



REMARKS BY ADMINISTRATOR SHAH AT THE AMERICAN ENTERPRISE INSTITUTE

Thursday, February 12, 2015

[As Delivered]

Rep. Jeff Fortenberry: Thank you so much for the kind introduction. A slight correction: I was recently thrown off the Ag subcommittee because I requested Foreign Operations - cause I was so moved by Dr. Shah's leadership. So I gave up my first love to be involved in my new love, I guess. [Laughter]

Anyway, thank you all for coming and for participating in what is a great honor for me simply to be able to introduce Dr. Shah and highlight some of his accomplishments.

On the outskirts of a large Central American city, there is a small bakery that's run by a group of women. And they work with a happy determination in 100-degree heat making tortillas and donuts. This area is gang-infested, it has the highest murder rate in the world, and there's a certain functional poverty there, if you will - a mechanism by which people survive, get along to some degree, but there really isn't much hope and certainly limited opportunity.

But in the midst of all of this, there's a little bakery run by women. And to watch them work with this determination, to see their ownership model take hold, to see the look on their faces of empowerment, vitality, liveliness, gives one a deep sense of inspiration.

And how is this happening?

It's happening because of the people of the United States. It's happening because innovative leaders like Dr. Raj Shah are creating the space for a new type of smart development that looks at an inclusive capitalism and creative forms of development, wedding the private sector, the governmental sector, as well as charitable intentions to truly empower people. Utilizing the best of the free market system, but doing so in a way that recognizes that there are some fundamental structural problems that we have around the world.

In order for us to attack poverty and overcome desperation, we must think creatively. We must have a 21st Century vision of how to repurpose government and to use the advances of technology to fight off deplorable conditions that are an insult to human dignity and actually create significant problems of instability around the world.

The American people do pay for this, one way or another. And people ask me a hard question a lot of times: we have brokenness here, we have downward mobility, we have stagnant wages - why are we giving all this money away?

And it's the right question to ask. It's a good question to ask. And I answer it in one of three ways:

First, I say, "you know what, it's pretty hard for America to sit idly by while other people just die." It's not who we are. That's the fundamental reason we do this.

But secondly, we also benefit from that exchange that starts to take place - economic and cultural.

And the third point is that the military tells me: send us in last. Do everything that you can to develop wholesome relationships, communications, trust, maybe even a little opportunity that gives people that hope. A sense of belonging, a sense of identity, and keeps them away from manipulation by twisted forms of ideology or twisted forms of nationalism that can lead to belligerent behavior.

This work of smart development that fights poverty in the name of human dignity is also essential to our national security.

Now, we've had an extraordinary leader at the helm for a number of years now. And it is, in a certain sense, exciting to see him move on to his next adventure in life. But in a certain sense - a deep regret, because he's a newly emerging leader that brings a - I hope this doesn't offend you, Dr. Shah - a sort of 'sophisticated naiveté' to government.

See, he came in and started to ask questions like, "why are we doing this? Shouldn't we be doing that?"

Well, those are difficult questions that we should all be asking in government. But sometimes we get complacent. We're carrying forward legacy institutions and the bureaucracies that surround them and the interest groups that develop them. And sometimes it takes a little shaking up of persons from the outside who are simply motivated by a deeper and higher ideal. They want to do things in a smart and better way.

And that's been, I think, a hallmark of Dr. Shah's leadership at USAID.

He has an impressive resume. At a young age he served as Undersecretary at the Department of Agriculture. He spent eight years at the Gates Foundation where he led efforts in global health and agriculture as well as financial services. And then, of course, at USAID he led President Obama's landmark Feed the Future initiative, which I think is a prototype model of this hybrid partnership between market elements, smart development, charitable organizations, and public dollars with measurable outcomes for the community's good.

I've seen his work firsthand. And, frankly, I'm very proud of him. I'm also proud to call him friend. Dr. Shah's career in public service, I think, should ignite a renewed interest in the ideals of good development and smart public policy. I think he has been central to the success that USAID has been seeing in these new models and I think that will be his legacy.

In the interest of doing the right thing, I think that's why Dr. Shah left the private sector and joined the public sector. But I hope, in the future, that he continues his work of engagement--as I'm sure he will-- in

continuing to challenge all of us with that sophisticated naiveté: why are we doing this, when we could be doing that?

In the name of fighting poverty, in the name of human dignity, in the name of supporting those who are on the margins who do need our help. Which is so consistent with America's values and so essential to international stability, and really the right way to repurpose government for the 21st Century.

So with that, please help me welcome Dr. Raj Shah.

Administrator Rajiv Shah: I just want to say thank you to Congressman Fortenberry. I have admired your leadership, our various conversations, our work together, and your leadership with Feed the Future. I just admire the way you project your ideas of how America should lead around the world. You have helped me see that, despite Congress' low approval rating, there are superstars on both sides of the aisle. And I am proud to call you friend. I really appreciate your introduction.

I also want to thank Danielle Pletka for having us here—and the entire team at AEI. John Morris and the team at CAP—it is wonderful to see a bipartisan group of thinkers and leaders come together to talk about, and think about, how America should project our leadership around the world.

I would like to recognize a lot of folks from USAID here, but one in particular is probably new to you: Ambassador Al Lenhardt, who will be our Acting Administrator. Al, you may want to put your hand up so folks can see you. And I am thrilled that Al is taking on this challenge for the years to come. He's a good friend, a great manager, and a great leader. Thank you, Al.

I have the good fortune of looking around this room and seeing a lot of friends, a lot of faces from whom I have learned a great deal—and from whom I genuinely am inspired. If you will forgive me, I won't mention each by name, but I do want to recognize Norm Ornstein. When I think of AEI, I think of Norm and I always have. It has always, for me, put this institution in a special place in American public discourse, a place that—despite our politics and which side of the aisle we're on—is about intelligent thought, innovation, seeing opportunities, and doing it for the right reasons. And we love you, Judy, and your family, and thank you for being there.

As I reflect on five years in the role as Administrator of USAID, I am really proud to have had the opportunity to reflect, and represent, the best of what America's about, the values that Jeff talked about—enterprises that started in the fight against the earthquake and started the recovery of Haiti, to the more immediate effort to stop Ebola in its tracks in West Africa. I am deeply proud of efforts that so many of you have partnered with myself and our teams on in the past years to build bold new public-private partnerships to end hunger, to eliminate preventable child death, to deliver electricity to hundreds of millions of people who still live in the dark, and to create an opportunity for justice

and basic human aspirations. There's so many people around the world that still, incredibly, live and subsist in conditions that—despite our thoughtfulness—we can hardly empathize with, and hardly experience ourselves.

Taken together, my experience over these past years has really taught me that when we pursue this mission with humility, respect, and a focus on partnership with results, we can build the kind of political support that is required for America to really lead the charge to end extreme poverty in the coming decade and a half. And in that same time, I have had the chance to reflect on what others don't see all that often. Often our engagements are in fact in the world's toughest hotspots, where development has grown increasingly relevant to how America engages around the world. I'm aware it's a little bit more difficult sometimes to see the clear impact of our work. Places like the Northern Triangle—where we're creating more than a hundred youth centers in countries overwhelmed by violence—in order to stem the tide of unaccompanied minors, by creating more opportunity and fairness and justice at home.

Or in Syria, where we've helped a generation of refugee children, and more than 8 million people that have been displaced inside of Syria—or across the borders—to either go to school or lead a better life at a time of critical need.

And while it's tough sometimes to prove a counterfactual, I would just ask you to consider what today's geopolitical context would look like without these efforts. If Afghanistan had one third the per capita income, there would be sky-high rates of child and maternal death, and no girls in school. If the Syrian Refugee Crisis had in fact destabilized and precipitated state failures in Jordan and Lebanon. If Ebola had led to the states in West Africa that were endemic to collapsing and spreading the disease further in that context—and creating undoubtedly exponentially more case presentations here in the United States.

The 2010 National Security Strategy framed this reality, and talked about how we needed to elevate development in our foreign policy, and how America projects leadership around the world. But frankly, it wasn't all that specifically delineated as to what all that meant. It was folded between paragraphs on increasing trade and reducing the deficit, and it sort of felt like it was one of many things on a list of issues that we need to consider.

Last week, President Obama issued a very different National Security Strategy—one that offered an integrated vision of what elevating development in our global engagements and in our national security looks like. And these partnerships are not just national security priorities. In a world today of fierce competition—where the international loan book value of the Chinese development bank actually outstrips the entire lending of the World Bank Group—we can no longer take for granted that the Western economic rules of transparency, level playing fields, and economic participation will just naturally spread around the world.

It is entirely likely that countries will choose alternative primary trade partners, alternative sources of economic integration, and an alternative set of rules defining their own economic norms. And it's entirely likely that if they do, American business, investors and households will be left out—not invited in to the growth markets of the future.

So in this context, it feels appropriate to me that in the course of the last years, USAID has been called on to lead in times of crisis—from Haiti to Ebola—and to take charge of major presidential initiatives in development—from Feed the Future to Power Africa. We fortunately have a seat in the Situation Room and at the National Security Council, and I know President Obama believes strongly that our development and humanitarian expertise needs to be represented in those types of policy deliberations.

In fact, an elevated role for development in our foreign policy seems so natural and so required today that it's quite easy to take it for granted. Well we shouldn't. Five years ago we were in a different place—overburdened with wartime contracting responsibilities and deep, deep, deep, staff cuts.

This agency had been stripped of much of its core expertise and much of its actual authority. Poll after poll indicated that Americans believed wrongly that 20 percent of their tax dollars were going to foreign assistance when the real number was less than one percent. And leaders on both sides of the aisle, when I started, had nothing but sharp words for me in my first confirmation hearing and budget hearings.

But in that context a lot of people advised me that, “Raj, you should really keep your head down, stay out of the politics and don't bring too much visibility to the mission, the work you represent because foreign assistance is by definition unattractive politically and if you raise your head, you're likely to suffer further cuts.”

As I reflect back on the last five years, I'm proud to tell you that we have done precisely the opposite. We've embraced transparency, demanded new standards of rigor and efficiency, made tough trade-offs in our projects and our programs—including shutting down 38 percent of our total program activities around the world. That includes shutting down 30 global health programs in countries around the world, and about that many agriculture programs as well. Those were tough cuts to make—because I know that, even in their least effective form, those are good projects and programs that make a difference in the lives of the poor.

But we made those trade-offs so we could invest in where we thought we could get the greatest value for our investment, we could operate at scale, and we could really transform the face of global hunger, of child death, of access to water, of access to education.

We made those tough calls in order to convince Congress to help us recapture our budget authority (which they supported) rebuild our staff (which we have accomplished) and diversify our community of partners so we are working with more local organizations and private sector partners in particular.

Taken together, these efforts have formed the foundation of a new model of development that tries to harness the power of business, investment, and innovation to end extreme poverty.

Instead of just hiring a contractor to build a road or write a check to deliver health services, we built the U.S. Global Development Lab to have an entity that would connect us to the brightest minds and best new technologies that can achieve our objectives faster, cheaper and more efficiently.

With partners like Cargill and Coca-cola, Texas A&M and Duke, the Lab's investing in high-impact innovations—from a low-cost infant resuscitation device to new protective suits for health care workers. And I see some of inventors of that suit in this room today. I want to thank you for bringing your creativity to that task in a timely and effective manner.

Instead of relying on policy papers from others, we're bringing together captains of American industry—at places like GE—and countries that are committed to real reforms in the power sector to create \$26 billion of energy investments in power sectors of economies in Sub-Saharan Africa.

Instead of only giving away food during emergencies, we have reformed the way America provides food assistance; won some of the greatest flexibilities we've seen in six decades of American food aid in the last Farm Bill; and today, we're making significant investments through Feed the Future in supporting domestic agriculture, so people aren't dependent on our food gifts—but are rather standing on their own two feet with greater agricultural production and productivity.

Feed the Future reaches 7 million farm households and has moved 12.5 million children out of a condition of hunger and poverty as a result. I could go through sector after sector—child survival, water, education—where this kind of transformation is delivering more powerful results.

But most importantly for me is through this transformation, I've seen that at a time of seemingly uncompromising politics—where it seems like no one can get along with each other—the country's most conservative Republicans and most liberal Democrats have been able to hold hands, and offer support for, this agenda going forward.

I've seen faith communities from 80 countries around the world and both sides of the aisle come together at the National Prayer Breakfast last year to applaud our mission and celebrate it with an open heart.

I've met Syrian-American trauma surgeons from my own native community of Detroit, who have risked their lives to return to Syria on a regular basis to take shrapnel out of babies. I've seen Google software engineers that I met out in their campus in California—but also in India—where they're working in Delhi's struggling schools to help children learn more effectively and get open access to curriculum and information.

And I've joined business leaders with Senator Chris Coons in Delaware and Senator Lindsay Graham in South Carolina, as they discussed how they're eager to make investments abroad, investments that can help reduce poverty, and want to hold hands with USAID or our partners to help facilitate their entry into those markets—for both commercial reasons and with good developmental results.

Many of these new partners had never heard of USAID before, but today they stand with us as co-collaborators, as advocates, and as friends. As I've approached these last several days, I'd like to share with you just a few lessons that I believe can help carry this work forward.

First, I believe we must celebrate the people who do this work as national heroes. They do not often wear uniforms or win medals, but they do risk their lives in service of our country and our mission of helping those in need. From the Haiti earthquake to the Ebola epidemic, their courage and commitment represents our nation at its best. Just yesterday President Obama, Senator Coons, and Congressman Fortenberry came together to recognize their service and their leadership in the context of the fight against Ebola. I think we should do more of that—celebrating their successes and thanking them for their service.

Second, we know that achieving this mission requires not only celebrating exceptional people with great hearts and strong minds, but also a strong, empowered, and accountable development agency. From an agency level in 2007—when our operating expenses were just a shockingly meager four percent of programmatic activity—we've been able to build back a more robust, capable, and accountable institution. To those of you in this room that have to do this going forward: please keep fighting for having strong, singular leadership entity that can take accountability for this mission—because our country deserves it and our national security depends upon it.

Third, as part of that commitment, we do have to enshrine some of these recent successes into law through legislation. Many of you—I look around this room and I have great hope that that's achievable. I've seen Congress pass the Water for the World Act. I've seen the House pass Feed the Future and Electrify Africa. I've talked to members on both sides of the aisle who support the U.S. Global Development Lab. I would simply ask as you all go forward—and I will try to help quietly from somewhere—that you fight to get this legislation passed in this Congress and at this time.

And, there's one particular priority that I want to highlight, because I think it's politically achievable this year, and that is Food Aid reform. We have worked hard over the last several years to forge a new partnership between shippers, NGOs, and agricultural interests that has the potential to do something extraordinary.

It has the potential to reach millions of additional children at crisis and save hundreds of thousands of additional lives. But, it will also create U.S. jobs, manufacturing advanced medical foods in places like Providence, Rhode Island and New Jersey, where our partners manufacture these products. And it will simultaneously enhance our national security sea-lift capabilities. That kind of win-win partnership is rare to come by, and I want to ask each of you to fight to make it law this year.

Fourth, we will always have to balance competing legislative and Administration priorities. But our commitment to the values that underlie America's success and American assistance can never waver. And that's why—across all of our work and all of our programs—we should have strong and capable democracy, rights, and governance programming.

Whether in difficult to work areas like Cuba or Zimbabwe—or more accessible environments like Uganda—our support for civil society needs to be transparent and open, but it needs to take place. Because, ultimately, partnering with America means accepting that America will always represent and fight for its values, and that's a critical part of our foreign assistance portfolio. That's why the FY16 budget this year has a significant reinvestment in democracy, rights and governance programming—a twenty percent increase relative to prior years and one that I hope Congress will fully fund.

Fifth, while it's understandable that American global leadership is not going to touch or transform every part of the world, there is at least one area where we fall far short of our capabilities. In infrastructure, there is a more than \$1 trillion deficit annually in just Africa alone, and it remains the single greatest barrier to creating true, broad-based growth. At the same time today—with low interest rate environments here and projected out into the future—there are huge, trillion-plus-dollar pools of capital sitting on the sidelines, seeking yields that they could get in emerging markets in the infrastructure sector. Pension funds and sovereign wealth funds would all love to be exposed to these environments.

As I think about the future of this new model of development, I hope that the most creative of you will come up with ways of bridging this divide and taking advantage of a unique opportunity to form the foundation of impressive new partnerships—such as the one we recently launched with Citibank, SMBC, Sweden, and USAID—to try and come up with platforms to bridge this gap.

In five months, the world will gather in Addis Ababa for the Financing for Development Conference—and in seven months, they'll gather again in New York to set a new set of Sustainable Development Goals. It's not every year that we have the opportunity to address both financing and the goals itself, and it's not every year that we do so coming out of such a strong track record of success with some of our core new model initiatives.

We have the opportunity now as a community to come together and redouble our efforts to seize this moment, by elevating and agreeing to a set of goals that focus around ending extreme poverty, ending hunger, and ending child death—and doing it in a measurable way between now and 2030, and financing that vision with creativity, and focus, and fundamentally public-private partnerships.

It's a vision that I think has demonstrated it can earn strong bipartisan support, even when our politics are tough. It's a vision that I think has also proven its relevance to our security and prosperity going forward.

In closing, I just want to say thank you again to so many of you have been friends, supporters, and colleagues. I think those of you in this field fully appreciate the major sentiment that I have as I leave USAID—that at the end of the day, this work changes each of us far more than we change the world.

For that I am very grateful. Thank you.

Sen. Chris Coons: Thank you, Danielle, and thank you to AEI for hosting, and John, thank you to CAP, and to everybody who's here.

It is so rare in the Senate that you get the last word on anything. [Laughter] And I am delighted that the press of a vote prevented me from joining Congressman Fortenberry at the outset - instead I get to give a quick conclusory comment.

This is not a farewell for Raj. This is a "thank you, God bless you, we are so excited to see what is next for you." And a chance, as a community, to reflect on the progress that's been made and the challenges that are ahead.

I've been a Senator since 2010 and I must say, in my role as an appropriator and the chair of the Africa Subcommittee in the Senate, that no one has inspired me, challenged me, moved me, amused me, engaged me, frustrated me, offered me up, volunteered me [Laughter], befriended me, and challenged me constructively more than Dr. Raj Shah.

I think what you've just seen in front of you is a reminder of what he has done as Administrator that is so important. That this began with conservative Congressman Fortenberry from Nebraska and is ending with progressive Senator from Delaware. That AEI and CAP are hugging and sharing ideas -- was there hugging? [Laughter] There was no actual- there was no hugging. Let the record reflect there was no hugging. [Laughter] There was a brisk, vigorous, and entirely professional exchange of ideas.

But if you think about it, embedded in all of Raj's comments are the sort of yin-and-yang of what CAP and AEI, what Democrats and Republicans bring to the table - to the challenge of international development assistance.

An expectation of measurement, transparency, outcomes. An expectation of efficiency and effectiveness. A relentless commitment to innovation and to finding new methodologies, new ways of delivering assistance and new partnerships. And a profound and deeply-felt and spiritually-moved passion for the work of relieving extreme poverty, of engaging the people of the world, on extending the reach of our work in democracy. And in relief and in assistance in a way that engages and mobilizes the very best of what the United States brings to the world.

This is a leader who has brought the private sector to the table, welcomed them in, mobilized their resources, and engaged them from the very beginning in a number of groundbreaking initiatives. Who has deployed new approaches and new technologies to the challenge of foreign assistance and development. And who has held accountable all of us who are involved in some way in making that progress possible.

Whether it's Feed the Future - which we were just talking about, Power Africa - which we are just excited with its first-year numbers, the Global Development Lab - which I look forward to carrying my commitment to help get authorized -- yes, I haven't forgotten, Raj. Or the work that remains in terms of Feed the Future and Food for Peace reform in a way that will make food aid reform real. There are so many different initiatives that Raj has launched

and launched well and launched in a direction that I think is worthy of our attention, our affection, and our sustained support.

I thought I was good at talking other people into doing things beyond what they really were capable of or comfortable with, but Raj has pushed me, prodded me, encouraged me, or chided me into things beyond what my staff thought was possible and beyond what might be believed to be politically reasonable.

That, to me, is the mark of a leader. Someone who doesn't just see dysfunction or tradition or existing relationships and accept them, but who is willing to risk. Risk upsetting people, risk upsetting apple carts, risk upsetting agendas, and relentlessly call forward in a way that is profoundly rooted in values and in a belief in what is possible.

So if I could, just on a personal note, it has been a genuine honor, Raj, to know you as a friend. And you and Shivam have honored me by not just being my friends here, but by visiting my home state. You and your three beautiful children I consider family. And you have been a great blessing to me in the few years that I've been honored to serve the people of Delaware and this nation.

I will not say "farewell." Because I know that whatever comes next in your life will be a remarkable opportunity to continue pushing the envelope, to continue that profound grounding of faith that has built a strong bipartisan support for USAID in a way that has been desperately needed in what has been difficult budget times. But that relentless optimism that lifts all of the rest of us up and pushes us forward.

Thank you. God bless you.

Washington, DC