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**Sent:** Friday, July 16, 2010 2:07 PM  
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**Subject:** FW: The Cable - Development

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**Sent:** Friday, July 16, 2010 10:52 AM  
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**Subject:** FW: The Cable - Development

In case you missed this....

## **Angst about USAID's fate grows as development reviews stall**

Posted: 15 Jul 2010 06:30 AM PDT

The development community is up in arms about the persistent delays in the administration's two major reviews of development policy, as internal disagreements continue to plague the ongoing efforts to reconcile America's development and foreign-policy goals.

The administration's two major development reviews, the White House's Presidential Study Directive on Global Development (PSD-7) and the State Department's Quadrennial Diplomacy and Development Review (QDDR) are both missing in action as the administration crosses the 18-month mark. The interim report of the QDDR **was never released** and there's concern the final document might not be ready by the stated September deadline.

The PSD, **a draft version of which** was first published on *The Cable*, is being held up by a continuing and mounting disagreement between the White House and the State Department over how to divide power over development between Foggy Bottom and the U.S. Agency for International Development (USAID).

According to administration sources and development-community leaders, the dispute between the National Security Council and the office of the Secretary of State **Hillary Clinton** came to a head at a principals' meeting in late June, when a near-final version of the PSD was discussed. Clinton, our sources report, refused to sign off on the PSD because she disagreed with that document's determination that USAID should be the lead agency in charge of individual development missions in the field.

Multiple issues are still in dispute between State and the NSC concerning the reviews, including the role of USAID Administrator **Rajiv Shah** and what level of autonomy USAID will be granted in determining its own policies, budgets, and priorities. Shah **has been rebuilding** USAID's intellectual capacity, but the aid community fears that Clinton intends to consolidate real power inside her office **despite her promise** to "elevate" and "integrate" development as the third pillar of national security alongside diplomacy and defense.

Many believe that the White House launched a not-so-subtle salvo at Clinton **by releasing a statement** on development at the G-8, just days after the contentious principals' meeting, that closely tracks what's known about the PSD and declaring it as U.S. policy before the internal negotiations with State were completed.

Leading development community-voices are now openly venting their frustration with the delays in the process.

"Eighteen months into the administration, the federal government remains abysmally organized to address Haiti, Pakistan and other development challenges," wrote **Nancy Birdsall**, the president of the Center for Global Development, **on the organization's website** Thursday. "When it comes to global development, I'd give President Obama and his top advisors an A for strategic vision and a big fat F for failure to get on with it."

In an open letter to Clinton, National Security Advisor **Jim Jones**, and National Economic Council chairman **Larry Summers**, Birdsall raised several issues that resonate with development advocates. She called the Millennium Challenge Corporation "**pathetically underfunded**," lamented that no one seems to know who's in charge of big initiatives on food security and global health, and complained that USAID **still has vacancies** for several senior staff positions.

Birdsall's calls for giving USAID total independence and cabinet-level status aren't likely to be final recommendations from either the White House or the State Department.

But her overall anxiety about USAID's status is widely shared in the development community. A team of top development leaders including former USAID administrator **Brian Atwood** **wrote today** to protest the **cuts in the foreign aid budget** that Congress is calling for.

"We are grateful for the emphasis the President has placed on development and foreign assistance -- a tradition he continues from President Bush. And we strongly support Secretary Clinton's call to make USAID 'the premier development agency in the world,' they wrote. "But this goal will only be achieved when USAID's personnel capacity is rebuilt and its funding enhanced."

World Food Prize Laureate Rev. **David Beckmann**, who co-chairs the Modernizing Foreign Assistance Network (MFAN), told *The Cable*, "The Obama administration is doing smart and creative things to help hungry and poor people around the world. But they are hung up by organizational confusion, and the president needs to make it clear that USAID, not the State Department, has lead responsibility for development."

MFAN even has a **running counter** on its website tracking the days since President Obama pledged to release his overall development policy.

Adding to the concern is the fact that two of the lead officials who are in charge of the QDDR will be departing the State Department soon. Deputy Secretary of State **Jack Lew** **has been tapped** to become the next director of the White House's Office of Management and Budget. Policy Planning chief **Anne Marie Slaughter** has made it known that her two-year leave from Princeton will require her to return to New Jersey at the end of the year.

State Department officials assure *The Cable* that the QDDR will be completed before Lew and Slaughter leave Foggy Bottom. Nevertheless, the delays are having an effect of their own, said Birdsall.

"Time is not on our side," she told *The Cable* in an interview. "We're missing in action as a country."

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