

# Briefing by Henrietta H. Fore Director of U.S. Foreign Assistance and Administrator, USAID

## Poverty and Development: Three Paradoxes

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*[As Delivered]*

Thank you, Sam. Kernal Dervis, Juan Jose Daboub... and to all of you here today -- I am delighted to join you.

Yours is the voice of conscience. You do the real work of assistance and development every day - often at tremendous personal risk. And always at enormous personal sacrifice. You hear the voices of those that the rest of the world too easily forgets. And you are moved... to act. Yours is public service of the highest order. Thank you.

As I was thinking about joining you this afternoon, it struck me that the work we do can be fraught with unexpected twists and unintended consequences. The longer you work in humanitarian assistance and development, the more striking some of its paradoxes become. Today I'd like to give you my thoughts on three of them.

### The Paradox of Complexity

Here's the first paradox. Assistance and development are focused on the simplest, most fundamental of human needs - having enough food, shelter, medicine, and the most basic human rights. And yet, the sheer complexity of delivering aid increases by the year.

The pace of change is only picking up. Capital, people, information, goods and services cross borders like never before. So do security threats, disease, and unintended consequences. Just consider the Avian influenza -- and how its implications for health, business and development mutated and spread as virally as the disease itself.

The complexity of the issues we face now, on a truly global scale, is unprecedented. Food, energy, climate, technology, growth, wealth and wellbeing - they're all more interconnected than ever. So it must be true that the solutions we seek will be more interdependent than ever. And well beyond the reach of any single organization.

I believe this means we must do business differently. I'd ask you to consider how we might resolve this paradox of growing complexity in assistance. It won't be settled simply through structural changes, more funding, or new legislation.

No, I would submit that the key to easing complexity is knowledge. And the knowledge I consider most critical -- in the global context in which we must all operate together -- is shared between the donors and contractors, agencies and NGOs, host governments, private sector interests and foundations all trying to make a difference. It is the knowledge of what works, of what is best practice, of what is delivering results.

We reduce complexity when we share that vital knowledge, transcend the partisan and parochial, and put outcomes first. I'll give you some examples.

In Africa, we are working with public and private sector partners, and African education leaders, to launch an Education Commons. USAID was one of the early supporters of an education portal for Zambian teachers that provides them with online and in-service training, electronic library access, and peer-to-peer best practice sharing. This portal also connects Ministry of Education officials with their counterparts in the provinces and directly with teachers.

Our goal is simple: to help reinforce the government's own strong commitment to universal primary education by 2015. But the partnership pursuing this goal is remarkable. It involves a range of in-country and international government agencies like UNESCO... leading private sector companies and foundation like Sun Microsystems, the William and Flora Hewlett Foundation... and InterAction members like the International Reading Association, and the Academy for Educational Development.

We see this portal as precisely the kind of technology that will become part of a larger Global Development Commons: a community of continuous and real-time information exchange, coordination, partnership and action between public and private donors, agencies, NGOs, host governments and civil society - all in constant collaboration. A Global Development Commons gives people in the developing world the tools they need to lead their own development.

Or consider the Higher Education Summit we hosted last week with Secretary Condoleezza Rice and Secretary Margaret Spellings. We brought together leaders from technology companies like Intel and IBM... major philanthropic organizations... and college and university presidents from around the world... to find paths for more innovative exchanges, teaching, research, technology transfer, and the business growth so critical to the developing world.

With the World Economic Forum, we're hard at work on multinational partnerships in health, humanitarian assistance, water, energy and other critical areas -- taking on partnerships created there that support our strategic priorities. We've also reached out to leading CEOs at companies that include Coca-Cola, Chevron and McGraw-Hill, to establish a CEO Public-Private Partnership Brain Trust - to engage and apply the very best minds in business.

These are just the kind of creative, post-partisan, non-parochial efforts we need. They apply the unique abilities of every player -- public, not-for-profit, NGO and private -- to deliver something none could manage alone, or sustain for very long. These partnerships must always begin with the country, and the country's development plan. We must all work with a singular vision, that puts their development first.

I believe this is how assistance and development will be done in the future. You already know that private sector capital flows are now a multiple of traditional foreign assistance. And you probably saw the news last week: Giving by foundations has set a new record, hitting almost \$43 billion - despite the stock market turbulence and the overall economy. To leverage that kind of capital and deliver lasting results, we simply have to learn to work together more effectively.

Last month in Afghanistan, at a donor coordination forum hosted by the Afghan government that included 33 donor countries, I was deeply impressed by the level of coordination being applied to restore that country's physical and social infrastructure after decades of war - coordination between donor agencies, civil society, the military and the private sector. There, I committed - on your behalf as well as mine - that we will raise the level of our game in joint decision-making. We will plan our efforts more consultatively with line ministries, implementers and other donors.

In Islamabad, visiting an all-girls middle grade school, we launched a \$90 million basic education program to improve teacher education and student learning environments throughout the country. USAID, partnering with the American Institutes for Research (AIR), the Aga Khan Foundation and local NGOs, will help the Government of Pakistan earn the trust and confidence of Pakistani parents that their children will receive a quality education - in this case it is for girls in Biology, Chemistry and Physics.

In Uganda, I saw the vital work being done to reintegrate 1.8 million internally displaced persons, after 22 years of conflict. This was in a multicultural context with Muslim leader Sheikh Musa Khalil, Anglican leader Bishop Ochola, the Acholi Paramount Chief's Representative Michael Otim, and their government officials. This is a multi-cultural, multi-denominational effort.

In the Democratic Republic of Congo, in Goma, we're contributing to the security, development and humanitarian work resulting from the Kivus Peace Conference. Here I was proud to see the level of coordination of U.N. peacekeeping forces, municipal government, non-profit organizations, and donor governments, all coordinating, synchronizing and acting together.

In my meetings with top Palestinian business leaders, I was impressed by their entrepreneurial spirit and resilience. Despite daily business disruptions - protests, fighting, power outages, and restrictions on movement in and around Bethlehem -- local artisans, restaurant and shop owners formed a trade association to promote tourism there for the holiday season. And they are working toward regional trade in agriculture, and world-class IT projects. These are public private partnerships.

And in Peru, I saw directly the tremendous potential of the local and international private sector to support development in some of the most impoverished regions of that country. NGOs, grantees, contractors, local

government, universities, local companies and the U.S. government -- all deeply, effectively involved in reducing poverty and raising incomes above 50 cents or one dollar a day.

What unites our successful partnerships in all of these countries -- and around the world -- is a commitment to ensure that our investments in programs, in infrastructure and in technical assistance are demand-driven; that they have full host country ownership; that they are fully responsive to, and coordinated with, community-level priorities; and that we are deeply engaged with you.

We have the tools and the knowledge we need. We understand more than we ever have before about the role of small enterprise in self-sustaining economic growth - and the way it allows the poor to generate wealth of their own creation. We are more sophisticated than ever about credit and financing; about regulatory oversight that supports rather than impedes business and civil society; about the role of women in education and entrepreneurship; about the importance of property rights, and the basis for effective governance.

The knowledge is there. What we need to focus on is a higher order of knowledge sharing, coordination and true partnership among the many players whose strengths must be brought to bear. That is the only way we will generate clarity of mission where it most matters, on the ground. It is the only way we will answer the paradox of complexity that so often impedes progress in development.

Now, on to a second paradox: the paradox of progress.

## **The Paradox of Progress**

We've made progress in reducing poverty that is unprecedented in human history. This, in turn, has ushered in serious challenges that threaten the very progress we've made.

Greater prosperity is generating more demand for just about everything - most acutely in food, energy, transportation, and water.

Given the interplay of all of these global priorities - all of which are effectively non-negotiable -- we now face a food crisis that looks more structural than cyclical. Today we face rising food prices in all grains - and growing concern. Productivity growth has not kept pace with population growth. And we have under-invested in agriculture in the past years.

A range of factors is contributing to rising food prices, including growing demand, increasing costs of production due to rising fuel prices, disappointing productivity growth in many developing countries, and various trade barriers, subsidies, and other counter-productive policies.

So let's start with what's urgent. You know that the President called on Congress last week for an additional \$770 million in funding for food aid and agriculture development programs to help address global food insecurity issues. With these additional resources, the U.S. will be contributing a total of almost \$5 billion to the fight against global hunger in FY 2008 and FY 2009.

The comprehensive response proposed by the President includes \$620 million in food aid and other emergency assistance - targeted at extremely poor populations that are most vulnerable to the immediate crisis. Combined with the estimated \$200 million drawdown from the Emerson Trust announced last month, and the President's earlier FY 2008 request for a \$350 million in food aid, this amounts to well over \$1 billion in new funds to address the most urgent needs resulting from this crisis.

The President recognizes that we must address both the urgent and the important. As we respond to the immediate needs, we must also tackle the underlying, structural causes of the crisis. Structural, systemic causes call for long-term strategies. Here's what that means.

First, it means that, in addition to emergency aid, the assistance package announced by the President includes an additional \$150 million for agricultural development programs that fundamentally transform food production and distribution systems in regions that are chronically vulnerable to food crises -- and yet have tremendous potential to expand local production and trade. By raising productivity, expanding local production, and lowering the cost of moving food from farms to tables, we will be attacking the root causes of the current crisis and reducing future vulnerability.

Second, it means redoubling efforts to conclude the Doha Development Round. The issues being addressed in WTO agriculture negotiations have a direct and significant bearing on the food price crisis. It is critical to achieve a quick

result that reduces and eliminates import tariffs, export restrictions, other trade barriers, and market-distorting subsidies for food and agricultural goods. The President's proposal to increase assistance for agriculture programs that address systemic production and market constraints recognizes the importance of Aid for Trade in the Doha Round.

Third, it means that we must remove barriers to the development and distribution of crops developed through advanced biotechnology. These technologies have the proven power to dramatically increase the productivity and incomes of the world's poorest farmers - and in a safe and sustainable manner. We must bring the best science available to bear on solving age-old problems of pests and diseases. Corn and cotton can be protected from pests by biotechnology, increasing yields and quality, and greatly reducing the use of pesticides. One of the current tragedies is that these technologies are being rapidly deployed in many advanced and middle-income countries, while many of the poorest still do not have access to them and to modern farming methods.

Last month, in Kansas City at the International Food Aid Conference, I met with the farmers, shippers, vendors, NGOs and agencies responsible for nearly half of the global food aid delivered every year. We agreed that this food crisis really is different - that it will test our most fundamental assumptions, practices and delivery systems - and that the landscape of food has changed. I asked them to consider how we can leverage the power and resources of private business, non-profits and government to build a pro-growth agenda that supports agriculture, trade and market development.

I understand InterAction is forming a working group on food aid. As of yesterday, we have a Development sub-Policy Coordinating Committee on Food Aid, working within the interagency process. Here is my challenge to you. Help us develop a comprehensive strategy and sustainable interventions for addressing the immediate and urgent dimensions of this food crisis -- as well as the important systemic changes we need to make, to reach a sustainable balance and assure human survival, peace and stability.

We need your best thinking on this. And we need it now. As we continue to succeed in reducing poverty around the world, we have to be smart enough to stay ahead of the many demand curves that accompany prosperity. We cannot allow progress to make the poor victims of our own success.

And that brings me to the third and final paradox I'd ask you to consider today: the paradox of performance.

## **The Paradox of Performance**

This one concerns all of us - how we measure ourselves, and know when we are successful. The paradox is this: The interrelated global issues I've raised here today demand that we operate as a coherent whole. And yet we are rewarded for excelling as individual organizations, with no common basis for project monitoring and assessment - no shared metrics and consistent measures to give us an accurate picture of our progress and performance in our many shared undertakings. No way to see what is most effective in the work we do together.

At USAID we are taking a very serious look at the way we monitor and evaluate programs. Why is progress in reducing maternal mortality slower in Africa than in the rest of the developing world - even in countries poorer than those of Africa? How do we know that our interventions - in agriculture, human capacity building and policy reform - are associated with specific outcomes? Do we have the basis to revise and amend programs, and change course where necessary - and funding flexible enough to do so?

We must be able to answer such questions -- clearly and unambiguously. We must follow the dollars relentlessly; find meaningful ways to measure the performance of our programs; and articulate that progress to the Washington policy community and to the American people, so that we can pursue the right priorities.

To help get the message out, we've started a Public Outreach working group at the Advisory Committee on Voluntary Foreign Aid, to develop new ways to strengthen the American consensus for foreign assistance - and develop social marketing concepts that contribute to public awareness and support.

A common basis for monitoring and reporting our shared results will be pivotal to that group's work. So I ask each of you to please give this some thought. I want to showcase our work together, to demonstrate to the American people that the nexus between development, diplomacy and our national defense is real - in our national interest - and to demonstrate clear connections between input and outcome, initiative and result, programs and performance.

## **The Future**

Now, just a few thoughts about our future together. We cannot face 21st Century challenges with 20th Century

organizations. Progress against extreme poverty requires skills, experience and resources that differ fundamentally from those we possess today.

From 1950 to 2004, the share of the world's population living in extreme poverty fell from 55 percent to 21 percent. But given our challenges in finance, fuel and food, there is so much more to do. So I am pleased that we've been able to launch the largest request in history for increased operating budget for USAID.

The President's Fiscal Year 2009 Budget request includes over \$92 million to hire 300 foreign service officers - above attrition - a 30 percent increase in our overseas workforce. Moving us toward a doubling of deployable staff over the next three years.

This Development Leadership Initiative will address critical shortages in programs and planning, to support the kind of consultation and coordination I've been talking about today; it rebuilds our strength in executive and financial management; contracting; legal; health; economic growth and trade; alliance building; education; and democracy, conflict, human rights, and governance.

Finally, this Development Leadership Initiative is the basis for my confidence that the many foreign assistance reforms we've undertaken over the last year -- and will continue to push this year -- will have staying power. Because they will have people behind them.

You have most likely heard me speak about my agenda for foreign assistance revitalization. Over the past year, I believe that - together - we have made real progress, and I hope that you were encouraged by many aspects of our FY 2009 budget request. And I want to thank you -- each of you -- for your help.

We've worked to shift the emphasis to the field by providing more opportunities for field leadership in the budget formulation and distribution processes. We have eliminated the Washington approval process for certain program and financial adjustments. And we are reducing the data required, and the frequency with which Washington requests data from the field. I look to the day when we enter data once, and allow easy access to whatever information we need -- when and where we need it.

We have implemented a number of changes to streamline the FY 2008 Operational Plan preparation and approval processes. We are putting a premium on moving funds to the field for programming. And I'm pleased that we have been able to expedite that process this year - nearly four months earlier than last year.

But I know as well as you do that any reform worthy of the name re-form won't be successful without the full participation - the full participation - of everyone in this room. We are ALL accountable for being a part of the solution -- focusing less on defending specific regions, specific sectors, and specific programs - and more on reform priorities that meet the most critical needs at ground level.

I believe we have an opportunity, right here and now, to build a consensus amongst ourselves and to build a constituency for "global development" with the American people. So today, I challenge all of us to seize the moment and to strike a "grand bargain," to re-form the way we deliver foreign assistance together.

## **Conclusion**

Our work is a calling. There is no other way of putting it. One simply cannot know about what's happening in the world right now, and fail to act. The violence in Lebanon, the struggle for democracy in Zimbabwe, the massive disaster people are struggling with in Burma. I would like to extend my personal condolences to our colleagues in PACT who lost five staff in the Cyclone Nargis. Sarah, I know all of our thoughts are with your team in Burma. At this hour, field workers for World Vision, PACT, Save the Children, Médecins Sans Frontières, the American Red Cross, a USAID Disaster Assistance Response Team and many, many more are responding - and upholding our commitment of service, as a community of conscience.

And the American people once again stand ready to help. Yesterday I gave Interaction's website to the press corps at the State Department, as a place for our citizens to engage and contribute. I have faith, respect and pride in you, your people, and your work.

In concluding this conference, let us consider this an opening -- on three fronts. Three appeals to you, to resolve the three paradoxes of development that I've asked you to think about today.

First, help us ease complexity -- through knowledge, coordination and genuine partnership.

Second, help us develop a comprehensive strategy and sustainable interventions for addressing the growing expectations of the world's poor - especially in the present food crisis - as well as the systemic changes we need to make.

And third, contribute your ideas for a common basis for project monitoring and assessment -- so that we can meaningfully measure progress in our work together, and help the Public Outreach working group strengthen the American constituency for foreign assistance.

Our success in ending extreme poverty is a matter of both heart-felt commitment, and practical, clear-eyed pragmatism. It will take both. I am proud to work with you, on what I believe is the greatest moral, intellectual and practical challenge of our age.

Thank you.