that remain independent and out-of-sync. Through the QDDR, State and USAID have begun to work across the interagency and with Congress to accelerate and expand efforts to better coordinate and implement comprehensive, integrated, and fully resourced strategies. Overcoming the fragmentation in strategic planning and budgeting through innovative mechanisms such as joint mission planning, an Overseas Contingency Operations budget, pooled funding and, ultimately, the creation of a unified national security budget process will ensure that all the

components of American power work together to advance our interests in the 21st century. We will commit to working in support of the White House's review of options for more effectively aligning resources across the interagency with the National Security Strategy.

IV. DELIVERING MUTUALLY SUPPORTIVE QUALITY SERVICES AND CAPTURING FURTHER EFFICIENCIES IN THE FIELD

In 2007 State and USAID began the process of consolidating administrative services performed at overseas posts under the International Cooperative Administrative Support Services (ICASS) platform. The QDDR provided an opportunity to examine the successes and challenges to date associated with the ICASS service platform, acknowledging that service consolidation is an area subject to sweeping generalization. Anecdotal evidence would suggest either that every consolidation is deeply problematic with significant decline in service quality accompanied by only minor savings or that consolidations are all successful and lead to net cost savings. Research conducted under the auspices of the QDDR presented a far more nuanced and accurate picture. In fact, for most service consumers, consolidation has had a positive or neutral impact (80 percent of USAID respondents and 97 percent of State respondents surveyed).

However, 16 of the 21 USAID missions surveyed reported that consolidation had a negative impact on at least one service (most often motor pool) and six missions reported a negative impact on one third or more services. The perspectives of the State service provider were very different: only four of twenty-one posts reported a negative impact on at least one service, though again, some missions and posts experienced exceptional difficulties.

The study provided data-driven findings that helped establish the following four keys to success in improving existing consolidation and paving the way for future progress: (1) improving communication on best practices, roles, and responsibilities; (2) recognizing that consolidation has been successful for a majority of services at most co-located posts; (3) incorporating additional flexibilities for USAID in some service areas when necessary to meet USAID mission-critical needs; and (4) addressing individual posts directly where broad service issues exist.

One of the core findings of the studies of consolidation conducted through the QDDR was that, to a large degree, the problems experienced in ICASS consolidation are post-specific. Resolving those challenges requires a high-level group that can quickly and effectively intervene to resolve problems where they do arise. The existing Joint Management Council that addresses consolidation issues was designed to oversee the initial implementation of ICASS but is not

properly structured or designed for troubleshooting and quickly resolving implementation challenges where they arise.

For these reasons, as part of the implementation of the QDDR, we will establish a high-level Administrative Board, initially composed of State and USAID senior officials. The Board's overall goal is to ensure that State and USAID customers of consolidated services receive high quality administrative support that facilitates the achievement of their missions at reasonable cost. The detailed structure and functions of the Joint Management Board (JMB), as the successor to the Joint Management Council, are intended to be more streamlined and effective and provide a strong single voice to both headquarters and field staff.

While acknowledging a constant cycle of improvement is necessary in any core services program, the fundamental success of ICASS in having made progress in consolidating multiple services on a shared platform instruct us to seek further cost savings and improved service quality for State and USAID in other areas, including acceleration of progress in consolidating IT and human resource services, consistent with a business case and process that ensures cost reduction and, at a minimum, service maintenance.

In advance of the published QDDR report, work was already underway to examine the best implementation approach for IT modernization and consolidation in the field. The goal is to invest in service improvements through savings and efficiencies gained by consolidating to a single, flexible IT platform that is capable of supporting collaboration, information sharing, and common business applications, under joint governance using the ICASS cost sharing business model. Assuming the continued pace of progress of the current joint State/USAID Chief Information Officer team, the intention is to have a joint State/USAID recommendation before the end of calendar 2010 that is based on a well-tested business model and objectively developed implementation plan for IT modernization/consolidation.

Chapter 6: *Conclusion*

In this first Quadrennial Diplomacy and Development Review, the Department of State and USAID have set forth a series of reforms and recommendations that will build America's civilian power. State and USAID will adapt to the diplomatic landscape of the 21st century. We will elevate and transform development to deliver results. We will build a civilian conflict and crisis prevention and response capabilities. And we will work smarter to deliver results for the American people.

To integrate all the components of America's power, we must make the "whole-of-government" mantra real. Through the QDDR, State and USAID commit to supporting a true interagency system that brings together all the U.S. agencies active overseas. In so doing we must recognize and embrace the comparative advantages, institutional mandates, and unique contributions of each agency. The theme of interagency collaboration runs throughout all aspects of the QDDR. We will turn to the personnel of other agencies before turning to contractors. We will develop inclusive planning processes. We will prepare our personnel to operate effectively in the interagency through training and detail assignments. We will develop with agency partners a response framework that outlines interagency roles and responsibilities and procedures for planning and responding to crisis. We will build an integrated security and justice sector assistance workforce and commit to coordinated program formulation and implementation. And we will work with the White House, our interagency partners, and Congress toward aligning national security resources with national security missions through a proposed national security budget process. Through this interagency collaboration we will deliver the integrated power America needs to lead in the world today.

Through the QDDR we have looked ahead at the changing context of U.S. foreign policy, we have assessed ourselves and our capabilities, we have developed recommendations for reform, and we have made tough choices. That process alone has already paid significant dividends by helping State and USAID better understand one another and work better together, by clarifying our roles and missions, and by giving us a vision of change for the road ahead. Ultimately, however the reforms and recommendations presented in the QDDR are only as good as their implementation.

Boys gaze out at the horizon in El Fasher, Sudan.

Our efforts have drawn on many reports that have come before—both from within and outside the government. Those reports and the processes that led to them have informed our thinking and often confirmed our analysis of the challenges we face. Yet all too often those reports have lain dormant on the bookshelves of offices across Washington. Given the pressing challenges facing the United States today and the urgent need to build America's civilian power, we cannot and will not allow the QDDR to collect dust.

The QDDR is an ongoing commitment. It began shortly after President Obama and Secretary Clinton took office. Throughout the process we have not only analyzed and assessed, but have also begun to change. Some of the reforms in the QDDR are already complete: we have launched strategic dialogues with rising powers, we have fundamentally transformed our public diplomacy, and we have changed our budgeting and planning processes. Others are well underway. For example, *USAID Forward,* the program of change that will build USAID into the world's premier development institution—has been launched and is already showing results.

Not everything can be done at once. We will ask Congress to mandate that the QDDR be a quadrennial process as it has done for the Department of Defense and the Quadrennial Homeland Security Review conducted by the Department of Homeland Security. In less than four years time, the process of assessment, analysis, and change will begin again, transforming State and USAID into dynamic learning organizations. That four-year cycle ensures that changes not implemented in this QDDR will be reassessed in the future and implemented over time. While this QDDR has focused mostly on our functional bureaus, the next QDDR should undertake a careful review of structures and processes within all State Department regional bureaus. And while this QDDR has proposed a division of labor between State and USAID to improve humanitarian assistance operations, the next QDDR should review that division of labor based on the experience of the next four years.

Change is hard. It requires vision and vigilance. This report provides the vision of change that will guide State and USAID in the years to come. The Deputy Secretary of State for Manage-

ment and Resources will be tasked with overseeing the implementation of the QDDR and given the staff necessary to get the job done. The Deputy Secretary will be able to directly implement some reforms. Others will serve as budget guidance as bureaus and embassies prepare budget requests for FY2013 and FY2014. Structural changes at State and USAID will ensure that senior leadership has vested interests in implementation. And all of our personnel will do the hard work—often behind the scenes—to turn these recommendations into results.

Change requires resources. Throughout the QDDR, we have recognized the fiscal constraints facing the United States today. We have sought ways to work smarter, to use the resources we have more effectively, and to ensure that every dollar of U.S. taxpayer funds with which we are entrusted delivers results for the security, prosperity and values of the American people. Yet, as President Obama has recognized, America's security depends on building our diplomatic and development capabilities as the "foundation of American strength and influence." Where the reforms we propose require new resources, we will work closely with Congress to secure the resources we need while simultaneously holding ourselves accountable for the results the America people need and expect.

Finally, change requires leadership. Secretary Clinton is committed to ensuring that the reforms in this QDDR are implemented. She will deliver on President Obama's charge to make certain that "America is ready to lead once more."

Appendix 1:
Quadrennial Diplomacy and Development Review Process

Launched by the Secretary Clinton in July 2009, the QDDR was Chaired by Deputy Secretary for Management and Resources Jacob Lew and Co-Chaired by USAID Administrator Rajiv Shah. Executive Director Anne-Marie Slaughter and Chief Operating Officer Karen Hanrahan managed the QDDR process, supported by a core Leadership Team comprised of senior policy, diplomacy, development, and defense advisors from State and USAID, and including detailees from the Department of Defense and the Millennium Challenge Corporation. The Secretary played a direct role in shaping, guiding, and directing the QDDR throughout the processes.

To bring expertise and collaboration to the process, the QDDR Chairs designated senior officials from both State and USAID to serve as co-leaders of five working groups and 12 task forces, described below, that were charged with examining the broad range of capabilities State and USAID require to meet their global objectives. Over 500 personnel from State and USAID participated in these working groups and task forces and many more contributed input and comment through the QDDR's dedicated website, embassy surveys, town halls, and conference calls. An Executive Council, made up of senior State and USAID officials, provided guidance and feedback at transitional phases in the process.

QDDR working groups and task forces held over 120 meetings with congressional staff and representatives from the interagency, academia, the non-governmental community, and the private sector to identify and analyze priorities, challenges, constraints, and recommendations. In addition, some stakeholders formed parallel working groups and/or task forces and prepared written input for the QDDR process and helped guide and shape the final product.

The QDDR drew upon the experiences of other agencies, particularly the Department of Defense, in shaping the Reviews' scope and organization; the Leadership team also reached out to numerous agencies to get relevant feedback at critical points in the process. Finally, the QDDR Team was guided by the Presidential Policy Directive on Development to ensure that findings and recommendations were aligned and complementary.

In **Phase 1** of the process, five working groups, each co-chaired by senior USAID and State leadership, addressed the following issues:

- **Building a Global Architecture of Cooperation** explored the ability of the U.S. government to shape and use international partnerships to address a wide range of global issues and challenges.
- **Leading and Supporting Whole-of-Government Solutions** focused on the institutional roles of State and USAID in implementing interagency approaches to national security and US foreign policy implementation in Washington and in the field.
- **Investing in the Building Blocks of Stronger Societies** explored how to strengthen our development and diplomacy capabilities to achieve development goals in coordination with other donors and institutions, including strengthening local civilian capacity to more effectively promote economic growth, good governance, and security.
- **Preventing and Responding to Crises and Conflict** examined how to build a civilian operational capability and foster a more operational culture across State and USAID for humanitarian, stabilization, and reconstruction missions.
- **Building Operational and Resource Platforms** for examined the planning and budgeting processes, procurement systems, and human resources required to allow State and USAID to fulfill their mandates successfully.

Working Groups submitted their findings to QDDR Chairs at the conclusion of Phase 1 phase in December 2009, which resulted in an Interim Report to the Secretary. That report was provided to the National Security Staff and the interagency for comment and discussion.

Based on the findings of the working groups and comments from the interagency, in **Phase 2** of the process QDDR Chairs established 12 focused task forces, along with a cross-cutting task force on gender integration, to continue analysis and provide recommendations in the following areas:

- **Embassy 2.0** examined our bilateral presence and how to enhance our ability to engage with broader audiences and beyond capitals.
- **Acting Regionally** developed recommendations for more effective regional approaches to global and transnational issues.
- **Multilateral Engagement** examined how to better shape and operate within multilateral institutions.

- **Non-State Partnerships** examined areas for State and USAID coordination in pursuing non-state partnerships to amplify U.S. government diplomatic and development.
- **State/USAID Collaboration** identified principles, structures, and incentives for effective collaboration between State and USAID.
- **Foreign Assistance Effectiveness** developed recommendations for specific mechanisms to facilitate the consistent implementation of aid effectiveness principles throughout foreign assistance programs.
- **Innovation in Development and Diplomacy** examined how to integrate innovation into every aspect of State and USAID's work.
- **Preventing and Responding to Conflict and Instability** developed options for organizing and resourcing State and USAID at headquarters and in the field to prevent and respond to conflict and instability.
- **Human Resource Policies and Practices** developed recommendations to strengthen human resources policies and practices within State and USAID to meet 21st century challenges and opportunities.
- **Contracting and Procurement Reform** examined ways to balance insourcing and outsourcing to achieve foreign assistance objectives.
- **Platforms and Services** developed recommendations for optimizing administrative support services overseas and consolidating management platforms.
- **Strategic Planning, Budgeting, and Accountability for Results** developed recommendations for joint strategic planning, budgeting, and accountability.
- **Gender Integration Task Force** ensured that gender integration was considered throughout the QDDR process. Its members met regularly as a group in addition to participating in each Task Force.

This final Report draws on the findings, reports, and recommendations of the working groups and task forces. Chapters have been carefully vetted within the State Department and USAID; all senior leadership have had the opportunity to provide comment and input to the final document. The Review was submitted to the National Security Staff for interagency review and comment before its public release.

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III. Investing in the Building Blocks of Stronger Societies
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IV. Preventing and Responding to Crises and Conflicts
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Gender Integration Task Force
Co-Leads: Anita Botti and Alexandria Panehal

Appendix 2: *Benchmarks for Transitioning GHI to USAID*

The QDDR proposes to transition the leadership of the Global Health Initiative (GHI) to USAID upon its achievement of defined benchmarks aimed at ensuring USAID has the capacity and structures to lead a coordinated, inclusive, whole-of-government effort for GHI.[1] The decision to transition the Initiative, with a targeted timeframe at the end of FY 2012, will be based on an assessment of the ten benchmarks outlined below. The GHI Operations Committee (the USAID Administrator, the Global AIDS Coordinator, and the Director of the Centers for Disease Control and Prevention) will develop specific metrics related to each of these measures. The Secretary of State will make the final determination on transitioning the Initiative, drawing on the assessment and recommendation of the GHI Operations Committee. GHI is predicated on a whole-of-government model that places a premium on inclusiveness and collaboration to gain efficiencies and greater impact. While the benchmarks below are directed at the measures USAID will undertake to assume leadership of the Initiative, it is incumbent upon each of the agencies implementing GHI to support implementation of these standards and foster a culture supportive of interagency work including through the development and provision of employee incentives for interagency collaboration.

Recognizing the need for a GHI process capable of supporting successful interagency strategic planning, program implementation, and inclusive and collaborative efforts, USAID will:

1. Establish annual portfolio reviews of global health programs by panels comprised of research centers, foundations and other partners; enable experts from the US government to provide comments separately on such reviews (e.g., Centers for Disease Control

[1] The transfer of the GHI coordination function from the Department of State to USAID upon completion of these benchmarks will not alter the role and responsibilities of the Department of State's Office of the Global AIDS Coordinator. The Coordinator will continue all current functions and authorities in coordinating, managing, and overseeing the U.S. government's global AIDS efforts through both PEPFAR and its work related to the Global Fund. In meeting all of these benchmarks, USAID is building upon the successful PEPFAR interagency model, and will continue to provide support to OGAC as the entity with statutory authority responsible for coordinating, overseeing, and managing all aspects of the PEPFAR program.

and Prevention (CDC), the Office of the Global AIDS Coordinator (OGAC), Peace Corps, etc.); seek the advice and comment of HHS-CDC, OGAC and other relevant agencies in funding decisions at both the strategic and operational level for USAID programming and with regard to both headquarters and field decisions about multiyear activities prior to their launch.

2. Ensure country plans for health (e.g., Maternal and Child Health, family planning, nutrition) are integrated and designed with country and topic experts from US government agencies (e.g., HHS-CDC, OGAC, etc.) and vetted at the headquarters level by an interagency panels of U.S. government experts.

3. Undertake decision-making, involving technical, policy, programmatic, and budgetary considerations based upon a meaningful interagency process that relies on evidence and data, monitoring and evaluation findings, cost effectiveness, and maximum population impact.

4. Use evidence-based independent monitoring and evaluation (including by other USG agencies) to assure accountability for performance.

5. Support the State-USAID streamlining and harmonization process to ensure meaningful and timely information flows between our country offices and Washington.

6. Ensure that USAID's GHI management decisions regarding its staffing, field structures, and other structures are made in consultation with the Operations Committee. Develop and provide employee incentives for interagency collaboration.

7. Develop and implement a process for joint country planning and program reviews in GHI countries– including the development of effective GHI plans at the country level and annual interagency reviews of U.S. government team performance against those plans.

8. Optimize resource impact—including through the consideration of allocating funds for HHS and other relevant agencies, as appropriate and pending the availability of funds, through mechanisms that recognize U.S. government agencies as peer agencies with special expertise distinct from the role and relationships of nongovernmental entities and other contractors, including the role of HHS in engaging with other Ministries of Health.

9. Demonstrate increased alignment of U.S. government programming with national and local country government priorities and program planning and implementation, including ensuring that U.S. governmentv programming contributes to country-defined health sector strategic plans, and demonstrate USAID's ability to oversee an inter-agency process that incorporates the efforts of partner governments and civil society in achieving GHI objectives and outcomes in program planning, implementation, monitoring, and impact evaluation.

10. Demonstrate inclusive and joint public affairs planning and implementation in support of a single, coordinated U.S. government GHI agenda aligned with partner government priorities and develop, through an interagency process, a clear one-USG brand for GHI.

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