

**CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE**

**REVITALIZING U.S. DEMOCRACY  
ASSISTANCE:  
THE CHALLENGE OF USAID**

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DAVID ABRAMOWITZ: Well, thank you for coming and welcome to this discussion on Tom Carothers' new report, "Revitalizing U.S. Democracy Assistance: The Challenge of USAID." I don't know whether the size of the audience is due to the mastery of the subject that he shows, or to the great panelists that we have here, or to the quality of the food that Carnegie always puts forward – (laughter) – but we're very gratified that so many of you could come for what I think is going to be a very interesting conversation.

As you probably see from the papers, my name is David Abramowitz. I'm chief counsel on the Committee on Foreign Affairs, although I'm actually in a job transition right now but Tom wanted me to help out on this particular project, which I was very happy to do.

And a discussion of the role of USAID in providing democracy assistance could not be more timely, in my view, with all of Washington watching with more than bated breath for who the new administrator for USAID is going to be, the executive branch carrying out two different studies in this very area, and Congress, including the Committee on Foreign Affairs, looking at foreign assistance reform.

A discussion of USAID's role in democracy assistance can make a critical contribution to what I know is a vigorous internal debate that is going on right now and one which obviously, from the size of this audience, many people are interested.

And we have a fabulous panel to get that discussion going, and before I turn to them let me just talk about a few format points I'm going to – in a moment I'm going to introduce Tom and our other panelists. Tom will present his findings, and then each panelist will have a chance to speak for around 10 minutes.

And after all the speakers are finished we'll take questions from you. My understanding is that there are roving microphones that will be available at the time that we get to the questions, so if you could raise your hand and wait for a moment, someone will come over with a microphone. You can identify yourself and then we can have a discussion. And I hope we keep our comments and questions short so we can have as many people as possible participate.

So without further ado, I'm going to turn directly to our panelists. And I think that all of them are probably known to you. I'll just give very brief introductions – I think their bios are available – so we can get right to the conversation.

Tom Carothers is the vice president for studies at the Carnegie Endowment for International Peace. He's been working on democracy programs for virtually his entire career. And we were fortunate to serve, when I was an intern actually, together at the Office of the Legal Advisor at the Department of State. And I think his other works on democracy are well known.

Lorne Craner is the president of the International Republican Institute and has led IRI's programs, strengthening democracy all over the world. Lorne and I first got to know each other when he became assistant secretary for democracy, human rights and labor, and brings both the inside and outside perspective to this very important discussion.

I'm very happy that Jim Boomgard has agreed to be on this panel as a discussant. He's the president of – CEO, I should say, of DAI, an employee-owned international development firm, but much more than that he's been working in the development field for many years and I think brings a great perspective to

how USAID's processes are viewed by others other than the sort of normal Washington development community.

And then finally, but certainly not least, we're very happy to have Dorothy Taft, who is serving as the director of the Office of Democracy and Governance in USAID. Jim Michael had agreed to come and address us and be part of the discussion, but unfortunately, as acting administrator this week, he was called to someplace down on 1600 Pennsylvania Ave., so we had to give him a pass. (Laughter.)

And she's been working in public policy for many years, including in the Commission on Security and Cooperation in Europe, on Capitol Hill, and has been widely involved in human rights issues as well as democracy promotion.

So with that introduction, I'm going to turn it over to Tom to present the findings of his report.

TOM CAROTHERS: Thank you, David, and thank you all for coming.

U.S. democracy promotion policy is at a delicate stage. There was a strong expectation after the Barack Obama as president – just about a year ago, next week – that there would be a reformulation this year of this policy domain, yet there was also great uncertainty about what the reformulation might consist of.

And I think most people in Washington thought that there were two main possibilities: one, that there would be potentially a substantial backing away from democracy as a policy issue of the U.S. government. Others felt that there might instead be some kind of re-embrace of the subject on a new basis or under a new framework than that existed during the Bush years.

So far it's a fairly uncertain picture. I think some people do feel that they're seeing some backing away and they're unhappy about it. There is a bit of a tendency in Washington to seize on small things and interpret them heavily, and in some cases a tendency to romanticize the past, whether the past are the Bush years or the Clinton years or others.

I would argue that there is still much to be determined. Clearly President Obama and his team are cautious about this subject, but I believe for the most part it's still a policy domain in the making.

This is because it's a domain that's made up of many parts and pieces, not all in one gesture or in one step, and also because the appointment process in our country has become so slow when a new administration comes in that it simply takes a while to get the people in place. The new assistant secretary of state for democracy and human rights was only sworn in 10 days ago, for example, and of course at USAID there are many empty rooms.

So there is much ahead to argue over and fight about and work on, and much of that attention will be directed to the high-level issues that surround democracy, like when the president goes to another country and meets with the foreign president, to what extent does he raise democracy and human rights issues? Or, how does the United States government react to a troubled election in Afghanistan or to future elections that will certainly be troubled in other places?

Those are important and worth giving attention to, but I believe we should also pay attention to what is often the quieter side of democracy support, which is democracy assistance. As people in this room

know well, democracy assistance goes on day to day in something like 100 countries around the world, U.S. democracy assistance.

In most of those places it's rarely very visible from Washington. It goes on rather quietly. But I think it represents a crucial part of the overall U.S. democracy support strategy and practice in the world.

Moreover, because it's often not very visible, it tends not to be subject to close examination of whether it's really functioning very well. As far as I'm aware, there have been very few, if any, major efforts over the last 10 years at least, possibly longer, to examine how well the different institutions that participate in U.S. democracy assistance are doing their job.

When democracy does get discussed, what tends to get discussed is, first, turf – which institutions are crowding out others and who is on top. Second, budgets – how much money is being spent on this and who is getting what money and why. And, third, what countries are we working in and do we have the right levels of assistance in different countries and so forth?

Missing from that – and there is strikingly little discussion – is about how effectively are our institutions of democracy assistance actually operating? Now, I think many people in and around the different institutions have a lot of thoughts and ideas about how to make them work more effectively, but as we know, institutional reform doesn't happen easily. In fact, it's quite difficult, for reasons that I'll discuss.

But although it's not easy, now is a good time to try. The Obama administration is carrying out the two reviews of development policy – the White House-led review of – the comprehensive review of development policy; the State Department review of development and diplomacy – and in addition, Congress is quite interested in the subject as well. Both on the House side and the Senate side there is real interest in foreign assistance reform.

In all of these reviews and all of these different exercises, there will be many questions on the table, but I think it's important for the democracy community to speak up and to be heard because there is a temptation on the part of some people and some actors within the democracy community to lie low during a period of potential reform and just sort of close their eyes and say, I hope this doesn't hurt too much. But I think it's better to seize the opportunity and try to get some positive changes articulated and implemented.

Now, just as there are many parts to the foreign assistance domain, there are many parts to the democracy assistance domain. Just on the U.S. government side, of course, we have the State Department, both DRL, the Democracy and Human Rights Bureau as well as the Intelligence and Law Enforcement Bureau, USAID, the National Endowment for Democracy, the Justice Department, the Defense Department, the Millennium Challenge Corporation and others.

Now, theoretically, one could attempt a comprehensive reform of this whole domain, a kind of helicopter view of democracy assistance that would attempt to reorder the balance of institutions involved and so forth.

I'm not much of a believer in that. First and foremost, because I don't think it's going to happen, I don't think there is the appetite for that kind of comprehensive reform currently in the administration, but also because I think such top-down rationalizations, if they ever were attempted, might actually go against some of the basic principles of diversity and heterogeneity in this field that I think are valuable.

A better alternative, I believe, is to focus one by one on the key institutions in this area and try to look carefully at those institutions and ask whether or not they're doing their job well and how they might do it better.

All of the institutions involved in democracy assistance would benefit from such an examination. Certainly that's the case with the Democracy Bureau at the State Department, with the Intelligence and Law Enforcement Bureau at the State Department, with DOD, with MCC and so forth.

I decided in this report to pick on USAID. Now, not just because I felt that it was the least likely that it would bite back at me in some dangerous way – (laughter) – but for the simple reason that USAID is by far the largest funder of U.S. democracy assistance, and therefore why not start with the organization that controls most of the resources, and also because USAID, the reform of USAID, is on the table now in Washington and it's the time.

As an actor in democracy and governance work, USAID has some strengths. It got early into this domain and has accumulated considerable experience, both institutionally and at the human level in terms of dedicated and talented officers within USAID, some of whom are here today, who know a lot about this subject and bring a lot to the table.

In the area of rule of law assistance, for example, USAID was early into this area and has helped lead other donors into it and in some ways has been a thought leader in the field. Possibly the same could be said with election assistance, at least with respect to USAID moving in early and funding significantly in the area.

In some countries USAID has stayed with democracy assistance for some time and the accumulation of those efforts really make a difference over time. I think that was the case with Ukraine, when you look at the pattern from the early 1990s to the middle years of this decade, that persistent and consistent work by USAID in this country really added up to something worthwhile.

And in some countries, USAID, because of its sort of multiple-sectoral approach, is able to work together on elections, political parties, media, civil society support and so forth in ways that really work well together and are significant.

Despite these strengths, USAID faces, I think, some very significant problems in its basic methods of operation, and it's impossible not to work in and around USAID as an organization in its democracy and governance work without being made aware of those problems.

And one finds that in conversations with people who receive USAID funds, with people in other government agencies who work around USAID, in other aid agencies that work alongside the organization, in recipient countries of people and organizations that work with the agency, and among scholars who attempt to engage it as well.

Now, to some extent, the problems that one hears are symptoms of and part of the larger institutional maladies that affect USAID as a whole as an institution. It's hardly news to this group that USAID is a troubled organization, in many very basic ways, starting with its core relationships with the two organizations or institutions most important to it, which are the U.S. Congress and the U.S. Department of State.

I think that the challenge for democracy promotion, or democracy promoters, is to try to figure out what are the core problems in this swirl of institutional maladies that most affect democracy work, and how can a reform of the institution as a whole make sure that it gives some attention to those problems and finds some solutions to them?

Because, of course, yes, we can prescribe and say, fix the whole institution – that'll do it – but, A, how likely is that to occur? It's possible but it's not a given in the next several years, given the overall difficulties. And even if it does, we have to make sure that in such a comprehensive process, that democracy gets the necessary level of attention corresponding to the importance of the subject.

In this report I have concentrated on three problems which I think are crucial, but I'm really just trying to put them out there and hoping that others will come forward and say, let's add this to the list or let's take this away, and let's try to define what's really important here. So it's just my attempt to open a conversation on this subject.

The first problem that I emphasize is bureaucratization. If you ask someone – sit down in their office and say, tell me about what you think about USAID's work on democracy and governance – and I did a fair amount of that in May and June when I was starting this report, although I've done it for over 20 years, actually, here in Washington and aboard.

The first thing that comes out of their mouth in most cases is they say lack of flexibility, too much bureaucratization. And when you probe that idea, what they describe to you is that in every step that it takes in planning what it wants to do, formalizing arrangements with partners and implementers, overseeing implementation, reporting on what it does, and evaluating its work, at every one of those steps, the democracy and governance work of USAID is weighed down with bureaucratic impediments that reduce or even cripple its flexibility, its innovation, its speed and its adaptability.

If you take any one part of this process, implementation for example, and look closely, you will hear a welter and a dismaying wealth of anecdotes that will depress you about how this organization is operating. And I tried to think of whether there is one choice anecdote that would summarize it all but I decided not to try to put one forward because someone at AID would draft a response telling me that my facts were wrong on this one anecdote and therefore it wasn't sufficient.

But the anecdotes that one hears are not just sort of impressionistic anecdotes; they are symptoms of a deeply troubled organization that has a hard time taking basic steps forward in many basic aspects of its work.

And if you don't believe this, take a look at a request for proposals at USAID, issues for democracy and governance work and read the 90-page single-spaced document and ask yourself, is this the way that an organization can proceed flexibly, nimbly, in an organic and authentic fashion to work with complex political processes in another society? I quote one of those in the report and I think it speaks for itself.

Bureaucratization damages all of USAID's work, but I think it hurts democracy and governance work, particularly because this is the area that most needs the flexibility, the innovation, the organic qualities of assistance that really penetrates the fiber of another society.

The second problem that I highlight is what I call externality and a consequent lack of local ownership. Here I am refereeing to the fact that most democracy and governance assistance by USAID

proceeds as follow: A USAID mission sits and thinks about what it wants to do in a country and comes up with strategic priorities and designs some kind of democracy priority or governance priority.

It then hires a U.S. organization to come and design a project or projects in this area. It then hires another organization to come and implement that. It then hires another U.S. organization to come evaluate it.

Local organizations and people do have some input and role in this process and in each of these phases, but it's often greatly secondary to the parade of external organizations that carry out the assistance.

Moreover, out of its concern for defining results, not misspending money, and proving performance, USAID tries to maintain a level of control over all of this that is damaging to local ownership and damaging to really integrating assistance, again, into the fiber of the society that you're really trying to assist.

I think this is especially true with contract-based assistance, where what is supposed to be carried out in the project is specified with remarkable levels of detail in advance, and in which the contractor is put in the role of serving USAID and answering to USAID as though this is the person or – rather the organization that is, in a sense, responsible for political change in the country, deeply undermining the very concept of local ownership.

But it's not just about contracts. It also has to do with cooperative agreements that have also been infused with an increasing spirit of control by an organization that is very nervous about proving performance, managing results and so forth.

The third problem that I highlight in the report is the weak place of democracy within the agency. Integrating political assistance into eight organizations who have long viewed their primary mandate being that of socioeconomic development is always hard, and it's hard everywhere that it occurs.

USAID has been trying to do this for over 20 years and it's made some significant progress. I think it made progress particularly in the 1990s when Brian Atwood was the administrator because he cared a great deal about this subject and took on, squarely, the question of what integration might mean, but the effort only made a certain amount of progress and has not advanced much in the last 10 years.

And the place of democracy and government work within the AID agency is weak in some significant ways. Some signs of this include the last four administrators – four administrators stretching over 10 years. Not a one of them has had a strong interest in this subject or a demonstrable capacity to embrace it as a major priority of the agency.

Secondly, I would say a relatively small proportion of the senior career staff in the agency that are in most of the key positions, both as mission directors and here in Washington, only a small proportion are people with significant experience in democracy and governance work.

Third, democracy work does not have its own bureau, and it's placed in a bureau that it fits uncomfortably with another subject, humanitarian affairs, that is quite different in how it operates and often has sort of a greater priority due to the urgency of humanitarian crises.

Fourth, the cadre of democracy and governance officers, which was created in the 1990s, which I think was a very valuable step, has not been sufficiently supported.

And one hears again and again in the agency of democracy and governance slots that are filled by people who are not from the cadre because the mission director is trying to solve a personnel problem and has a spouse of an employee and thinks, well, they were born in and grew up in a democracy so they must know how to do democracy and governance work, whereas he or she would not assign that person to a vaccination program or an education program or something because that's serious.

So this is the problem of an organization that does not take the professionalization of the cadre as seriously as it should.

Fifth, the training of democracy and governance has been weak until recently, although I think the Office of Democracy and Government is making excellent progress on that, thanks to, I would say, some rather determined, quiet leadership at the mid-level on that. But overall, the training of democracy and governance work within the agency – not just DG officers but everybody in the agency – is sadly lacking.

And then, sixth, USAID punches well below its weight on democracy issues and the interagency policy process. Here is the U.S. government agency that is doing more to support democracy than any other in the U.S. government, but what is its voice in interagency policy processes?

To put it in stark terms, how can we take seriously the idea that USAID is favored in some way when this is an organization that no longer has a policy bureau; that lost its policy bureau three years ago in a bureaucratic reshuffle? How can you spend over \$10 billion a year of assistance without having a group of people who think about policy?

The mere thought that that makes sense is startling and says something serious about the conception of USAID as a policy actor within the U.S. government, in particular with regard to democracy and governance work.

Now, fixing these problems obviously isn't easy, but actually I don't think it's rocket science because it's mostly about leadership, leadership that decides that it cares and is committed to solving these problems.

Now, USAID is a puzzling organization in this regard. On the one hand, it's a very decentralized organization, which I think is a good thing. Field missions have a lot of authority over what they do. Yet at the same time, AID is hypersensitive about signals from the top. It's an organization where USAID people are trying to read the tea leaves coming from the top in Washington, despite the decentralization.

But what that implies, there is sensitivity to direction from the top, and when the top sets certain priorities and follows through on them, change occurs within the organization. And so, on bureaucratization – or I would recommend de-bureaucratization, of course there isn't any one fix. There isn't any one magic bullet that one solves this beast of bureaucratization.

What it requires is examining, from start to finish, from day one to the last day of the whole assistance process, every step of the way, what are the impediments, the barnacles on the boat that have weighed down this process and how does one remove them? Either with a machete or a blowtorch or whatever it takes.

Now, this can be done either by carving out democracy and governance work and saying, this has sort of special attributes and we need to do it differently, somewhat as was done with the Office of Transition Initiatives in the 1990s, which I think was a very useful initiative that showed it is possible within USAID to do things differently. Or you take on the whole thing. So either you try to carve out a special domain and say we're going to de-bureaucratize within this domain or you take on the whole beast.

With respect to externality and ownership, again, well, first it has to become a priority. And what this – I don't think – it can mean, in part, trying to find ways to give money in flexible sort of small-scale ways to local people and organizations, but I think it actually has more to do with how you work with the U.S. implementing partners, because I think these implementing partners have a lot to bring to the table.

I don't think the problem of externality is necessarily that it's U.S. organizations that are often in the driver's seat in the programs in terms of overseeing them and implementing them, because they do bring a wealth of resources and expertise, such as the institutions represented at the table here.

But what it does mean is structuring assistance that allows such organizations to work in flexible, interactive partnerships that have real meaning in the country, partnerships that actually build sustainable capacity with locals that are not two-year contracts where you go in and go out and then post your results in quantitative indicators and say that you're finished in the country.

It means changing the nature both of the contracting process and the cooperative agreements to create incentives for organizations that actually deliver in terms of building local capacity and showing that they know something about the local scene and are working in a genuine and integrative way with it.

On the place of democracy within the agency, there is a whole series of larger and smaller issues that we could go through. Above and beyond everything else, it's the leadership at the agency that says democracy and governance is a priority. We are going to integrate it into our other programs. It's going to be a core pillar.

And it would probably start with some kind of review of what USAID has done and plans to do but then would carry itself forward institutionally in terms of potentially changing the place of democracy in the Bureau of Democracy, Conflict and Humanitarian Affairs, neither giving democracy its own bureau or a better bureaucratic home, strengthening the cadre in ways that we could talk about, ensuring, cementing and increasing the budget of the Office of Democracy and Governance.

Just pause for a minute and think that this is an agency spending over a billion dollars a year on democracy. What is the budget of the Office in USAID that does the thinking, the reviews and the evaluation of that work? It's 2 percent of that amount – \$12 million a year.

Now, if you were an acting organization that's also trying to be a thinking organization and you were spending 1 percent of your program budget on thinking, review, technical capacity, advice within the agency, something's wrong. A \$12 million budget for a billion-dollar program is out of synchronization.

So you need to take seriously the idea of building up that office and what that might consist of, and I think part of that would be committing to much more extensive training initiatives that are really integrated within the bureaucracy throughout both democracy and non-democracy. Portfolios – I could go on but I think the message is clear.

Leadership on these issues isn't hard to conceptualize but it's hard to carry out. Why is that? First, this isn't glamorous. A new administrator will come into USAID, presumably, within the next whenever, and that administrator will want to defend his or her budget. They'll want to engage in turf wars with hostile agencies around it.

He or she will want to define a distinctive set of priorities that he or she will be known for. What's less likely is that person will think internal institutional reform is how I'll really make my mark because he or she will probably be thinking they'll be there for two or three years, they'll leave again, and institutional reform doesn't occur with such a mindset.

So the first thing is we have to put on the table that it's how we're spending our money much more than what we're spending that's really crucial.

Secondly, this kind of leadership is hard because of course it means taking on a lot of vested interests. There are many vested interests, both in Congress as well as in partner organizations and in the countries themselves and so forth.

Third, it means working well with Congress and the State Department, which, as we know, is extremely difficult for USAID, but it means an administrator who is deeply committed to both those relationships and spends an inordinate amount of time in cultivating them in new ways.

It also means for Congress and the State Department that they have to think differently about USAID reform. The impulse in both Congress and the State Department is they say USAID is a troubled organization. We have to tighten our hands around its neck even more and squeeze this organization until it performs. That's not institutional reform.

That's the same mentality that has led USAID down the road of bureaucratization and lack of local ownership because it creates a mindset in which USAID is paralyzed with fear that it's going to misspend its money in some way.

And what we have to do is have a change of spirit here in the State Department and Congress and realize that USAID reform means USAID empowerment. It means giving the organization greater flexibility, greater sense of responsibility and greater freedom, not tightening the hand of requirements around USAID in terms of reporting and indicators and so forth.

Now, in the report I have a chapter that scared some people called "A More Radical Option," which is only radical in a Washington sense of the word where I sort of modestly – (laughter) – there are certainly more radical options – in which I modestly said that maybe it could be – you know, some might want to consider moving some part of USAID's democracy and governance work out of the agency somewhere else.

And I said that those who talk about this sometimes talk about splitting off the political side of the work – elections, parties, human rights work, media work – and putting it somewhere else, on the argument that it's too political for a bilateral aid agency that mostly works with foreign governments and doesn't fit a bilateral aid agency which is inevitably bureaucratic.

And so I at least put forward the argument and said some would argue that it could either be moved into the heart of the foreign policy establishment of the State Department or out to the National

Endowment for Democracy. I don't actually advocate this in the report; I just try to put it on the table as something worth talking about, and perhaps we can come back to that in the questions and answers.

Let me just conclude. This is an important moment for democracy assistance and foreign aid reform generally. We have a new administration that is genuinely trying to grapple with the question of what democracy policy should mean and consist of. We have an administration committed to a comprehensive review of development policy. We have important members of Congress who are interested in reform of assistance.

I believe that it's the time now for the democracy promotion community to seize this moment and come forward actively to raise ideas and debates about reform and put forward specific ideas onto the table because doing so may go against deeply rooted instincts of caution and fear that reform will mean losing out, yet such an attitude becomes a self-fulfilling prophecy in a context like this.

To close on just a slightly higher note, I would say that this is a community – the democracy promotion community – that is constantly going to other countries and working with people in those countries and telling them to believe in the possibility of positive change in institutions, to believe that civil society input into institutional reform can make a difference. It's time we take a deep breath and apply that principle to ourselves. Thank you. (Applause.)

MR. ABRAMOWITZ: Thank you very much, Tom, for that excellent overview of your piece. I just commend all of you to read the piece in detail because there is much more even than Tom was able to say.

For our first discussant I would like to turn to Lorne Craner, who can give us both an inside and outside perspective.

LORNE CRANER: Thank you very much, David, and let me – you mentioned you were in transition. Let me – I'm sure a lot of folks in the audience would join me in saying how much they're going to miss you on Capitol Hill. You've done great service up there for many years, and elsewhere in the government.

Tom, you've also performed many important services, including with this study. I think most of us would agree here that AID reform is essential. As Tom just pointed out, AID in general has been ailing for 20 years. In particular, as you mention, from a democracy point of view you've had a series of administrators who were basically uninterested in democracy save – as Tom noted, Brian Atwood – but Brian was so busy trying to save AID from being folded into State that he did not have time to reform it in a sustainable way, I think.

Henrietta Fore, ably assisted by people like Dorothy and Pat Davis, wasn't there long enough to do the work that needed to be done. But, as Tom noted, the interest in democracy work really needs to come from the top, and in many ways I wish Tom had written this paper during the Bush administration when I would say there was a high degree of interest in democracy issues. Tom of course has had many critiques of the administration, most pointedly I think in his September 2007 report, "Looking Forward on Democracy."

I've come to believe that the administration, the Bush administration, had impressive rhetorical, diplomatic and programmatic – and it built an impressive edifice regarding democracy assistance. But I must say that the edifice I think rested on a poor foundation.

First of all, as has been noted, the U.S. government was not configured to deliver on President Bush's rhetoric on democracy. In particular, despite improvements at DRL and MCC, practices at AID were not improved, and in some cases work on democracy was downgraded. I asked Rich Armitage a couple of months ago, why didn't we fix AID in the first term, and he said, we were kind of busy in the first term. But that does not excuse what was done or not done in the second term.

Of course, in terms of the foundation, more injurious in many ways were the detainee policy, Guantanamo, et cetera, which I think really hurt the foundation that this building that many of us were trying to pump up was built upon. So the cracks in this foundation I think in many ways undermined what President Bush was determined to do on the issue.

By contrasting, in the first year of this administration, we've seen a greatly improved foundation, I think, when you look at detainee policy, when you look at issues like Guantanamo. Unfortunately, it's far from clear that any democracy policy, any edifice will be erected upon this foundation.

In fact, in some ways I would cast things a little tougher than Tom. I would say in some ways the building is being deconstructed when you look at the idea of democracy assistance, the sparsest of rhetorical support for it, and even sometimes contradictory statements about it, and programmatic cuts, as we've been reading from Iran to Egypt to Venezuela to Bolivia, to Cuba.

So I was struck, in reading Tom's paper, that we may have the opposite problem from the Bush administration in the absence of a democracy policy and given cuts in funding. It's not clear that rearranging AID's delivery mechanisms would really matter.

Those of us who are engaged in this work, however, have to be optimists. And I tell my staff – and I will assume – that the Obama administration will come to embrace a bipartisan tradition on democracy and human rights that's existed for the last five administrations.

Tom rightly points out that AID reform would offer the opportunity to better the agency's delivery mechanisms on democracy assistance, and he, as you just heard, masterfully catalogues and documents the causes and consequences of AID's ailments, none of which come as a shock to anyone who has dealt with AID these past 20 years.

And he detailed, as I said, the problems that have been faced: unproductive relationships with the Congress and State Department; a half-century-old legislative mandate, which I know David has been working hard to try and change; outsourcing, et cetera, leading to bureaucratization, externality and programming; and a weak place for democracy at AID.

He offers, as you just heard, two alternatives to remedy the situation. The first assumes that all democracy work should remain at AID, and I think he offers very thoughtful solutions to solving the problems that he noted.

Tom's radical solution would move most democracy work outside AID to my own bureau, DRL, and to NED. Neither of these solutions are without pitfalls. And there has, for some time, been a range of

opinion within the democracy community on this choice. I think it's fair to say that most, starting with Jennifer Windsor, who ran the Office of Democracy at AID, do not wish to see democracy promotion removed from AID's purview and have long favored many of the improvements suggested by Tom.

As some of you know, I have in the past moved more towards the radical solution suggested by Tom, removing democracy work from AID. Presently, however, with democracy building less fashionable than it once was generally, and particularly with its fate in this administration unclear, I've come to believe that localizing it to a small bureau within state and an NGO would make it easier to ignore.

Tending therefore towards the first option Tom presents, I think one can add to it by looking at the experience of two organizations I think that he mentioned in the report. The first is OTI, which, as he points, Brian Atwood set up, which has shown that within AID there can be quick, fast-acting mechanisms that produce important results.

I would also add some of the experiences at MCC. And I have to confess, I am a board member of MCC. But in talking about local program conception, that's precisely how MCC operates, not by sending out consultants to tell a country what to do, but by assuming that a country knows something about its conditions and asking it what it thinks needs to be done.

Secondly, I've never met anyone at MCC I've not been impressed by. MCC attracts the best career civil servants and the best from the private sector, many of whom – and I've asked them – would not have thought of working elsewhere in government. And when we're talking about empowering AID, it's worth thinking about the personnel system there.

While I don't always agree with Tom – and as he knows, I always listen to him – he's got a lot of important things to say. I hope the administration will also be listening and be interested. Thank you.

MR. ABRAMOWITZ: Thank you very much, Lorne. And now for a different implementation perspective we turn to Jim Boomgard. Please.

JAMES BOOMGARD: Thank you. It's really a treat to be here. Until today I didn't even know that this separate democracy community existed and that it was different from the community of people interested in development and how the two are connected.

You know, since I first got started in the development field – which was a long time ago – and in the field doing implementation projects, any good project that you did had governance elements to it. You could not have a sustainable development activity if you did not understand the basic principles of governance.

And so I always thought there was a much stronger interconnectedness between the world of democracy and governance and the world of economic development than apparently it is felt that there is. And that's been sort of one of the interesting perspectives here is that I guess we're part of this democracy community.

DAI does a number of implementations of OTI projects, of democracy and governance projects, of things that fall under this purview, but we seem to be talking about very different things. So I sort of have been at odds with the perspective to take here, but I wanted to make a couple of comments and a couple of suggestions.

First of all, I think that it is more about foreign assistance reform than it is about democracy assistance reform. And I guess in a democracy forum you're allowed to disagree, but I think unless we get the fundamentals of foreign assistance right, that you can't engineer or come up with a second-best solution focused on one sector.

I worry that if we start focusing on democracy as a sector we're going to start having to have meetings about what to do about agricultural assistance, what to do about small enterprise – micro-enterprise development, what to do about education, and have all of these communities operating separately and not coming together with what is really in the interest of foreign assistance reform.

So I think that's an interesting point of view and I'm not sure what right answer is, but I caution that one wouldn't want the democracy community to be set up and seen just as a special interest for a particular technical area in this bigger debate that's going to go on over a longer period of time in foreign assistance reform.

The second point I'd like to make is that the – I really have problems with – and I'm speaking as an economist. I actually got my studies studying the history of political economy and the history of economic thought and the philosophy of science. And so I get caught up in terminology and vocabulary.

And then I went on and became an economist and so I got caught up in measurement and metrics. And now that I run a company I get caught up in strategy and metrics and management, and I find that in this entire reform debate, the things that are missing are the key grounding points of clarity on vocabulary, clarity on standards, clarity on metrics, because if you don't have clarity on those things, we can't know what we're achieving.

What is the development that we're trying to achieve and that we're valuing? How do you measure that? How do you know which kinds of assistance or which kinds of programs or which kinds of organizations work best and are the most effective at achieving those results?

If there is not at least a vocabulary in which the various perspectives on which results are legitimate is out there, then I don't see how you can actually have debate that is not feed the anecdotal sound-bite political. This is not power. We want to make it a little bit more about truth. To get to truth we need to have some agreement on basic terminology.

One of the examples of this is there is a real difference – and people in the room know it – between humanitarian relief assistance, between reconstruction assistance, between stability assistance, and between development assistance.

You will find the conversation wandering back and forth between those various things. There are different standards of performance. There are different timelines. There are different expectations of results. So unless you're clear and you keep yourself with some precision in the discussion, you tend to go all over the place.

Development is complex. The links of causality are complicated. And if we don't get clear and find a way to explain the causality of how you go to capacity development, institutional development – how these things really create development benefits, you run the real risk that sort of good stories about non-cost-effective retail-level assistance that build a school or man a clinic, that may or may not be scalable, is

what captures the attention, not the real theory, of what you can accomplish in scalable capacity development around the world.

This is a profession. There are people working on it. But one of the weaknesses of a weak AID is that nobody has cultivated the field of learning and knowledge in the area of how to define the terminology on which these debates are being held.

Let me give you one example, and it's a project that we're very proud of that is a – I think fundamentally a DG project. In Vietnam, we were involved with the government of Vietnam, sort of to their surprise, and with USAID in a project called STAR – STAR I and STAR II.

The STAR project was basically designed to help the government of Vietnam revise their commercial law and commercial codes to allow them to accede to the U.S. bilateral trade relationships and then later to the WTO requirements.

Essentially this is a team of lawyers working and finding political inroads to change the entire construct of the legal system in Vietnam related to commercialization, the impact of which is to reinforce a whole series of reforms that, I would posit, have been extraordinarily desirable and extraordinarily beneficial to the opening up of the Vietnamese economy and their success in pursuing whatever political and economic visions that they have.

How do you measure that? It doesn't come down to concrete things that you can write about easily. The cost-effectiveness of assistance – unless you can come up with the causal story to explain why you need the outside technical assistance that you're talking about in order to cause and reinforce the change that leads to final results, it's really important.

The last thing I'll say is that I think AID is getting a pretty bad rap in this whole thing, and part of it is because it's not punching to its weight class. I think it's easy in – just like we're doing with the Washington Redskins, if you will – to go after something when it's weak and when it's down.

I think that there are thousands of successful AID projects out there that nobody knows about and USAID does not have the capacity or the vocabulary to communicate about. I think there are staff, particularly Foreign Service nationals, who have been developed over the years who form the civil service of USAID who really do understand development and how to do it.

And because their word is not getting out, their voice is not being heard, we don't hear the whole story about AID. I think AID takes a lot of heat for problems that they did not create. I agree with Tom completely on a lot of the criticisms. There are problems, and I could even tell you some that would even make it sound a lot worse in terms of a day-to-day trying to do business with these folks.

But I have been out there. I have been on the project implementation front. I have sat in ministries for years at a time working side by side with a European Commission-funded project or a DFID-funded project.

And this stuff is complicated. It is not easy. And this is not shooting free throws in terms of the standards of success. This is more like a batting average. And if you can get one out of three, one out of four successes in terms of what you're trying to accomplish, you're doing pretty well. And I think AID has

taken the heat. There are three things, very quickly, that I will recommend, though, that need to be prioritized.

One, you have to fix the infrastructure. You have to fix procurement. And you have to go after procurement and HR first. Procurement is a mess. It's broken. They are understaffed. Unfortunately this is a government-wide problem, not just a USAID problem.

I think, secondly, I think you need to upgrade technical capacity as soon as possible, and this is not going to happen overnight. I think with improved people and more people, more emphasis on learning, more focus on how to be a good bureaucratic entrepreneur – because any large government agency is a bureaucracy – you have to teach those skills as well.

Learning. Integration. I did not like the radical idea because I think that we all learn, those of us who are interested in development, by working together and integrating our ideas better, and I think we need to promote and pay for integration, R&D, and some of the foundational investments that we know are happening but that are going to take some time.

And my last point is, is I think AID needs to be immediately designated as the lead development agency in the field and here, and that will solve a lot of problems in terms of the competition for resources and the competition of who's doing what and who's on top and who's doing what to whom. I think lack of clarity around those things has been a big problem.

If you fix those three things it is not going to be a perfect organization but it will be a lot better and have the resources and the initiative to be able to continue to get better. Thank you very much.

MR. ABRAMOWITZ: Thank you very much, Jim, and thanks for the very targeted suggestions. And now we'll hear from our colleagues in the administration. Dorothy, please.

DOROTHY TAFT: Thank you, David. I do bring regrets from Ambassador Jim Michel. He is a senior-level counselor in our agency this week, or acting – he is acting administrator, and he is someone in senior leadership who does understand democracy and governance. So he was particularly disappointed that he could not be here at the beginning of this conversation that is ensuing.

And, Tom, we have read with great care the report that you have written, and we welcome the conversation here and we welcome the ability to be honest about the problems that we face as a government agency, but also we're most interested in trying to address and identify the issues that can be changed and reformed.

The large majority of the issues that Carothers raises in his paper relate to larger institutional issues, as has been raised by my colleagues here on the panel, and these are issues that indeed affect the entire agency and the way we do our programming and the way we operate.

But we also are very pleased that he concluded that strengthening USAID's democracy and governance work is ultimately not necessarily that complex. I'm glad he has such an optimistic view of how easy it may be to make the changes that we'd need to make. But, indeed, the institutional changes are very complex and they are a major undertaking.

The Democracy and Governance Office has, similarly, identified a number of these same institutional issues that have a rather negative impact on the way that democracy and governance programming is delivered. And we are hopeful that reform of the agency will be beneficial to the way that the Democracy and Governance Office and the DG cadre around the globe does its business. So we welcome this broader focus on the institutional challenges.

We appreciate the attention paid on page 19 to the technical work undertaken by the Democracy and Governance Office and also one of our sister offices in our bureau. And, to use Tom's words, these are technical work that commands interest and respect within the wider democracy assistance community.

And with such an interested audience gathered, I would be remiss to miss the opportunity to mention a few of our more recent cutting-edge pieces, one being the creation of a labor sector assessment tool and technical programming guide.

We also have just come out with guidance on U.S. government interagency security sector assessment framework. We also have a new document, "The USAID Guidance for Democracy and Governance Programming in Post-Conflict Countries." This summer we were able to release the Democratic Decentralization Programmatic Handbook, and in the coming months we plan to unroll a revised and updated DG Strategic Assessment Framework.

This isn't to say that we wouldn't appreciate more hands to do the pulling on those oars and to help us now take these documents to the implementation, but we have been moving forward with reforms that we feel like we need to address internally as we are given the resources to do.

The other thing that – other item that has been recognized – it was probably not given the attention that we would like it to have been given by the report – is the attention that was given to evaluation. Last year the Democracy and Governance Office unrolled the long-term retrospective study on the impact of USAID's investments in democracy programs, and these studies revealed significant successes.

This ambitious study highlights USAID's need to improve our ability to conduct more rigorous evaluations of our programs. And I would suggest that this noteworthy initiative on impact evaluation is something that deserves a little more greater attention and recognition, and we intend for this to be a continued major focus of our office and agenda, regardless of how the reform or revitalization effort and discussion takes place or unfolds.

And we will be following the recommendations that were made by the report released last year by the National Academy of Sciences entitled "Improving Democracy Assistance: Building Knowledge Through Evaluations and Research."

Certainly institutional reform necessarily involves workforce planning. And I think Tom and the others have made the case that USAID has been chronically underfunded, working with increasingly limited resources at a time when the challenges we are asked to address have only grown in scope, in urgency, and indeed in complexity.

Both the president and the secretary of state have underscored their commitment to rebuilding USAID and restoring its reputation as a premier global development agency. And we are very happy to be partners in that effort.

We are now in the process of hiring an additional 300 new Foreign Service officers, which, combined with hires that were made in the last fiscal year, represent a nearly 30 percent increase in the Foreign Service workforce. And I might add that the president's budget request for FY '10 includes the monies needed to support a third year of this initiative of hiring an additional 350 Foreign Service officers.

Among this welcomed increase in human resources will be technical expertise, program officers and, very importantly, Backstop 76 Crisis Stabilization and Governance Officers. This is the backstop that includes the democracy and governance officers around the world.

And I would be – I'm pleased to be able to report that to date we have hired 64 new Backstop 76 officers, and in FY '10, if we get our request, that will enable us to add another 54 Backstop 76 officers. This will not completely address the human resource shortages that we have, but it is at least a step in the right direction.

As Tom had noted earlier, there are a few senior-level career professionals in the DG background – with a DG background. And this is generally true, but as I had noted with Ambassador Jim Michel in his current position but also within our Bureau of Democracy, Conflict and Humanitarian Assistance, we now have a deputy assistant secretary, Susan Reichle, who is a former DG officer. So we welcome that background being brought to senior levels in the agency.

And the other issue that was raised on page 30 with respect to the DG positions around the world being filled by contractors, we are certainly hopeful that these new Foreign Service officers that we are bringing on board at the junior level and the mid-level career level will help mitigate this resource imbalance.

Another encouraging development which wasn't given much attention in the report today – and Tom did slip it in there with respect to some very persistent efforts at the mid-level – is to bring into action and finalize the competencies that have been developed for the Backstop 76 Foreign Service officers.

We are very excited about the establishment of these backstops and these competencies for our backstop. It is an agency-wide effort and we were among the first of the backstops to have these competencies developed, and that effort will also not only help us do our training for the Backstop 76 officers, but it has also informed the training of our Foreign Service nationals. In fact, there is training going on this week that is involving the integration of these competencies in our training, as well as a crisis-response corps.

There will be – about 25 of those officers will be democracy and governance officers with that focus. And these competencies have also helped inform the training for other initiatives within the interagency.

But we all know – and as the report outlines – rebuilding USAID will require more than just people and resources. We, indeed, need to change the way we do business to better meet the challenges and the opportunities of the 21<sup>st</sup> century.

The agency has received the message clearly that we are moving toward a new business model whereby U.S. direct hires, rather than contract staff, will be undertaking more and more of the development work directly.

I do want to highlight the Quadrennial Diplomacy and Development Review that is underway, that perhaps that will be a tool to rebuild and revitalize USAID. And I certainly hope the report that is released today will help inform that ongoing conversation. It is an exercise that is in full swing as we speak. Every week there are meetings going on and some really important discussions and decisions will be made in the coming months.

The QDDR, as we call this review, will provide us with both short-term and long-term blueprints for how to advance our foreign policy objectives and help make our diplomacy and development work more agile, responsive and complementary.

For the first time, the QDDR places development on an equal footing with diplomacy as a key pillar of United States. We certainly hope that the discussion that has started today and this report will feed into that process as well as the Presidential Study Directive on Global Development debate that is happening within our city.

Certainly the president's perspective has been made clear in his speech before the Ghana parliament in July. He said, "History offers a clear verdict. Governments that respect the will of their own people, that govern by consent and not coercion, are more prosperous. They're more stable and more successful than governments that do not." This is the direction that we hope to be leading in and welcome the policy discussion that is ongoing, not only here but also within the government.

And, finally, just as I wrap up my comments, I do want to say that USAID and particularly the Office of Democracy and Governance, we welcome the attention that's given in this report to the democracy and governance elements of U.S. development policy and agenda, and our structure. There should be no mystery about how we do our work, what our work entails, or how we train our officers, or on what we base our technical guidance and principles for engaging in this sector.

I would hope that Tom has found, quote, "a willingness to acknowledge USAID's shortcomings in democracy and governance work and a willingness to take a critical look at the challenge of the reforms needed to change the institutional challenges" he has presented in this report on revitalizing democracy assistance, and with a particular focus on USAID.

So thank you again for starting this conversation.

MR. ABRAMOWITZ: Thank you very much, Dorothy, and I very much appreciate that time has not stopped during the course of the last year or so. And of course we've been having a number of conversations with respect to some of the elements that you discussed.

There will be some roving mikes here, and I think that people are – I'm sure there will be a number of questions. Why don't I start something off very quickly, which I think that there's interesting convergences in the comments made by this panel. And I couldn't agree more with Jim that as you study this report there are a lot of elements that are agency-wide in terms of their applicability, in terms of trying to see how we could have a more dynamic USAID.

And I think it's important to recognize something that Tom says in the report and alluded to and what Jim confirmed, which is there is some tremendous work being done by USAID, including work done in the field by individual officers who are trying to find opportunities.

And I guess my question that I would like to build on in terms of the whole bureaucratization issue is the question of headquarters and fields. You know, from the congressional perspective, which of course a lot more could be said about Congress's own role in these problems, and I'd be happy to discuss that at some point.

But, you know, from our perspective there is always this pendulum that swings from a headquarters-driven approach to a field-driven approach. And one of the things that we're looking at is trying to figure out how to find the right place in that pendulum and stick a nail in it and watch it quiver for a while and see if we can actually have a productive synergy between the two.

And I guess my question is, in that context, in the discussion paper that we put out from the Foreign Affairs Committee, we talked about the need to have some central funding of various programs, including democracy programs in USAID. So just as DRL, the Democracy, Human Rights and Labor Bureau, has funds that they can use to try to promote their programs, perhaps wherever the DG office ends up there should be some funding there that they can then use to perhaps attract local missions to some sort of activities.

And I was wondering whether there could be a little bit of comment maybe from two of you on sort of the field versus headquarters and how we can have a greater synergy between the two of them. Lorne?

MR. CRANER: Let me go first because Dorothy is still in – Harold Koh, who was my predecessor, is now the legal advisor, started something called the Human Rights and Democracy Fund at DRL. And I remember – I was in the State Department under Baker. I remember watching DRL. And I watched it through the '90s, obviously now being at that point engaged in this industry, business.

And DRL always has a tough time within the State Department. Any functional bureau has a difficult time within the State Department. Some have a less difficult time than others. INL has a – I believe \$1 billion budget. They joke that they have their own air force. They get listened to within –

MR. ABRAMOWITZ: Several, actually.

MR. CRANER: Yeah. (Laughter.) They get listened to within the State Department. Harold started this Human Rights and Democracy Fund. Before that, DRL had essentially been about this once-a-year annual human rights report, which is a very, very important document. It catalogues what is going on around the world.

But essentially – and I'll use a pejorative – DRL was regarded as the whining bureau within the State Department. Once a year they would whine and the regional bureaus would have to listen and the next day the whining would be over and they wouldn't have to listen again for 364 days to DRL.

What Harold got started and what we built up while I was there was funding for the bureau, so we could not only whine at people, which we continued to do – and I was quite good at it; so were my successors – but we could also say, now that I've finished whining I have a solution for this problem, and guess what, I have the money to pay for it.

And it enabled us more and more by the – more and more those who would kind of slam the doors as we walked down the hallway started opening the doors and then inviting us to meetings because we had

money that we could spend from a central place. And I very much believe that it's an issue not only of having centrally spent money but of being listened to within your department.

And so I think it would be a brilliant idea for the Office of Democracy within AID to have its own funding. It comes with penalties you have to avoid. As Tom noted, there has been some bureaucratization of the funding now at DRL. So you have to be careful with it. But it's not just an issue of being able to direct, from a central point, what can go on out in the field; it's also an issue of raising the profile, which is another issue that Tom raises, raising the profile of democracy and human rights.

Just to finish up on the larger scale, the reason the F Bureau was founded was because the State Department did not really know where AID was spending its funds, and it turned out AID really didn't know where it was spending its funds. I remember talking to Condi Rice in the first couple months she was at the State Department and she said she had been trying for three months to find out where AID was spending democracy money. I said, that's funny; I spent three years trying to find out the same thing.

And AID was actually going to its grantees saying, tell us what you're doing because the Washington State Department wants to know what we're doing with our money, and that's how they're finding out. I think the F process was a good idea in the beginning. I think it's kind of gotten out of control, and it's over-bureaucratized. Essentially it's become over-bureaucratized over time.

MR. ABRAMOWITZ: Thank you, Lorne.

Why don't we try to go to questions? Okay, here on the left there is a mobile mike coming down right next to you.

Q: Raymond Shonholtz with Partners for Democratic Change. I wanted to pick up, Jim, on one point you made, which I thought was extremely important which is – and Tom is aware of this as well from work I did at the Woodrow Wilson Center as a scholar there for about five months.

The discussion here is about structure and organization, but I think Jim put his finger more closer to the issue of what we're talking about, not so much how. That is, can we measure it? Is it scalable? Can we evaluate it? And do we know where we're going with it?

I think, Tom, all the reforms you mention, as you well know from our earlier discussions, completely agree with almost everything in the report, but on page 35 I think you get really to the heart of what I think is one of the major problems, and that is the way we're actually doing the work, we do it through contractors. That generates all the bureaucratic stuff and issues that Jim raised, and all the metrics and all the problems that come with it.

If we really put the money closer to where Lorne was talking about – and I think one of the brilliant things about DRL in the early days when Lorne ran it – is that you could take programmatic money and you could keep it for not as long as one would like – and I think Lorne would agree with that, that he would like to have money for a longer period of time. But it was to make an investment, which I think is Jim's heart – I thought of Jim's point of success in Vietnam.

That is, if you look at where work has really been successful, generally it's been with a local organization, supported by technical assistance, generally by a U.S. organization, not necessarily by a large

beltway – it could be a mission-driven NGO on a specific issue; we have many of them around town – that stay with that organization long enough for it to sustain its particular mission and program.

The problem with USAID, it's one-off projects, and one of the things that I think DRL avoided was in fact saying, these are one-off projects. We only want to do this for a certain period of time. We're not saying it's huge reform. We want the best and the brightest over 18-20 months. But that's not the same as development. That was a project-driven activity.

And I think the point that Jim is raising in Vietnam, in the Vietnam example, if you can build a base in the country of organizations that will carry USAID and U.S. foreign policy development mission into the country, it has to be owned and it has to be furthered by people who are incentivized to do that in-country.

So if you're training Vietnamese lawyers, they have an interest in getting a coda that will give them money and opportunity to work in trade and all those other things. I think that's the heart of the problem of AID. It's all the things you mentioned, Tom, and on page 35 I think you show the drivers of this really ought to be mission-driven local NGOs supported by American NGOs or others around the world who are given the technical assistance to become sustainable.

I think if that were more the mission in the legislation and the direction and value of USAID, many of the things that we want to reform we could do and they would have the coherence that I think Jim suggested.

MR. ABRAMOWITZ: Thank you very much for that comment. Here on my right side, please. There is a mike coming to you.

Q: I'm Shin Chang (ph), a visiting scholar, the SAIS, Johns Hopkins University. My question is to all of the panelists if I may.

How do you evaluate the role played by think tanks, for example the Carnegie Endowment for International Peace in the process of U.S. democracy promotion overseas, specifically in the development of rule of law and the democracy in China? Thank you.

MR. ABRAMOWITZ: Anyone want to take on the China issue?

MR. CRANER: Yes, I'll – I think it's very important, specifically with China, but let me address it more generally. Those of us who are doing the work in the field – and Judy Van Rest, who is in the audience, and I talk about this all the time. She is IRI's vice president. We don't really sit down and write what we're finding out. We do analyze it within and we've taken, at IRI, really a major effort on evaluation within IRI.

But in terms of analysis, in terms of historical perspective, in terms of context, the work of folks like Tom, Larry Diamond, Mike McFaul, some of the other newer generation that are coming into this field I think is very, very important as we look forward in our work.

MR. ABRAMOWITZ: Here up front, please.

Q: Yes, I'm Chloe Schwenke. I teach at the School of Public Policy at the University of Maryland. I have a question about the "it" and what, you know, the machine is that drives international relief and

development and in this case democracy, but not what really – you know, this is the means and ends discussion, really.

We're all talking about the means but not very much about the ends. What is it that's important about democracy promotion? And we all sort of have an assumption that's important, but I don't hear that dialogue happening very much, and I think it's a really important dialogue to be happening.

I think it's particularly important for people within the institutions like USAID to participate in that dialogue and to express – I mean, after all, they're very mission-driven people themselves or they wouldn't be there. They must have very strong feelings and experiences that they could share. It's a huge resource. I would really like to see space given for putting that on the agenda to say, what is important about democracy promotion and generally international development and relief altogether? Thank you.

MR. ABRAMOWITZ: Okay, let's try to do a couple of questions together so that we can have a broader – how about all the way in the back?

Q: Steve Lande, Manchester Trade, and a question from the trade policy community. We very much support what you're doing and it makes a lot more sense than the current problem we're facing in Madagascar. For those who may be aware, there is a program, African Growth and Opportunity Act – not too many successes – but one startling success has been in textiles and Madagascar has become the second largest exporter from Africa of textiles.

Under the AGOA there is a program that simply says, if you have a coup, you have to lose benefits. The relationship between the thugs involved in the coup and the poor guys working on the looms trying to do the textiles are absolutely non-existent, and most people say this will have only a minimal effect.

How can we take the work you're doing, which is the correct way to have democracy grow, and not be faced with this stupid threat, because the result of it is going to be that no textile apparel company is going to invest in Africa because they're going to say, oh, I don't know about the democratic procedures; I'm just able to locate here.

So that's my challenge: Please save Madagascar, at least the apparel program somehow, with the thrust in the democratic area that makes more sense, which is the way you guys do it – and ladies on the grassroots. Thank you.

MR. ABRAMOWITZ: Why don't we try to do those two and then we'll take two more? Importance of democracy, the need for more discussion within these institutions and having the institutions participate.

Let me just say very briefly I think that to some degree what I hear from some of the panelists is a bit of a call to arms on that very issue, that, you know, as these two processes – the Presidential Study Directive and the Quadrennial Diplomacy and Development Review occur – we need to figure out a way, or many of us need to figure out a way, to insert these very issues into that dialogue.

And, you know, I think that there are concerns that I have heard that that is not really happening, that the focus is on different aspects of the development. So I think that's something that, you know, many people in this room need to think about in terms of trying to figure out a way to insert that into that process.

But maybe – Tom, do you want to say anything more regarding how we get more of a dialogue going about the importance of democracy as a development tool or as a way of succeeding in the larger U.S. national security objectives?

MR. CAROTHERS: Well, there are two conversations about democracy that typically take place within the U.S. assistance world. One is should we incorporate democracy as an end in itself in our conception of development? Should we conceive of development in a broader way that it includes political freedoms and so forth?

Another conversation which is actually sometimes a bit separate is can we establish or demonstrate that improving democracy in a country helps contribute to socioeconomic development, and these two discussions sometimes get mixed up but they're actually somewhat distinct.

I think they're both important and I think they both have a place. I think there is a tendency to lapse from the first into the second because a lot of developmentalists are actually not that comfortable with the first and really want to push to say, how can you show me that if I invest in democracy and governance it's going to have a return on my socioeconomic development?

And I think I feel a bit of that this year in Washington with – the emphasis of the Development Review has been on to what extent, if we pay attention to democracy, can we show that it's contributing to our development objectives very definitely?

And I think some of the damage that was done in this decade was to the first of the two questions and that many people around the world heard a message coming from the United States very much about freedom but they associated it with things they didn't like, whether a president they didn't happen to like or certain U.S. policies that they didn't like.

And it did stir up quite a bit of discussion in the world about the first issue so that when you go speak abroad, whether it's in the Arab world or in Russia or in China, there is a lot of debate about should we even consider freedom and democracy as part of our conception of development? Then there is the second discussion of we have a way of doing this without democracy.

So we're back to those basic discussions. In a way it's a little disheartening that 25 years after a lot of basic thinking sort of started in the mid-'80s about let's fuse these things, 25 years later we're still arguing both of those fundamental points. And I think because of the political context finishing this decade, after some of the controversies of this decade – we have a new administration – we're back into both these things.

But I think – you know, I think the answer to both of them I hope leads to yes, you know, which is that we should have a somewhat broadened conception of development. And, secondly, I think there are ways that one can show that certain elements of democracy and governance clearly contribute to development. But, surprisingly, this is still contested.

MR. ABRAMOWITZ: With respect to the coup statutes and coup language, let me just briefly say it's a very big issue in Congress. I think that the notion of trying to support civilian control of the military and not having the military intervene in the political dynamics of the country is a critical issue to many.

Some would argue that it interferes with some of the basic processes on the democracy front, of course, that you always have, notwithstanding any other provision of law, as we say in the legal field, that allows the democracy programs to carry on.

In an issue like AGOA or sort of our broader developmental aspects, I know this does cause questions in the community about whether this is the smart way to do it. I think the judgment that's being expressed from Congress is that the damage that is done to the overall trajectory of a particular country is such that we need to try to have every kind of disincentive to the military to take these steps.

I know that is not a very satisfactory answer to many but that is sort of the judgment that I see being made. I can tell you, on a very day-to-day basis when I look at legislation, that I see on the assistance front where this issue inevitably creeps in.

But let's try to get to a few more questions or comments. How about this gentleman here and then the two of you, and we'll try to do those three and see if we have any time left.

Q: Thank you. I'm John Glenn from the – ha, ha, there we go – I'm John Glenn from the U.S. Global Leadership Coalition. Thanks a lot for a really stimulating discussion.

I guess I would like to perhaps take David up on his offer to hear more about – and, Tom, I would be interested in your thoughts about the efforts on the Hill, about rewriting the Foreign Assistance Act. What kinds of issue are at play here and what kind of impact do you see that having potentially on the changing views of development and on USAID?

MR. ABRAMOWITZ: Okay, how about up here, this –

Q: Thank you. My name is Jessica Berlin from the American Security Project. My question for the panel regards security. Looking at the ultimate goals of our development assistance programs, I think that in a lot of countries you would – one would find that simply reestablishing a level of security internally in a country takes precedence over whether or not democratic institutions are in place and functional.

You look at Pakistan, you look at Afghanistan – excuse me – Bangladesh, or looking at Rwanda as a fine example where democracy is not, in any way, functioning right now but investment in education, health and the private sector has slowly but surely created a visible level of internal security.

And allowing that natural process of democracy or some sort of representative government to evolve out of improved societal standards of living and education and security, and whether or not overemphasizing good governance and democracy before ensuring security is established for the population, is taking away focus on something that is arguably more important.

MR. ABRAMOWITZ: Thank you.

Q: My name is Angana Shaw and I'm a rule of law consultant at the World Bank at the moment. I wanted to first second your point that democratic socioeconomic growth does tend to promote democracy. I think when we look at economic growth – I don't know about now, but the tendency a few years ago was to look at GNP, but I think that actually what we've tried to do in many countries, which is strengthening the middle class and creating a class of people that can demand political freedoms is very important.

My other point was to support what Tom was saying, was when we're – this democracy dialogue and is it important? I think a lot of it – the objections that he mentioned of people associating this democracy rhetoric with things they don't want is that we don't define what we mean by that.

And I've been – I've heard talk that says something like everyone is not ready for democracy. There are people who don't want it. Well, it depends on what you mean by democracy. Again, I've never been anywhere where people don't want their government to be accountable.

You might say the population is apathetic. That's because they don't trust their government. It has too much power over them and yet they don't have a voice in it. So I think it's really important to define what we mean, and it's not one model of democracy. And then it also leads us, I think, to ignore the differences in the societies that we venture into.

So that was more a comment than a question.

MR. ABRAMOWITZ: Well, I think these last two comments sort of show the two different sides of the whole debate about whether we should focus on humanitarian, health, education and get to a point where we can work on democracy programs or whether we should be mainstreaming it throughout.

I don't know if, Dorothy, you want to talk about sort of the spectrum of programs and how USAID views sort of the continuum and where interventions work best.

MS. TAFT: Thank you. In response to that question I think that part of the answer comes with where do you start defining the institutions of government of democracy, but in order to have a democracy there are certain institutions you have to work on, and so there is that continuum of where do you begin creating a legislature that can create a counterbalance to the executive, or where are the institutions that you allow for citizens to have a voice, whether it be in the labor sector or whether it be in civil society and media, and interface with the government that way.

And then helping the society understand that a voice is even possible allows them to begin then asking the question, okay, well, now that I have the possibility of having a voice, where can I exercise that ability?

And so our development programs, sometimes the first need is to do no harm and to create security and allow people to have just basic security. But the vision is for that to morph into a much longer-term objective of creating an environment in which government will deliver, indeed, and part of the delivery of governance that is accountable, where there is a transparency of what's going on but also the government is delivering what citizens desire the government to deliver requires there to be the infrastructure and the other parts of what constitutes eventually a government that is maybe elected or not.

MR. ABRAMOWITZ: Thank you. Tom, I think you want to –

MR. CAROTHERS: Briefly on that, I mean, I understand the temptation to feel that you have a country which is struggling with basic order, like Afghanistan and Iraq after 2003, and to say, gee, it certainly would be naïve to rush in and try to invent some imagined democratic process that's going to create, you know, Westminster democracy in this country in five years.

But I think it's often a straw horse, a straw man, and that many of the most basic challenges that are intrinsic to establishing security are governance challenges – I mean, you know, helping the Afghan state to build a functioning public security force; it's a governance challenge.

And so I'm saying we shouldn't do democracy and governance in a country that's struggling with a civil war while building an effective police force. I can't think of a more, you know, a very governance-oriented challenge in that sense.

And so I don't think there is a sharp distinction. I think it's more, you know, not coming in with some kind of predesigned model of democracy and governance into a society that's struggling with this and saying we have to have all of these elements, you know, in this timeframe.

But, ultimately, establishing security is a government's challenge. And so I – you know, because the forces who provide the order are forces of the government, and so, in a sense, building effective institutions of government is the task of the day in many ways.

And, secondly, when you ignore that, as we did to some extent in Pakistan through much of this decade, you have a government which is very low in accountability to its people and has decreasing legitimacy and it loses control of the – you know, the society and the territory as a result if you don't give attention to that.

So sort of saying, no, we're not going to pay attention to democracy and governance issues in Pakistan, we're just going to focus on counterterrorism and security, didn't work very well in that context. So I'm concerned about any attempt to draw a sharp distinction.

MR. ABRAMOWITZ: Lorne, are you itching to get in here?

MR. CRANER: I am.

MR. ABRAMOWITZ: Please.

MR. CRANER: I think Tom used a great example. You know, it's easy for us here in D.C. to sit back and say, well, we'll tell you when you need democracy based on your socioeconomic indicators. It's difficult in some of these countries because people actually do want their government to be accountable. So sometimes it's not always up to us to tell people when they're ready for democracy.

I can think of a number of extremely poor countries – Mongolia in Asia, Mali – that on the, quote, “socioeconomic scale” you might have looked at and said, oh, they're not ready for democracy, and the people clearly were. And I don't think it's up to us to determine – and Pakistan in this decade was a great example where all through the Bush administration people are saying, ah, they're not ready for democracy, and the people finally rose up and said, no, we are ready for democracy.

And it kind of caught some of those who think this way, that we ought to look for certain socioeconomic indicators, by surprise, and that's not necessarily a good thing. In part what had then happened was that all the years that have been wasted not doing – not helping their democratic institutions, some of that is now coming home to roost.

MR. ABRAMOWITZ: Well, let me just make one point on the question of the prospects for foreign assistance reform. You know, obviously, as you know, Chairman Berman has announced that he really wants to proceed forward with foreign assistance reform. We've had many conversations with the administration about how to proceed on this, and I think that our current view is that the administration has these two reviews.

We are trying to inform their views on these two reviews, both in the context of consultations that they are making with us in an informal matter, plus some of the papers that we've put out, which there will be more coming, to try to spur more thinking and to try to crack some myths or some taboos on the discussion. And I think that, depending on the timeline of when these reviews come out, will really affect whether we're going to proceed forward this Congress or whether we're going to try to wait to the second part of the first term.

So I think that it's very much a work in progress and there is a lot of internal work going on in the committee getting ready and reshaping ideas as the administration's own view evolves. To be totally frank, I think it's very difficult for us to move forward with that project when we don't have a USAID administrator.

Without someone in there to be pushing forward on a number of the issues that are of great importance to us, we're concerned that we won't really reach the right outcome, given these two reviews are happening without the administrator. That, in and of itself, may be problematic in terms of getting to a balance that we think is the right one to strike, but that's just a work in progress.

We're almost at 2:00 but, Jim, I wanted to give you a chance to see if you wanted to respond to any of the things that have been said or any of the questions that have been made since they've ended up being talked about by the other panelists in terms of the field headquarters or the question of can you do development in conflict societies, or other things that you might share some wisdom with?

MR. Boomgard: Well, just three quick points. One, the field headquarters issue is a big issue. When we do strategy in our company, everybody wants to think about strategy from the office headquarters in Bethesda, Maryland. In fact, we're having to force a process that says, you know, if you had the same group of people together out there where we work, you'd probably come to some very different conclusions.

So I think that Washington, D.C.-based discussions are interesting on these things, but until you're sitting in the field, you don't have the perspective, you don't have the ambiance, you don't have the people to consult with, and so you have to let the field perspective drive decisions that are made on strategy about effective foreign assistance.

The second thing I'll say is that the conflict situation question is really a tough one. The story last week in the Washington Post on the Marines' success in Nawa, which is just outside of Lashkar Gah in Helmand in Afghanistan – and it tells the story, if you recall the article, about how the Marines came in and, in fact, it was a self-fulfilling prophecy that if they agreed to stay and really pushed the Taliban out, that in fact you could have success with the development program and the building of the community-level governance.

We happen to be helping AID with a project called LGCD, which is the local community development – Local Governance and Community Development program, where we essentially come in, work with the military as they come into an area.

And, in fact, while the author from the Washington Post, the article reporter, talked about a couple of development professionals sort of in the back of the truck, it was really the development activity that was working to empower what was an existing and emergent set of local government players that allowed them in fact to be ready with more than a dozen ongoing projects to be started up immediately to give credibility to the citizenry there that the government could in fact deliver if it was provided that secure environment.

Now, this is a new example. It's a very interesting example. I don't know who is going to tell the whole story. I had an opportunity to be with the deputy secretary of state yesterday evening. He knew the story. The press has never picked up the whole story. AID doesn't seem to want to tell the story or the capacity to tell the story.

I have to decide whether I want to talk to the press and have our folks in Afghanistan tell the whole story. But it's an interesting case of how working together with the military, the security issue then informs on a sort of valley-by-valley basis and then – because it seems like these facts are sort of important in making some of the decisions about how we go forward in Afghanistan.

I appreciate the opportunity to add those comments, and thank you.

MR. ABRAMOWITZ: Well, thanks very much, Jim. And we've gone a little bit over time, but I'm very glad that you had an opportunity to tell that story, at least to this audience, and to finish off this conversation.

I just want to give my profound thanks to Tom for his work as our discussant, so I think it really created a very vigorous conversation. It was a great learning opportunity for me and I hope for all of you. I want to congratulate Tom and Carnegie for making yet another vital contribution to U.S. efforts to promote democracy, and I want to thank all of you for coming. (Applause.)

(END)