

RELEASE IN PART
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From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Monday, May 3, 2010 1:49 PM
To: H
Subject: FW: PSD in the Cable

FYI

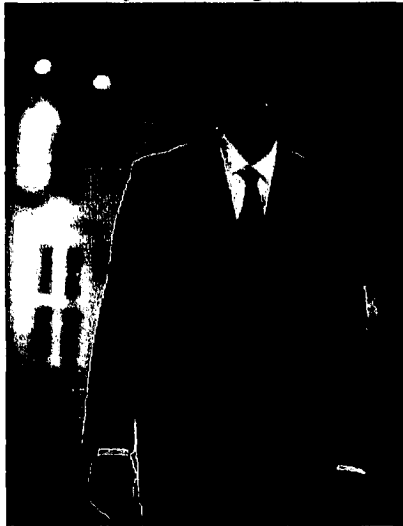
From: Hyde, Dana
Sent: Monday, May 03, 2010 1:41 PM
To: Mills, Cheryl D; Slaughter, Anne-Marie; Lew, Jacob J
Subject: PSD in the Cable



B5

White House proposed taking development role away from State

Posted By Josh Rogin ■ Monday, May 3, 2010 - 1:12 PM



The White House is moving closer to finishing a sweeping review of U.S. development strategy that aims to put development on par with diplomacy and defense as a "central pillar" of U.S. national security, according to sources familiar with the issue.

The Cable has obtained a draft copy (pdf) of the review, which is titled "A New Way Forward on Global Development" and is known internally as the Presidential Study Directive on Global Development or PSD-7. "The Obama Administration recognizes that the successful pursuit of development is essential to our security, prosperity, and values," the draft document reads. It promises a "new approach to global development that focuses our government on the critical task of helping to create a world with more prosperous and democratic states."

Sources cautioned that the draft document was presented at a **deputies committee meeting** two weeks ago and has been updated since. But they said that certain key passages have already exacerbated tensions between the National Security Council and the State Department, which is finalizing the interim report for its own wholesale policy review, the Quadrennial Diplomacy and Development Review (QDDR). The NSC declined to comment. One important section of the seven-page document would establish an interagency "development policy committee" -- moving the responsibility for coordinating U.S. policy on development out of the State Department.

At issue is whether Foggy Bottom should have the ultimate authority over development policy or whether oversight should be done by the new interagency body, which reports up to the president.

The draft document also calls for an overall review of U.S. development strategy every four years (separate from the QDDR), and the design of country and/or regional strategies to "organize U.S. engagement and inform resource allocation."

The idea of a government-wide, independent committee to oversee development is one that Senate Foreign Relations Committee heads **John Kerry**, D-MA, and **Richard Lugar**, R-IN, also support.

The draft also outlines of how the relationship between State and USAID should work -- and those outlines don't jive with how we hear the QDDR is shaping up. For example, the document says that USAID should have "responsibility and accountability for a core development and humanitarian assistance budget," as well as a robust policy planning staff, a leadership role in setting strategies and the "mandate, where appropriate, to lead U.S. government development efforts in the field."

USAID Administrator **Rajiv Shah** would "be included in NSC meetings where appropriate" if this draft document's recommendations were adopted, but he would also still report up to Secretary of State **Hillary Clinton**, not directly to the White House as some might hope.

Officials have indicated that in State's QDDR, USAID would also get its own policy planning staff but would probably not control its own budget. State Department officials argue that by keeping control over USAID's budget, they would be in a stronger position to advocate for it.

"You can see many things here that try to establish more balance and reorient the authority over development back toward the NSC and the White House," said one development leader closely observing the process. "Each of those things could invite some pushback from State."

Overall, the document is a good draft, this observer said, noting that it could go through several revisions before being finalized. "We're not hugely supportive of the USAID administrator reporting to the secretary of state, but a lot of this is largely positive in terms of strategy and overall direction."

The QDDR is led by Shah and Deputy Secretary **Jack Lew**, with heavy input from Policy Planning chief **Anne-Marie Slaughter**. The PSD-7 is led by top NSC aides **Gayle Smith, Michael Froman, and Jeremy Weinstein**.

The interim report of the QDDR is expected to be released soon. There has never been a promise from the White House that the PSD-7 would be released publicly.

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