

Patrick Fine: Hello, and welcome to the Deeper Look podcast. I'm Patrick Fine, CEO of FHI 360, and today, I have the pleasure of speaking with Dan Runde, a leading strategist and expert in international development, trade investment, global business and organizational change. Dan, thank you for joining me today.

Dan Runde: It's a real pleasure, Patrick. I have known you for a long time, and I'm always happy to talk to you.

Patrick Fine: Dan, this year we've been discussing the sustainable development goals, or the SDGs, and today I want to ask you about the SDGs and also ask you about the future of aid and how we make development more effective to advance the global goals.

Dan joins us from the Center for Strategic and International Studies, where he's the director of the project on prosperity and development, and he holds the Schreyer Chair in global analysis. Dan is a prominent conservative voice in the development community. Dan has advised many governments, he's worked with the World Bank, he's been an advisor to the U.N., so he brings a very comprehensive perspective to issues of international development.

Dan Runde: Thanks Patrick.

Patrick Fine: As I mentioned in the introduction, you're a prominent conservative voice within the international development community. What is the conservative view of the SDGs?

Dan Runde: Well, I think the first thing I would say is that most Americans, whether they are conservative or progressive or Republican or Democrat, I think most Americans don't know what the sustainable development goals are. And then, even if you come to Washington [D.C.], and you ask most members of the House of Representatives and most members of the U.S. Senate what the sustainable development goals are, I think most of them would say they don't know what they are. I don't know if you've had that experience yet, though I think many of the people that the development advocacy community interacts with, yes, the staffers will know what it is, or many of the staffers, but I'd say it's actually not a very well-known thing.

It's much more well-known outside of the United States. It's very well-known in Europe. It's very well-known in the developing world. So, the first thing I'd say is it's not very well-known. I was asked by folks in the Obama White House to pull together a roundtable in 2014, when they were pulling together the high-level panel on the sustainable development goals. And they asked me to informally convene a group of Republicans to sort of test the sustainable development goals. My reaction to them are there's 17 of them. It's quite a lot, and then there's 169 sub-indicators, which is really quite a lot.

Patrick Fine: Mind-boggling, yeah.

Dan Runde: It's mind-boggling, so I think the first thing I'd say is not a lot of people know what they are. The second is there're too many of them. The third I'd say is they have a lot of authoritative power in many countries, in developing countries, and I don't think that's fully appreciated here in Washington. The fourth thing I'd say is, I do think you start getting resistance or pushback. I know the sustainable development goals are supposed to also be universal, meaning they apply to the United States and as well as to, say, the United Kingdom or others.

Patrick Fine: Right.

Dan Runde: I do think it gets very tricky very quickly – let me exaggerate to make the point – if Bangladeshi and Nepalese government representatives came to the United States with clipboards to do a peer review of the United States to see if the United States was meeting the sustainable development goals, I think that would be a political nonstarter.

Patrick Fine: Right.

Dan Runde: And I've had people, kind of in private roundtables, get all kind of starry-eyed talking about how excited they are that this is a universal agenda. And I just have said, "You know, I understand why you're excited in an idealistic way, but are you out of your mind? You're going to go up to the U.S. Congress and say how excited you are that we've signed on?" And the first question they're going to ask is, "Is this a treaty?" And the answer is no, it's not a treaty. The SDGs are not a treaty. They're kind of a soft law, and they're kind of a nice to have, and they're probably – the city

council in Berkeley [California] and the city council in Cambridge [Massachusetts] will, in essence, sign on to them, but there's no way on God's green Earth they even will be put up in any kind of a bill that'll get voted on in the House. I don't even think they'll make it to the floor of either the House or the Senate. So, if you ask the U.N. people, "Is this a treaty?" they'll say, "No, it's a –"

Patrick Fine: I think it's a nonbinding resolution passed by the General Assembly, and its moral authority comes from the fact that 194 countries voted for it or, or accepted it.

Dan Runde: Right, and so if you will recall, the Bush administration was asked, "What do you think about the MDGs?", which were kind of like the version 1.0 of the SDGs.

Patrick Fine: Right, the millennium development goals.

Dan Runde: Right, in 2000, so it was signed and kind of set up by the Clinton administration in 2000, and then the Bush administration took about two years. There was sort of an official silence about the MDGs until about 2003. And the reason there was some silence was, well, is the United States on the hook for spending 0.7 percent of its gross national income – the United States is the largest donor on a bilateral basis, on a cash basis, but on a percentage of its economy, it's lower, and so there's this argument about that, and so the United States was not prepared. The Bush administration was not prepared, and so there was silence.

So, I think that the Trump administration has three general options about the SDGs, and let me say what they are, and then let me give you my take on how we might think about the SDGs beyond what the Trump administration might do.

I think the first option is for them to say, "This is some silly, wooly-headed thing. It's not a treaty, and we're just going to opt out of it."

Patrick Fine: It's a U.N. thing, yeah.

Dan Runde: "Not only is it a U.N. thing, we reject it. We reject the SDGs, and don't ask us to sign on to it." Or, "We reject the whole premise, and we're out of here. This is ridiculous." The second is to say nothing, and the third is to say, "The SDGs are a good way to organize

problems in the developing world, and if the developing countries set up their development plans or their strategic planning around the SDGs, that's great."

Patrick Fine: Zambia just issued a paper, I think this week.

Dan Runde: Right, so that's my point. In many parts of the world, this has tons of moral authority. This has enormous amounts of moral authority that we don't appreciate in Washington, and even in parts of the development community, but I think the Trump administration, I bet will come out and say, "If you guys want to organize your strategic planning around the SDGs, knock yourself out. We don't have an objection to the SDGs as a thing, as a way to organize it. But, don't put peer reviewers on a plane with clipboards and do some kind of peer review about whether or not the United States is meeting the SDGs or not. We're not going to, that's a nonstarter."

Patrick Fine: I never took the principle of universality – I never looked at it in that way, that, you know, suddenly, the international community was going to come and use it as a way of criticizing us. I actually like the principle. Maybe I fall into that woolly-headed category, but I like the idea of universality, because I think that it is true that all nations have human development challenges –

Dan Runde: – and I'd say there's lots of social problems in this country. There's – we have an opioid epidemic.

Patrick Fine: That would be a good example.

Dan Runde: I'm sure a Republican House and a Republican Senate and a Trump administration, if someone goes to them – and I've counseled my friends in various multilateral organizations and said, "For the love of God, do not start with, 'Isn't this wonderful? This is a universal agenda, and this also applies to the United States,'" because there's some advocates that do that. And I can guarantee you that a number of people in the administration are going to say, "So, you're telling me the Nepalese and the Bangladeshi are going to come here with clipboards, and they're going to rank us, and they're going to start wagging their finger at us?"

Patrick Fine: Yeah.

Dan Runde: That's a nonstarter, and then it's going to get down the road of, "Is this a treaty?" and everyone's going to say, "No, it's not a treaty. It's a vote in the General Assembly, and it's –"

Patrick Fine: Right, right.

Dan Runde: Let's say there's 25 donor countries in the world. There's the United States. There's Canada. There's Japan.

Patrick Fine: All the OECD countries, yeah.

Dan Runde: OECD countries, and they're part of a club called the Development Assistance Committee. It's like the Major League Baseball Association of development, the DAC.

I think many of these DAC countries will say, "We love the SDGs," but I don't actually believe they plan or set up their monies around the SDGs. I think what they do is they go and they see problems and they address them, and then afterwards, they kind of back into saying, "I ascribe this activity to SDG number 12," or that kind of thing.

I know that when I was at the World Bank during the MDG process, there was lots of tension between the U.N. and the World Bank, which is technically a U.N.-specialized agency, because the World Bank didn't want the org [organization] telling them how to spend their money. And so, I don't believe the World Bank actually sat around with an Excel spreadsheet, saying, "How do I allocate my World Bank money based on the MDGs?" I think most donors think it's politically correct to say they've got to align their spending with the SDGs. And, and to the extent that countries have country planning processes, a la Zambia, the way you just described earlier, yes, that money will follow that. It does have an influence on how money is spent, but I would argue that bilateral aid agencies don't sit around all day saying, "How do I align my spending with goal number 4, sub-indicator number 52?"

Patrick Fine: Right.

Dan Runde: I don't believe that.

Patrick Fine:

There's a couple of interesting points that you've made. One is about the difference between how relatively little-known or how, in comparison to Europe and parts of the developing world that put a lot of weight on these goals, talk about them a lot, weave them into their rhetoric and into their policy documents, compared to that, there's relatively little weight put on them in the U.S. They don't feature prominently in the political discourse going on around foreign assistance or the U.S. role in the world. Even if we agree that, yeah, hunger is a problem and needs to be addressed, and people should have access to clean water, and, women's empowerment is critical for development.

So, even if you look at the individual goals and say, "Well, yes, the things the U.S. does are in support of these goals," we're not using them as a guiding framework in the same way as other countries. Do you think that creates a disconnect in our policy dialogue with partners in developing countries or with partners in other donor countries?

Dan Runde:

I think at one level, it doesn't matter that much.

At another level, I think it's too many to begin with. I think 17 is a ridiculous number, and I sure as hell think 169 is a crazy number of sub-indicators. I'm not sure I'm going to memorize the 17, and I sure as heck am not going to memorize the 169 sub-indicators, and if you do, I don't know what you're doing. In theory, having the SDGs as a framework for looking at progress on big problems isn't a bad thing.

Does it mean that we're sort of isolated? I think that the U.S. is often seen in development as a standalone, partially because of our size, partially because of our reach and capacity. The United States has bilateral aid presence in about 80 countries.

The United States also has what I would describe as a development industrial base. We have a defense industrial base. We have things like Boeing and Lockheed, but, and I know some from my friends in the development community don't like me saying this, but we have a whole ecosystem of nonprofits and for-profits that I would describe as a form of a development industrial base. It's a strategic asset of the United States. Now, again, I think many of my friends in the development community think that's not a nice way to describe it, but if you have an Ebola crisis, I'm not going to call up

the health ministry in Liberia, though I'm going to work with the health ministry in Liberia. I'm going to call FHI 360. I'm going to call John Snow.

And so, we have, we have at our disposal in the United States a system, and so as a result of that, we don't necessarily run money through multilateral trust funds at the World Bank or trust funds in the U.N. system. So, we have a capacity and reach that's sort of standalone. We're perceived oftentimes in many countries as sort of standoffish in the way we work, but some of it's about our size and reach, and some of it's about the approach.

The other thing is, we also like working through nonprofits and other kinds of experts or universities or other things. And there's also a little bit of a social contract in the United States, I think, where the American taxpayer, who's always been a little bit skeptical about foreign aid in the first place and has a very, very low tolerance for corruption, that we're very limited and unenthusiastic about running money through the pipes of government ministries in developing countries. Because if that money goes missing or it's misspent, it's hard to kind of sanction the country, whereas if money is misspent by a nonprofit or a for-profit, there's more accountability.

It's got some tradeoffs, but I think overall, it's a good system. You know, I used to chair the SID Washington board. You're on the SID Washington board, which is the association of development professionals, and I think it's an asset to the United States and a good thing.

Patrick Fine: I would agree with that. There's an institutional base, and as you pointed out, it includes for-profit institutions, academic institutions, and nonprofit and civil-society institutions –

Dan Runde: That's it. That's it.

Patrick Fine: – which provide a strong basis for the U.S. to reach out and engage with the entire world around issues that matter to us and that certainly matter to the countries that we work with.

Dan Runde: It's a good thing for the country. It's a way of bringing America to the world.

Patrick Fine: The best of American values.

Dan Runde: Yeah, I agree with that. I agree with that. So yes, we're a little bit standoffish. Having a standalone professionalized capacity at USAID matters to the United States.

We convened a bipartisan taskforce of retired foreign service officers, former Obama administration officials, former Bush administration officials, co-chaired by Senator Young of Indiana, a Republican, and Senator Shaheen, a Democrat from New Hampshire.

And one of the things I am concerned about is if there is a full merger of USAID and State [Department], that over time, we won't have a professionalized cadre of development professionals at USAID who help partner with this best-of-America system we were talking about. And what I think will happen is over time, five years from now, 10 years from now, as that professional cadre is diluted, if they were to fully merge – and I don't think they will – is that we'll end up writing a lot of big checks to the U.N. and a lot of big checks to the World Bank and to trust funds because we're not going to have the capacity to run programming on our own if we don't have a standalone, individual capacity at a place like USAID, with strong professionals who know what they're talking about and know what they're doing. And I think that's one of the other reasons we're seen as a little bit standoffish, because we have this capacity.

Patrick Fine: Let me share an anecdote with you along those lines. Shortly after South Africa elected its first majority government, I worked at USAID in South Africa, and at the time, the South African government did not want to have a direct relationship with USAID, because they saw that as a donor/recipient relationship, which they rejected. So, they said, "If you want to talk to us about education, we'll talk to your secretary of education," or, "If you want to talk to us about economic development, we'll talk to your secretary of the treasury or your secretary of labor, but we don't want this intermediary of USAID as the group we talk to."

Dan Runde: Right.

Patrick Fine: And so, the U.S. government, being responsive to that, started setting up relationships with the department of education, the department of treasury, the department of labor.

And after about a year of the South Africans dealing with members of the U.S. government who were not professional development people, who didn't have an orientation toward working in international environments, who weren't familiar with the whole gamut of issues that you deal with as an international development professional, the South Africans actually came back to the U.S. government and said, "We want to work with the USAID people. They're the ones who know how to talk to us. We can understand what they're saying, and they're the ones who can get things done." It was a nice, practical affirmation of the point you're making.

Dan Runde: What I'm worried about is a full merger of USAID and the State Department. I think it's going to be stopped, and I think it's partially going to be stopped because you helped me and the other 30 or so signatories of that report we just released at CSIS on reform and reorganization.

Patrick Fine: I was going to ask you about the taskforce, Dan, and not just about the CSIS taskforce on foreign assistance and its recommendations, but there have been other policy papers that have been developed by other groups and think tanks. When you look at these various reports of people who have been involved for a long time with the U.S.'s role, larger role in the world, and they're making recommendations to this administration, where do you see the similarities and the differences in the kinds of recommendations that are being made?

Dan Runde: Well, I think one of the good things about the think tank world is it's a co-competition model. Having multiple think tanks coming out around sort of the same answer is a useful thing.

So, in this case, if you look at several of those reports, they're all kind of coming down around, "Don't destroy – development is a profession on its own. Don't destroy the expertise at AID. Strengthen the aid administrator and have – do not merge AI into the State Department." Most of them come out in that place. I think that's very affirming. We don't yet have a full government in place. We have an aid administrator

Patrick Fine: That's Mark Green?

Dan Runde: Yeah, Mark Green, the next head of USAID. That's right, and I really hope that happens. He's the right person at the right time, so I think –

Patrick Fine: Agreed.

Dan Runde: But ultimately, we don't yet have a government in place. We just barely put a National Security Council together. We don't have almost any undersecretaries or assistant secretaries in place. We have almost no political ambassadors. We don't have anyone named for the MCC.

Patrick Fine: You don't have the political leadership at USAID.

Dan Runde: I think there's like another 14 or 15 slots. Most of those people haven't been named. They probably have interviewed people for many of the jobs, but, I believe for Senate confirmation jobs, they're picking largely high-quality people for the Senate confirmation jobs.

There're a lot of people listening to this who will say – they're going to point to person X or person Y at the White House that they don't like, but I would argue that if you look at the positions in, let's call it national security and foreign policy, if you said – I don't think anyone has a beef with Mark Green. I don't think anyone has a beef with Nikki Haley at the U.N.

Patrick Fine: Right.

Dan Runde: I don't think anyone has a beef with General McMaster at the National Security Council. I don't think anyone would have a beef with General Mattis in the Department of Defense.

Patrick Fine: All of those people in key foreign policy and national security roles are people that inspire confidence. They're people with distinguished track records. They're people of integrity.

Dan Runde: So, my point to you is, Patrick, I believe, given what I've just painted, the picture I've just painted, that I hope and believe that the next round, the next level down of people, will be of a similar

caliber. I think there's a broad enough pool of talent in a country of 300 million people.

Patrick Fine: What is the policy that they will be seeking to, to implement, and do you see that policy as continuing America's leadership role in the world?

Dan Runde: Yeah, okay, that's an excellent question. I think ultimately, yes. Why do I say ultimately yes? I was appalled by the skinny budget. I thought that was a very irresponsible budget.

The way budgets work in Washington is they put forward like, "This is what I ask from the Congress about, uh – this is what I'd like from the U.S. Congress." There were a series of very strange and irresponsible positions specifically in, let's call it the nondefense, soft power budget. For people who follow this stuff, this is the defense and diplomacy budget. It's called the F150 account, right, Patrick? But it's basically – it's the funding for State Department, AID, and various alphabet soup organizations that do non-CIA, non-military stuff, so food aid, agriculture, economic development, global health –

Patrick Fine: Trade.

Dan Runde: Trade, certain kinds of trade facilitation, lots of good things in the world. It also is the checks that we write to the World Bank, the checks that we write to the U.N. system.

Patrick Fine: Right.

Dan Runde: So, they proposed several very strange things, one of which implied a 35 percent cut to all foreign assistance.

I think there are savings to be had in our foreign aid budget. But, I sure as heck don't think we can do it on a year on 35 percent, and I sure as heck wouldn't do it just taking an Excel spreadsheet out, taking a red pen out, and cutting stuff willy-nilly, and that is in essence what it felt like.

Patrick Fine: It lacked any kind of strategic approach.

Dan Runde: The second thing was, uh, they proposed eliminating a number of agencies. They said, "Let's get rid of the U.S. Trade and

Development Agency. If you're in the Trump administration, you should actually like the U.S. Trade and Development Agency.

Patrick Fine: Right, because it works to help get the U.S. business community involved commercially in solving international development problems.

Dan Runde: That's exactly right. Then, six weeks after that, after they released this crazy budget, they turned around, and they named their vice chairman of the Trump campaign to run OPIC, the Overseas Private Investment Corporation, and they, at the same time, in the budget that they sent up to the Hill, they proposed getting rid of OPIC.

Patrick Fine: That is perplexing, and I think that perplexed many people, when they saw that OPIC was slated to be abolished, and that a head was nominated. What do you think accounts for that disconnect?

Dan Runde: So, I was at an event with a senior person in the Trump administration, and I posed this question. I said, "You all put forth this budget for the soft power part of the budget. You all submitted this budget and said, 'We're going to zero out OPIC,' and then six weeks later, you put the vice chair of your campaign to run OPIC, so do you guys not even take your own budget seriously?" This person said, "This was sort of an opening negotiation tactic."

Patrick Fine: Uh-huh.

Dan Runde: Well, I think it sends all sorts of crazy signals to our friends and allies that – many people interpreted it as we're getting out of the global engagement business. Now, I think that was maybe, perhaps overblown, but it was one way to think about it. I think the Congress has come back and said, "We don't agree with this crazy number," and I think it restored a lot of the cuts.

In that budget, though, they did signal largely sustaining most of the money that the Obama administration had promised the World Bank for the soft loan part of the World Bank system. It's called the IDA –

Patrick Fine: Yeah.

Dan Runde: – the IDA monies. And so, uh, the Obama administration promised \$100.00, and the Trump folks said, "We'll give you \$85.00." It was like a 15 percent cut. So, compared to the other stuff, it wasn't as drastic.

Patrick Fine: That surprises me a little, Dan, because I would expect not just the Trump administration, but especially the Trump administration to be more favorable to using development assistance through bilateral mechanisms, so through U.S. mechanisms, as opposed to multilateral mechanisms, where the U.S. government doesn't have nearly as much influence or control about how the funds are used.

Dan Runde: Patrick, I think that is a reasonable assumption. I think that this budget process that they've put together was done in a willy-nilly way. That's a technical think tank term. I think it was done in a willy-nilly way, and I don't think it was thought through with any kind of strategic overlay, and that goes back to my point earlier. I don't think we've had a government yet.

Patrick Fine: Right.

Dan Runde: Do I think you're going to see a, a tripling of the, of the family planning budget? No, I do not, Patrick – I know FHI 360 does a lot of work with family planning.

Patrick Fine: We're a big advocate for family planning.

Dan Runde: I know you are. I know you are. I can't imagine that whatever the levels were in the last year of Obama, that that's going to last. I don't know what the last year was. Was it \$600 million a year?

Patrick Fine: It was about \$650 million, and I think Congress has come back with a level of around \$450 million or \$460 million.

Dan Runde: Yeah, I don't think you're going to see additional new money for a green climate change fund. I don't think you're going to see plus ups in population –

Patrick Fine: Your bigger point, Dan, is that you're confident, from where you sit, that as the government gets staffed up, and as the institutions, uh, move through this transition period of the startup of an administration into actually governing and implementing their

policy priorities, you believe the U.S. will continue to seek and play a role as a leader within the international community?

Dan Runde: The answer to that is yes. I think that they're going to be some issues they're not going to be strong on, if I can put it that way.

Patrick Fine: So, you mentioned some past priorities that you think will not be carried into the administration, and they've said they won't be, so family planning and climate change.

Dan Runde: Yeah, but how about women's economic empowerment? I think that's a wonderful topic. It's a way of getting the larger Trump administration interested in issues, because you can't just look at women business training on its own. You'd have to look at things like the economic development and broader economic development environment.

Patrick Fine: The legal framework, exactly.

Dan Runde: There also may be some things about is there some infrastructure? What's the quality of governance? So, I think there are various factions within the Trump administration interested in women's economic empowerment, and that, I think, is a conversation starter for a series of other topics related to it. So, I think you'll see that.

I think there's a lot of political support for things like humanitarian response. I think, over time, there'll be cases made for other sorts of activities. I could imagine a scenario where they kind of come around on USTDA, and they end up spending more money on USTDA. I think they'll come around on things like OPIC and say, "Oh, this is about buy American, hire American." I think they'll build on some of the things the Obama administration has done on things like domestic resource mobilization, which is a fancy term for tax systems.

So, here's my last point, Patrick: This is not your grandparents' developing world. It's richer, freer, more capable. I think that there are an increasing number of countries that can now, through domestic resource mobilization, pay for many of their own basic human needs. I am very pro international development spending by the United States, but I think how we spend it, and on what, is going to have to change, given this changed global set of realities.

Patrick Fine: I think you summarized it very well. It's a changed world. It's a more prosperous world, a more connected one. Technology is transforming all aspects of human society, and that our engagement with countries around the world has to become more sophisticated. It has to become more agile and try to lead this changing world that we live in.

Dan Runde: The United States still has to be a development player. It has to just do it in a different way, and it's very important that we remain engaged. We still have a role to play.

Patrick Fine: Dan, thank you so much. What a great conversation. It's so useful to hear your perspective and the experience and insight that you bring to looking into the future, looking at U.S. engagement, looking at how we remain a leader in international development, so thank you very much, Dan.

Dan Runde: Patrick, I consider you a wonderful professional colleague. I just want to say, I think very highly of FHI 360 as an organization. You guys are doing great, great work.

Patrick Fine: Dan, thanks for being with us today, and thank you to our listeners. You can listen to previous episodes of Deeper Look and stay tuned for upcoming ones by subscribing to the podcast on SoundCloud or iTunes, and you can leave a comment if you want to join the conversation. We've received some terrific feedback, and I would welcome hearing from you, so join us next month for another conversation on the Deeper Look podcast.