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September 22, 2010

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Nathan D. Tibbits
Executive Secretary

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THE WHITE HOUSE

WASHINGTON

September 22, 2010

PRESIDENTIAL POLICY DIRECTIVE/PPD-6

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF HOMELAND SECURITY
ASSISTANT TO THE PRESIDENT AND CHIEF OF STAFF
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
UNITED STATES TRADE REPRESENTATIVE
REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE UNITED NATIONS
CHAIR OF THE COUNCIL OF ECONOMIC ADVISERS
NATIONAL SECURITY ADVISOR
DIRECTOR OF NATIONAL INTELLIGENCE
COUNSEL TO THE PRESIDENT
ASSISTANT TO THE PRESIDENT FOR LEGISLATIVE AFFAIRS
ASSISTANT TO THE PRESIDENT AND DIRECTOR, NATIONAL ECONOMIC COUNCIL
DIRECTOR OF THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY
PRESIDENT OF THE EXPORT-IMPORT BANK OF THE UNITED STATES
ADMINISTRATOR OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
DIRECTOR OF THE PEACE CORPS
DEPUTY ASSISTANT TO THE PRESIDENT AND NATIONAL SECURITY ADVISOR TO THE VICE PRESIDENT
PRESIDENT OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION
DIRECTOR OF THE U.S. TRADE AND DEVELOPMENT AGENCY
CHIEF EXECUTIVE OFFICER, MILLENNIUM CHALLENGE CORPORATION

SUBJECT: U.S. Global Development Policy

In pursuit of a U.S. National Security Strategy based on national renewal and global leadership, my Administration views development as a strategic, economic, and moral imperative. To advance American interests, development is both an outcome we seek and a core capability in our toolkit.

As our National Security Strategy states: "Through an aggressive and affirmative development agenda and commensurate resources, we can strengthen the regional partners we need to help us stop conflicts and counter global criminal networks; build a stable, inclusive global economy with new sources of prosperity; advance democracy and human rights; and ultimately position ourselves to better address key global challenges by growing the ranks of prosperous, capable, and democratic states that can be our partners in the decades ahead."

Development is thus indispensable in the forward defense of America's interests in a world shaped by growing global economic integration and the fragmentation of political power; by the rise of emerging powers and the persistent weakness of fragile states; by the potential bonne of globalization and risks posed by transnational threats; and, by the unrelenting challenge of hunger, poverty, disease, and now global climate change. The successful pursuit of development is essential to advancing our national security objectives: security, prosperity, respect for universal values, and a just and sustainable international order. Our investments in development -- and the policies we pursue that support development -- can encourage and support broad-based growth and democratic governance, facilitate the stabilization of countries emerging from crisis or conflict, address the poverty that is a common denominator in the myriad challenges we face, and advance global commitments to the basic welfare and dignity of all humankind.

Without sustainable development, meeting these challenges will prove impossible. The United States cannot achieve a safer, more prosperous, more democratic, and more equitable world when three out of every ten people live in conditions that offer little chance of building better lives for themselves or their children. We cannot defeat the ideologies of violent extremism when hundreds of millions of young people face a future with no jobs, no hope, and no meaningful opportunities. Nor can we build a stable, global economy when hundreds of millions

of workers and families find themselves on the wrong side of globalization, cut off from markets and without access to modern technologies. And we cannot advance democracy and human rights when hunger and poverty threaten to undermine the governance and rule of law needed to make those rights real.

By investing in development, we can more effectively meet the challenges of today while mitigating the risks of tomorrow.

We must raise the profile of our development objectives and build our development capabilities in pursuit of an affirmative agenda that advances our national security objectives. And, as we elevate development as a core pillar of America's power, we must ensure that our distinct development, diplomacy, and defense efforts mutually reinforce and complement one another in an integrated comprehensive approach. We will also further balance our civilian and military power to address conflict, instability, and humanitarian crises. The United States will most effectively advance our interests and values when we approach our national security mission as a unified whole, rather than just the sum of its parts.

In my July 2009 speech in Accra, Ghana, I laid out a vision of sustainable development that provides opportunities for more people, enabled by democratic governance and capable, reliable, and transparent institutions, and driven by people who are provided with the tools to transform their own destinies. I also made clear that aid is but one of the tools at our disposal, and is not an end in itself. The purpose of foreign assistance must be creating the conditions where it is no longer needed.

We will pursue development through partnership, not patronage. Development built on collaboration is more likely to engender the local leadership and ownership to turn good ideas into lasting results. Of course, true partnership is based on shared responsibility. We know that sustainable development is a long-term proposition, and progress depends importantly on the choices of political leaders and the quality of institutions in developing countries. Where leaders govern responsibly, set in place good policies, and make investments conducive to development, sustainable outcomes can be achieved. Where those conditions are absent, it is difficult to engineer sustained progress, no matter how good our intentions or the extent of our engagement.

While U.S. policies and investments cannot substitute for the actions of other governments, we will work with other government and nongovernmental partners and with international institutions to create incentives for countries to make these choices by rewarding sound policies with long-term commitments of resources; enhanced trade and investment ties; bilateral and multilateral engagement; targeted investments designed to build government capacity and to bolster key sectors of developing economies, such as agriculture and health systems; and through the provision of enhanced security capacity.

We have learned a great deal over the last 50 years about what works and what does not; about the difference between our inputs and outcomes; and about the importance and availability of the facts that can inform our analysis of outcomes. Our development policy and practice will be driven by the disciplined assessment of impact. Simply put, programs and policies that might make us feel good, but do not deliver results, will be phased out; programs and policies that yield tangible and sustainable outcomes will be scaled up. We will be big-hearted, but also hard-headed.

Ultimately, our new approach to global development will focus our Government on the critical task of helping to create a world with more prosperous and democratic states, able to meet the needs of their people and to be our partners in addressing common threats, challenges, and opportunities. My Administration's approach is built on three pillars: a policy focused on **sustainable development outcomes** that places a premium on broad-based economic growth and democratic governance, game-changing innovations, and sustainable systems for achieving high-impact development that helps people meet their basic needs; a **new operational model** that positions the United States to be a more effective partner and to leverage our leadership; and a **modern architecture** that elevates development as a key pillar of U.S. foreign policy and harnesses development capabilities spread across Government in support of common objectives.

This Policy Directive seeks to forge a new and lasting bipartisan consensus on development policy within the broader context of our National Security Strategy. It builds on and formalizes many core tenets of the development agenda set in place by recent administrations, while embracing new priorities and approaches that respond to the challenges we now confront.

A Policy Focused on Sustainable Development Outcomes

Our current approach to development reflects successive executive and legislative branch priorities that have accumulated over decades. United States Government departments and agencies are today pursuing over 40 development objectives in the executive branch alone, and more than 400 directives enumerated in legislation.

Therefore, the central challenge in formulating a new U.S. development policy is to identify distinct policy objectives, prioritize among them, and then align resources and attention accordingly. The United States will always have multiple objectives for its development policy -- seeking and preserving peace and stability in the face of national security challenges, creating the conditions for sustainable economic growth and more accountable, democratic governance, and responding to basic human needs. Over the last several decades, trade-offs among these development objectives have been made implicitly rather than explicitly, and the budget process has more often driven rather than been informed by the articulation of clear development priorities. Moving forward, the United States will:

Foster the next generation of emerging markets by enhancing our focus on broad-based economic growth and democratic governance. Economic growth is the fundamental force that will eventually transform the developing world, and the only sustainable way to accelerate development and eradicate poverty. In order to achieve these objectives, the United States will:

- Elevate broad-based economic growth -- ultimately the key to sustainable development -- as a top priority, ensuring that our investments and policies are guided by a rigorous assessment of what we can do to help countries achieve that objective.

- Increase our focus -- in terms of resources, policy tools, and engagement -- in support of select countries and subregions where the political and economic conditions are right to sustain progress.

- Work through our leadership in the multilateral development banks, United Nations (U.N.) agencies and other international organizations, other donors, foundations, nongovernmental organizations, the private sector, and other stakeholders to deploy the full range of our development tools and policies.

- Track concrete progress towards shifting countries and subregions away from dependence on foreign assistance and towards financing their continued development through domestic savings, foreign investment, and other sources of capital.

Invest in game-changing innovations with the potential to solve longstanding development challenges. Leveraging the power of research and development, the United States will:

- Increase our investments and engagement in development-focused innovation by seeking and then scaling up potential game-changing technologies such as vaccines for neglected diseases, weather-resistant seed varieties, and clean energy technologies.

- Increase public funding -- while securing more private funding -- for development-focused research. This will be done by capitalizing new models for innovation and bringing sustainable models to scale; by using our leadership, bilaterally and multilaterally, to foster, highlight, and reward innovation; and by working with developing countries to increase their development and utilization of science and technology, and to remove impediments to innovation and adaptation by the private sector.

Place greater emphasis on building sustainable capacity in the public sector and at the national and community level to provide basic services over the long term. The United States will continue to provide medicine, emergency food aid, humanitarian relief, and other assistance where it is desperately needed. But we will also strive to help increase the capacity of our partners to meet those needs by:

- Investing in systemic solutions where sufficient capacity exists, such as building sustainable public health systems, productive agricultural sectors, governmental capacity to deliver public services, implement low-carbon development strategies, and combat corruption; and legal and regulatory structures to protect rights and access to services. A focus on sustainability and public sector capacity will also be central to how we approach humanitarian assistance and our pursuit of the objectives set out in the Millennium Development Goals.

Tailor development strategies in stabilization and post-crisis situations to the context of the challenges. There is an obvious difference between our investments in Afghanistan and Ghana. In Afghanistan, as in other conflict and post-conflict countries, assistance efforts are necessarily focused on the immediate challenges posed by stabilization and reconstruction. Achieving sustainable development outcomes in complex environments is challenging; accountability and transparency can be elusive, and absorptive capacity is often constrained. Yet sustainable economic growth remains a long-term goal, and our immediate civilian efforts must be tied to a transition strategy aimed at long-term development. Applying lessons from past experiences, the United States will:

- Pursue development strategies that are appropriate to the circumstances and program resources accordingly, taking into account our core interests and the importance of linking our investments to a long-term strategy.

- Seek to maximize the development impact of our investments by bringing development expertise to bear in designing our interventions and by adopting metrics, appropriate to our objectives and the context, against which we can measure progress.

- Make investments in the reform of security sectors where security sector assistance is utilized with the goal of building capable, effective, and accountable institutions that can provide security for citizens, respect human rights, and help us to address common security challenges.

Hold *all* recipients of U.S. assistance accountable for achieving development results. We must hold accountable all countries to which the United States provides assistance, including those to which we have provided substantial assistance over years or decades. Going forward, the United States will:

- Seek sustained development progress consistently, even in those countries where our assistance efforts have been driven largely by other strategic considerations. We will give greater attention to pursuing policy reforms essential for development, including through our diplomatic engagement, as well as through the use of conditionality and performance-based mechanisms, wherever appropriate. While U.S. efforts

in these countries will continue to be determined by a range of national interests, progress towards meeting development objectives will be factored into our policy analysis and assistance decisions.

Three of my Administration's major initiatives reflect key elements of our new development strategy.

Feed the Future (FTF) is the U.S. component of a global initiative launched by my Administration at the London Summit of the G-20. FTF is aimed at promoting food security by accelerating economic growth through greater agricultural productivity, increasing incomes and market access for the rural poor, and enhancing nutrition. Our efforts are driven by country strategies and coordinated with those of other donors. We are leveraging the engagement of other stakeholders, including the private sector, academia, foundations, multilateral institutions, and nongovernmental organizations. This includes the establishment of the Global Agriculture and Food Security Program (GAFSP) -- a multilateral trust fund, based at the World Bank and launched by the United States in collaboration with other donors, including private philanthropy -- designed to help poor farmers grow more and earn more.

Our Global Health Initiative (GHI) builds on the foundation laid by President George Bush through the creation of the President's Emergency Program for AIDS Relief (PEPFAR). Taking into account the lessons learned over the last decade, and with an eye to achieving greater and more sustainable impact, the GHI expands our global health effort and impact by improving disease treatment, integrating our interventions and expanding our investments to strengthen health systems, improve maternal child health, address neglected tropical diseases, and foster increased research and development.

Our approach to International Climate Change Finance focuses on using the full range of mechanisms -- bilateral, multilateral, and private -- to invest strategically over the coming years in building resilience to unavoidable impacts, in reducing emissions from deforestation and land degradation, and in supporting low-carbon development strategies and the transition to a sustainable, clean energy economy. We are working to ensure that our climate financing is efficient, effective, and innovative, that it is based on country owned plans and that it is focused on achieving measurable results.

These initiatives prioritize investments in game-changing innovations and research, the capacity of host countries, and strong mechanisms to hold both ourselves and our partners accountable for achieving sustainable outcomes. To make these programs more effective, we are working closely with recipient nations, other donors, nongovernmental organizations, the private sector, U.N. agencies, and multilateral development banks.

A New Operational Model

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

Be more selective about where and in which sectors we work. We cannot do all things, do them well, and do them everywhere. Instead, we must focus our efforts in order to maximize our long-term impact. The United States will:

- Make hard choices about how to allocate our attention and resources across countries, regions, and sectors; and prioritize those countries, regions, and sectors that allow us to achieve sufficient scale.

- Demand greater focus from our assistance programs within countries, especially those with small programs, on investments strategically chosen in key areas, such as health systems, sustainable energy, and food security that shape countries' stability and prosperity.

- Reallocate resources and orient other policy instruments in support of those efforts and programs that yield the greatest impact.

Underscore the importance of country ownership and responsibility. Where our partners set in place systems that reflect high standards of transparency, good governance, and accountability, the United States will:

- Respond directly to country priorities, making new investments in line with established national strategies and country development plans based on broad consultation.

- Empower responsible governments to drive development and sustain outcomes by working through national institutions rather than around them.

Forge a deliberate division of labor among key donors. The United States will:

- Seek an explicit division of labor by focusing our efforts on select countries and regions.

- Focus our expertise in a smaller number of sectors, such as those relevant to achieving sustainable economic growth, with an emphasis on selectivity and an orientation toward results.

- Work with bilateral donors, the multilateral development banks, and other international organizations to ensure complementarity and coordination of efforts.

Leverage the private sector, philanthropic, and nongovernmental organizations, and diaspora communities. The United States will:

- Reorient our approach to prioritize partnership with private and nongovernmental actors from policy conception to implementation, finding new ways to leverage our investments and to spur the action of others in Washington and the field.

Strengthen key multilateral capabilities. The United States will:

- Redouble efforts to support, reform, and modernize those multilateral development organizations most critical to our interests.

- Renew our leadership in the multilateral development banks, ensuring that we take advantage of their expertise in developing our strategies and approaches and coordinating our respective efforts.

- Create new multilateral capabilities as and where needed, as we have done by making the G-20 the premier forum for our international economic cooperation, with an eye toward modernizing the current international architecture.

Drive our policy and practice with the disciplined application of analysis of impact. The United States will:

- Set in place rigorous procedures to evaluate the impact of policies and programs, report on results and reallocate resources accordingly, incorporate relevant evidence and analysis from other institutions, and feed what we learn back into the policy and budget process.

- Undertake a more substantial investment of resources in monitoring and evaluation with a focus on rigorous and high-quality impact evaluations.

A Modern Architecture

To ensure the effective implementation of our new policy, the United States will raise the importance of development in our national security policy decisionmaking, ensure a coordinated approach to country, regional, and global strategies by creating clear lines of authority and responsibility, and generate greater coherence across the United States Government:

Elevate development as a central pillar of our national security policy, equal to diplomacy and defense, and build and integrate the capabilities that can advance our interests. To ensure that development impacts are considered equally with other strategic considerations, and that development expertise is brought to bear in decisionmaking, the Administrator of the United States Agency for International Development (USAID) will be included in meetings of the National Security Council (NSC), as appropriate. The Administrator will report to the Secretary of State, who will ensure that development and diplomacy are effectively coordinated and mutually reinforcing in the operation of our foreign policy.

Recognizing the distinct mission and roles of the Department of State and USAID, the 2010 Quadrennial Diplomacy and Development Review will propose steps to build our diplomatic and development capabilities in support of the conduct of our foreign policy. In addition, as other major policies affecting developing countries are being reviewed through existing policy mechanisms (e.g., trade policy through the United States Trade Representative's Trade Policy Review Group, etc.), an assessment of the "development impact" of policy changes will be included in the analysis.

Reestablish the United States as the global leader on international development. This will involve attracting and retaining high quality talent, strengthening our development capabilities across the board, shifting away from focusing on tasks and outputs to focusing on results; and bringing development expertise to the formulation, design, and implementation of policies and programs. This entails a long-term commitment to rebuilding USAID as our lead development agency -- and as the world's premier development agency -- by focusing on the following six areas:

- USAID will be a leader in the discipline of development. To this end, USAID will develop robust policy, planning, and evaluation capabilities. It will also assume responsibility and accountability for crafting and implementing a core development and humanitarian assistance budget as part of a comprehensive U.S. foreign assistance budget approved by the Secretary of State.

- USAID will work with other agencies to formulate the U.S. approach to multi-country cross-cutting sector development strategies and lead these efforts where appropriate.

- USAID will work in collaboration with other agencies to formulate country development cooperation strategies that are results oriented and will partner with host countries to focus investment in key areas that shape countries' overall stability and prosperity.

- To be a more effective partner and achieve greater returns from United States Government investments, USAID will streamline its operating methods and practices, including by becoming more transparent. Speed and flexibility will characterize its operations. For accelerated development progress, we will emphasize investments that benefit girls and women.

- USAID will become a leading choice for those seeking cutting edge development learning, research, and best practices that produce breakthrough results. In other areas, it will strengthen its organizational capability to draw on Federal and external partners to respond to the broad range of development challenges.

- And finally, USAID will embrace game-changing innovation as its hallmark and develop new global partnerships to leverage others' expertise and resources against our strategic development objectives. This has begun with the appointment of an Innovation Officer and the launch of an agency change management program, including major procurement and business processes reforms.

Critical, too, is a commitment to enhancing the capabilities of the Millennium Challenge Corporation (MCC) and better coordinating its efforts with those of USAID and U.S. development policy more generally. We attach great importance to the United States leadership position within the multilateral development banks, and the Department of the Treasury will be responsible for coordinating United States Government efforts with the multilateral development banks as a critical element of our global leadership on development. Finally, we will more effectively draw on the substantive contributions of centers of excellence across the United States Government (e.g., the Departments of the Treasury, Justice, Agriculture, Commerce, Labor, and Health and Human Services, United States Export-Import Bank, the United States Trade and Development Agency, and Overseas Private Investment Corporation) to ensure that expertise on key development issues informs and enhances the design and execution of U.S. development policy, planning, and programming in the field.

<u>Establish mechanisms for ensuring coherence in U.S. development policy across the United States Government</u>. Our new policy will require a more deliberate and rigorous policymaking and review process, one that engages expertise across the United States Government, defined by the following elements: a U.S. Global Development Strategy, to be undertaken every 4 years and approved by the President; a Quadrennial Diplomacy and Development Review to be conducted every 4 years by the Department of State and USAID, and the establishment of an Interagency Policy Committee (IPC) on Global Development, led by the National Security Staff (NSS), to set priorities, facilitate decisionmaking where agency positions diverge, and coordinate development policy across the executive branch, including the

implementation of this Policy Directive.[1] The IPC will report to the NSC Deputies and Principals.

Beyond the issues and efforts coordinated by the White House, the Secretary of State will coordinate U.S. foreign assistance and the Secretary of the Treasury will coordinate U.S. assistance through the multilateral development banks, consistent with their existing legal authorities. The Secretary of State will work in collaboration with agencies that have lead responsibility under existing legal authorities in relevant areas -- such as the Treasury (multilateral development banks), United States Trade Representative (trade policy), Commerce (export promotion policy) -- and others to formulate coherent country and regional engagement strategies, consistent with guidance established by Principals and Deputies. In the field, the chief of mission will ensure the coherence and coordination of development cooperation across U.S. agencies.

To reach beyond government and provide greater coherence with our nongovernmental partners, we will create a U.S. Global Development Council, comprised of leading members of the philanthropic sector, private sector, academia, and civil society, to provide high-level input relevant to the work of United States Government agencies.

<u>Foster the integration of capabilities needed to address complex security environments</u>. Today's foreign policy challenges, especially those in complex security environments, demand an effective integration of all the tools of American power. The United States will seek an enhanced level of interagency cooperation in these environments by providing strong incentives for the design of common analysis, planning, and programs so that the distinct perspectives of development, diplomacy, and

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[1] The following agencies shall comprise formally the Global Development Policy Committee, and attend meetings as appropriate: Departments of State, the Treasury, Defense, Justice, Agriculture, Commerce, Labor, Health and Human Services, Homeland Security, Office of Management and Budget, United States Trade Representative, Representative of the United States to the United Nations, Council of Economic Advisers, Office of Science and Technology Policy, Office of the Director of National Intelligence, United States Agency for International Development, Export Import Bank of the United States, Joint Chiefs of Staff, Peace Corps, Overseas Private Investment Corporation, Millennium Challenge Corporation, and United States Trade and Development Agency.

defense -- along with the expertise of other agencies -- are harnessed in pursuit of U.S. national security.

A New Partnership with the Congress

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

Implementation

The NSS will coordinate the interagency community to implement this Policy Directive, beginning with the FY 2012 budget process.