

Details of the meeting

Time: 10:00 am to 11:30 am

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1616 Rhode Island Ave NW, Washington, DC 20036
Second Floor Main Auditorium

USAID - ACVFA Meeting 110119 Part 1

Dan Runde:

Okay. Let's get started. I'm Dan Runde. I chair the advisory Committee on Voluntary Foreign Aid for USAID. Thank you all for coming. This is a public meeting of ACVFA. And it's really wonderful to be here. ACVFA has a long history. It was started in the '40s by President Truman. And I think there's a lot of historical parallels to when ACVFA was started. There was a -- the largest refugee crisis in human history before the one we currently are in, was around -- at the end of World War II. And so, there were a number of humanitarian groups the United States responding to this unprecedented need. There was also the beginning of great power or what we're going to call in this conversation, strategic competition with the Soviet Union. And so, I think there's a number of historical echoes, if you will, from the founding of ACVFA. So, I think it's very appropriate that we're meeting and having the conversations that we're going to be having today. We're going to hear from Administrator Mark Green in a minute. Can I just ask everybody just think for a second? If you read the newspaper, there's lots of challenges both in the world and in the beltway. I think AID is very, very fortunate to have a leader like Administrator Green. I think the government community is very fortunate to have a leader like Administrator Green. So, could I just first ask for a round of applause for Administrator Green?

[applause]

He's got a very tough job. But I think we -- I think everybody in this community sleeps well at night knowing that he's in the chair. So, thank you. Okay. So, we're going to talk about foreign assistance in the context of strategic competition. And then we're going to have a public questions and answers with the panelists because that's part of what we do at a public meeting. And then, we're going to have a second panel, anti-corruption, and then we'll also have public questions and answers with the panelists. So, without further ado, I'm going to ask Administrator Mark Green to come on up here and make some remarks. Please come on down, Administrator Green. Thank you.

[applause]

Mark Green:

So, with the way that Dan introduced me, I'm going to use him more often -- use him for my meetings at USAID where I tend not to get applause. It's -- good morning. It's good to see all of you here. First, of course, thanks to the Center for Strategic International Studies for hosting us. And in particular, for our Chairman Dan Runde, who's day job of course here is here and is providing wonderful counsel to us. Thanks to all the members of the committee for their continued support and engagement. And again, welcome to all of you. As I've said before, ACVFA is an important source of innovative ideas and constructive feedback for USAID. I think you'll see as you hear from the panelists today and from our messaging and if you go to our website and see our activities, we really do listen to ACVFA. We really do take the input and it does shape our approach to meeting some of the challenges that Dan referenced. So, this is a great sounding board. And I hope that you all view it that way.

At ACVFA's first public meeting of 2019, we discussed how citizen response of governance and

citizen-centered political systems are under pressure in many places. We all agreed on the importance of continuing to stand in solidarity with courageous activists and reformers who are on the front lines of that fight. I'm looking at my notes. Here it says, "A spirited discussion followed about how we can best do so." I know there were some great ideas that came forward. Many of those ideas in themes will find their way, to be honest, in my participation next week in Berlin as we meet with and speak with young democracy activists across Europe, as we approach the 30th anniversary of the fall of the Berlin Wall. I'm sure today's meeting will be similarly productive. And again, please know how seriously we take the input that we hear from all of you. These gatherings are also a chance for us to share information on what USAID has been up to recently. And so, before I introduce today's panels, I'd like to offer just very briefly a few thoughts on my travels over these last several months.

In late August, I made my second trip to the Democratic Republic of the Congo. While there's progress to report in battling the Ebola outbreak, it continues to take lives. It continues to devastate communities. And therefore, it continues to be an important part of our work. In meetings with government representatives, U.N. agencies, NGOs and the donor community, I spent my time in this last trip in Kinshasa advocating for changes that we hope will strengthen the response and end the outbreak as soon as possible. I urged everyone to make sure that community leaders were at the forefront of these efforts. As we all know, what has made tackling the outbreak in Eastern DRC particularly difficult -- the problems that we've seen in years, the kleptocracy, the repression that's been there, and the lack of democratic representation. I also pushed for prioritizing the safety of healthcare workers. I pushed for response leaders to better integrate the work of longstanding NGOs that have been providing much of the healthcare in that region into the overall Ebola effort. Failing to do that, we believe sends the impression that the international community cares less about long-suffering communities and more about a virus. And that was a constant refrain that we heard. That it is important that we show in our outreach to these communities that we know, we recognize, and will help them with their longstanding challenges of lack of representative government, but more importantly, food security and economic opportunity.

In my visit, I encouraged other donors to mobilize additional resources in the fight. The U.S. has been far and away the largest bilateral donor in the effort. And this is not a problem obviously that simply challenges the U.S. and our health security policies. It is something that affects much of the world. And so, we believe that others should step up and help contribute to the overall effort.

From Kinshasa, I traveled to Israel where I signed an agreement with the Israeli Development Agency, MASHAV, to expand our cooperation on development initiatives, particularly in the area of food and water security all around the world. And we're starting to move out together on that expanded cooperation.

I concluded that trip in Nigeria where my visit focused on two ongoing conflicts in that country, the conflicts in the far Northeast where we received the challenges of Boko Haram and ISIS, West Africa, but also the challenges in the central belt, the conflict and disputes that often occur between farmers and herders. I joined with religious and community leaders to discuss how interfaith collaboration can help to ease some of those tensions and how we can work on those

conflicts before they spread further and move into other areas. And most importantly, before they become fodder for extremists who seek to take conflicts which aren't religious in nature and turn them into something else. We need to make sure that we tailor our assistance and our response to those conflicts and disputes accordingly.

In September, I flew to the Bahamas twice. As I often point out, for all the wrong reasons, I went to the Bahamas. I joined our disaster assistance response team in assessing the damage of the areas hardest hit by Hurricane Dorian. We will always stand with people when crisis strikes. And this time was no different. Our team was on the ground immediately after the storm passed. In fact, we had pre-positioned personnel as the storm bore down on the Bahamas. Immediately, we began assisting with urgently needed food, water, hygiene, and shelter assistance to affected populations. You may have heard me say, but when you arrive in the Bahamas in the wake of Dorian, much of it is untouched. In fact, as you fly over and you first cross the islands, you wonder where the problem is. And then you focus on the island of Abaco and you see the absolute and utter devastation of that storm. And sadly, storms like this disproportionately affect the poor and the marginalized. And we saw in Abaco Haitian migrant communities that had fled to Abaco some time ago, often in makeshift housing. And very sadly, if they didn't get off the island before the storm, they were very unlikely to have gotten off after the storm. And so, as we finish up our assistance there, we're looking for ways to help the Bahamas strengthen its resilience and build their own leadership capacity for the inevitable hurricanes that will come in the future.

After my time in the Bahamas, I visited New York, leading USAID's delegation to the United States -- or to the U.N. General Assembly. I had meetings with bilateral and multilateral partners where I discussed the journey to self-reliance and our framework and approach towards foreign assistance. I spoke at the Concordia Summit where I made a presentation on the many ways in which our work is based upon private sector engagement. And so, the expo worked. It was done by ACVFA and the private sector engagement working group really did create the heart of the presentation that I gave. I talked about the importance of not simply contracting and grant making, which we obviously will continue to do. But, more importantly, engaging in true collaboration, codesign, cocreation, and co-financing, so that we can better harness the innovation and ingenuity of private enterprise.

Most recently, I've just returned from Iowa where I made a keynote address to the World Food Prize International Symposium. And while I was there, I issued a call to action. I challenged the audience there made up of academia, government, non-government, and private sector stakeholders to help us take on the unique food and economic insecurity issues that are emerging from the unprecedented levels of displacement, enforced migration that we see in nearly every corner of the world. Aside meeting there, we talked about ways to strengthen community resilience in the face of displacement and to prepare for the almost inevitable shocks and stresses that many regions are facing. We also signed numerous memorandums of understanding with agribusiness companies like Corteva and John Deere, which will help us bring technologies, American agribusiness technologies to underserved areas around the world, particularly pest-resistant and drought-resistant seed to hasten economic and food security strength in many areas. So, it's been a couple of busy months. And of course, in the middle of all that, we've been continuing our work on transformation on becoming a more efficient and more effective agency,

one that we hope and believe will be better placed to face the challenges that are emerging each and every day and also see some of the many opportunities that we see with continued economic development and with the innovation that we're seeing with new technologies coming online.

That brings me to today. Today's panelists will tackle two of the challenges that I just referenced. One will look at the role of foreign assistance in the era of so-called great power competition. I call it so-called great power competition because I'm not sure that that term adequately describes and captures the nature of the conflict that is there. I don't believe that we should imply that we have two different powers on the same playing field playing by the same set of rules because we're not. One side is engaged in foreign assistance that we hope will help countries help themselves to incentivize policy reforms and help to build capacity. And the other side isn't really doing development assistance. It's doing predatory financing. And so, I think it's important that we make that distinction very clear. And I think that should be in the heart of how we project what we offer in foreign assistance around the world. We need to make it clear that our model is one of true partnership. We ask countries to make tough choices. But ultimately, we aim to empower them so they can lead their own bright future.

The second panel will focus on corruption, that corrosive symptom of poor governance and weak institutions which is robbing people of economic opportunities and in too many places, destroying the public's faith in key government institutions. USAID's investments fight corruption by promoting fundamental freedoms, improving governance, fostering transparency, and accountability. But how can we make that work more effective and what should we be doing? What more can we do? And I know many of you have thoughts on those matters. So, again, thanks to all of you for being here. I look forward to learning more about the input that you provide and thanks again for your support and the counsel that you provide to us each and every day. Thank you.

[applause]

Dan Runde:

Thanks, Administrator Green. I'm going to ask the first panel to come up. But it's going to be foreign assistance in the context of strategic competition. Ken Wollack and the panelists please come on up, please. Yeah. How are you, sir?

Kenneth Wollack:

We'll try to move rather quickly because we have 30 minutes for the panelists and 10 minutes of questions. So, I will begin immediately. The Administration's national security strategy, the national defense strategy, and the world-wide threat assessment by the U.S. intelligence community all point to efforts by Russia and China to propagate their authoritarian models as a direct threat to the United States. The 2019 national intelligence strategy concludes that the U.S. will be challenged by Chinese and Russian efforts to exploit the weakening of the post-World War II international order, dominance of Western democratic ideals, and increasingly isolationist tendencies in the West. Now, while Russia and China use different tools differently in different places, there is one common theme. And that is the use of economic, cyber, and political, and military instruments to create economic dependency and undermine democratic institutions. This, ironically, from two countries that champion non-interference and state sovereignty.

We're very pleased to have three very knowledgeable panelists. Gloria Steele serves as acting Assistant Administrator of USAID's Asia Bureau. She was the Agency's Mission Director for the Philippines, the Pacific Islands, and Mongolia. And prior to her posting in Manila, Gloria served as Senior Deputy Assistant Administrator for the Global Health Bureau and before that for seven years in the Agency's Africa Bureau as an agricultural economist and in the previous seven years in the Bureau for Science and Technology.

Brock Bierman is the Assistant Administrator for USAID's Bureau for Europe and Eurasia. During two-month period he simultaneously served as acting CEO of the Millennium Challenge Corporation. And previous to his current posting, Brock held leadership positions in the Rhode Island House of Representatives, FEMA, and the Interior Department. And for five years he was Chief of Staff for USAID's Europe and Eurasia Bureau under President George W. Bush.

And last, but not least is Chris Walker, who may also be on the second panel, who is Vice President for the National Endowment for Democracy of which I serve on the board, who is known most recently as the person who coined the term "sharp power" to capture China's malign influence and issued a landmark report in December 2007 on the China threat -- 2017, I'm sorry. In that same month, the Economist in its cover story titled "Smart Power", covered -- "Sharp Power", I'm sorry -- covered Chris' report. So, it gives me great pleasure. Gloria, why don't we start with you and then Chris and then move into the Russia area with Brock?

Gloria Steele:

Thank you. I actually would like to start -- to talk about how we -- the Administration started the Indo-Pacific strategy, which is a vision for free, open, and secure in the Pacific. Administrator Green talked about the fall of the Berlin Wall on November 8th will be the 30th year. And at that time, we were able to see that democracy -- liberal democracy is more durable and legitimate. And yet years later, we continue to have malign influences undermine democratic institutions, taking advantage in Asia. And I'd like to focus on Asia. Taking advantage of weak institutions, corrupt government officials, and really making it difficult -- taking away citizens' rights and freedoms and political and civil rights, making growth less sustainable and totally less inclusive, and also endangering peace and stability in the region. In response to that, the Administration launched the Indo-Pacific strategy about two years ago. And it was intended to address the issues that threats that had come from malign actors, largely China and to a certain extent, Russia, that have intervened in the institution in Asia. And the Indo-Pacific strategy has three objectives. The way that USAID implements the Indo-Pacific strategy, we focus our implementation on addressing the issues, the threats that we face in the region. The first is strengthening democratic institutions. The second is improving citizen lead economic growth in the private sector and economic growth in the region. And the third is improving the management of natural resources. And I can talk more about the various activities. But let me just stop there right now, at this point. But just to say that the Indo-Pacific strategy was developed probably it was the first Administration initiative that was launched to address the malign influences in the region.

Kenneth Wollack:

Chris, when you look at the tools and instruments the Chinese use on a global scale -- and then

during the second round we'll talk a little bit about what is the response of the United States, the Western world, and friends and allies of the United States to address this challenge.

Chris Walker:

Thanks, Kenneth. Thanks to the organizers for inviting me. I think in the context of strategic competition something we need to focus on is that a lot of the response we've developed has been in the military and commercial and business sphere. And that's certainly appropriate given the challenge. I think what's so striking though -- this gets to the question of tools -- is that so much of the challenge that emerged from China in recent years is in the political development in the idea space. And we're talking about in the university context, in the educational context, cultural context, people to people exchanges where there are tens of thousands of exchanges of students, educators, political staffers from Latin America, Sub-Saharan Africa, all parts of Europe, being paid full freight to go to China for certain forms of training which are not trainings in the way that USAID or the State Department or the European Commission organizes them. And I can explain how they're different for those of you who aren't familiar with the methodology that China uses.

But I think it's terribly important for us to recognize that approaches that imbed democratic values and defend democratic integrity are even more important today precisely because China is competing at a very high level and investing an enormous amount of resources into this space. This challenge is visible not only in democracies and systems that have significant resources, whether you talk about Canada or Australia or the United States -- the real issue here is that countries that are open essentially free societies but with far weaker resources throughout Sub-Saharan Africa, Latin America, Southeastern Europe -- really good examples -- simply aren't equipped to meet this full-spectrum challenge that's coming from China which has just massive resources flowing into this political development and idea space.

Kenneth Wollack:

Brock, we'll talk about the Russian threat. Is it fundamentally different though? Are the Chinese goals to try to undermine Western influence or are they trying to simply promote Chinese strategic interests?

Brock Bierman:

It's a very important question. I think the goals are not always so crystal clear. I'd start by saying that. In China's case, it may not be the case that they're offering alternative models or successfully proposing their own model. But that may not be the framework we need to think about this. Because our experience in the work we've done has indicated -- and I think this was suggested by the Administrator -- that when China engages, whether it's state firms or nominally autonomous private firms -- there are no major private firms operative from China that have authentic autonomy. They all have a political obligation to the top political authorities in the country. When they engage, they typically operate by virtue of opacity, working with the top governmental officials. And they actively seek to sideline civil society, political opposition, and independent media. That has, irrespective of whether they're trying to promote a model, a corrosive effect on the democratic integrity on the systems with which they engage.

Russia is slightly different. But I would argue that fundamentally if you look at say Russia's

commercial engagement in Southeastern Europe, there are actually more similarities than differences when you get to the grass roots [inaudible].

Kenneth Wollack:

And finally, the Belt and Road Initiative and other Chinese economic initiatives. Could Gloria and Chris talk just a little bit about what the Administrator referred to as sort of this debt trap that the Chinese have created in the region and elsewhere?

Gloria Steele:

Right. They -- China has been using the Belt and Road Initiative, making available cheap loans which actually put countries in deep debt. And one of the things that we have done was try to counter that. And we are working -- I think the comparative advantage of USAID in particular is working with governments and reforming their regulatory environment. And what we have done was the work with governments in order to make procurements, for instance, more transparent. Or to make procurements solicited as opposed to unsolicited procurements that are done under the table that would eventually go to China. We've leveled the playing field so that legitimate private sector would be able to make available the loans that countries need. I think the Administrator talked about the great power competition and said we're not really in competition with China, which is true. We, the U.S. government, is not able to put the amount of funding that China is able to do. And we should not -- therefore, not compete with them on that. But where we're strong at is working with the private sector, working with governments, and working with civil society to demand transparency and procurements. Just as an example, China was supposed to -- the government of the Philippines entered into contracts with China to reconstruct Marawi where ISIS -- where ISIS destroyed the city. And civil society investigating the background of the Chinese private sector that were going to reconstruct made it impossible for the government to go ahead and do that. And so, that's what we do is we work with civil society to make sure that they counter, they provide the counterbalance to government in areas like this. And we work with government to make sure that their laws and regulations make them attractive to private sector to come in so there is not just one choice. That China is not the only choice. But that there are other choices that the country and the private sector can go through for financing.

Chris Walker:

So, I think one of the ways to think about the challenge in so many contexts where China's engaged in -- and I would nod to the excellent work that [unintelligible] has done corrosive capital -- I think conceptually, it's relevant to this. And that is idea of the non-economic process of engagement with China and its surrogates. Which is to say that there may be at least at the outset, a cheaper alternative in economic terms. But that doesn't mean that the overall deal will be down to the benefit of the societies that are engaging. So, if you look at so many places where there've been these large deals, whether it's in Ecuador with the ECU 9/11 technology package that was provided by China or the satellite facility that's in southern Argentina or the Huawei package that ended up in Serbia -- just to use three examples. There are many more. The pattern that you see is that in all of these cases, there was no meaningful public debate about these incredibly relevant strategically important deals. And it's only after the fact when these issues are unearthed by civil society and independent media and they say, "Hey, are we comfortable with what the deal we had even though it may have been less expensive?" The

answer to that I think from a society-wide perspective is no in many of these instances where they say, "We didn't realize that the technology could be repurposed to surveil citizens. It wasn't just a public safety package," which is often the way these things are marketed through what is called the digital [unintelligible] which is a subset, a very important subset of the larger ERI effort. I think until we really grow deeper roots in civil society and with the policy communities in countries that are engaging, it's not relevant to any sort of big strategic competition. It's actually about whether the local societies have the wherewithal to make meaningful and informed decisions about these incredibly lucrative and significant deals they're engaging into with China.

Kenneth Wollack:

Thank you. And we'll move now to Brock and talk a little bit if you can and not so much compare and contrast, but the role Russia is playing in the region. We'll leave out domestic politics for the time being.

Brock Bierman:

Well, I think --

Kenneth Wollack:

How serious is that threat?

Brock Bierman:

No. It's very serious. And thank you for the opportunity to come here today to talk about this threat. And I do want to take an opportunity to thank CSIS and Dan Runde for this opportunity because I think that the Kremlin threat, as we're calling it, is a significant threat to not just democracy in our region, but democracy around the world. It's more than just Eastern Europe. It's more than just the former influence that the USSR had in Eastern Europe. I think it goes well beyond that. I think that they would like to interfere with elections and the economy. They'd like to -- and energy. I mean, it goes well beyond their geographic location. And I think that's important. But I think what's really important is that we recognize what we're trying to do and what we're trying not to do. And that is we're trying to go -- we're trying to push back on Putin's definition of managed democracy, right? He has an authoritarian approach. He has an approach that is trying to, if you will, systematically through a very malign process bring these countries back under his influence in different ways than China is. And that -- what that means is basically, whether you look at Eastern Ukraine through a militaristic approach, or even in Georgia in large guard. But also, through civil society, you look through cutting off energy to various countries where they are reliant on getting their energy from Russia.

And also, you know, you look at economic development and cutting off supply chains, whether it's wine in Moldova or fruits and vegetables in the Caucasus, at the end of the day, Russia will cut off the borders, will cut off the spicket and will utilize their power to penalize these countries from making independent choices. And I think that's what's at the crux of it. They would -- they would much rather look at countries in our region in a much more subservient way rather than help them build sovereignty and independence. And the overall goal -- what is -- well, obviously the overall goal is to rebuild the former Soviet Union, if you will. I think Putin has delusions of grandeur. But I also would say to you that his approach is -- we've seen it in Armenia. We saw

it in Ukraine. You say it in Moldova. Democracy is on the rise. And you can push people down so far, you can hold them hostage so long and then they're going to see what you really offer and that's nothing but a threat to your independence and to your liberties and to your ability to be involved with democracy.

Kenneth Wollack:

Could you talk just a minute about what the Kremlin is trying to do in terms of undermining alliances that exist as well? How they operate both within countries but also among countries in order perhaps to try to seek a Westphalian global community in which alliances are undermined, in which individual state sovereignty --

Brock Bierman:

Of course. I believe that they're utilizing corrupt mechanisms to pay off public officials or to create circumstances which favor the corrupt government officials or political party leaders to make decisions that are in the best interest of not just influencing their decision to move east, but to helping other countries move in the same direction.

Kenneth Wollack:

Now, obviously China has a lot more resources than Russia does. Is this an expensive campaign by the Kremlin or is -- are they utilizing small dollar campaigns through cyber and other means?

Brock Bierman:

Oh, absolutely. I think obviously they're utilizing what resources they have like energy, like gas and oil, to make sure that they can hold that over the heads, if you will, of countries to make sure that their decisions that are made internally are in the best interest of the Putin -- Putin's government. But I also think that it is -- it's very important for us to recognize how they're utilizing technology, cyber security, influence with elections and how they're actually utilizing social media to influence decisions that are being made.

Kenneth Wollack:

Now, AID's overall strategy of journey to self-reliance -- how does the response to this challenge and to this threat relate to the journey? And is AID reevaluating how long that journey is going to be --

Brock Bierman:

Well, first of all --

Kenneth Wollack:

-- given the time.

Brock Bierman:

-- let me back track and tell you what we are doing about countering malign Kremlin influence. We actually launched our strategic framework this past July 4th actually, on Independence Day in Paris to really send a message that we are actually here to help countries make independent choices. What our framework tries to do is give the choice to countries rather than what Russia tries to do, and that is to give them no choice whatsoever and to keep them within their orbit of

influence. And what we've tried to do is focus in exactly on what the problems are. So, what we've done is -- look, we have been working in areas that do counter malign Kremlin influence. We've been doing that for many years. But what we've done throughout countering malign Kremlin influence strategy is come from it in two directions. One is from the inner agency, from a collaborative approach to work with our colleagues throughout all of government, also our congressional colleagues on the Hill to put together a strategy that addresses what the main threats are. And those threats are obviously an attack on democracy and governance rule of law, followed by disinformation, economic independence, and energy independence. So, when we understand what the actual issues are and what they are for particular countries -- because every country is a little bit of a different circumstance. We can address those through programs and activities. And that strategy is very important to understand because we are now thinking through a lens of one of the problems that have existed and how can we address them in a very focused way?

Kenneth Wollack:

This would imply, in the case of Eastern Europe, that at some point in the future this journey is going to allow us to pull back --

Brock Bierman:

[affirmative]

Kenneth Wollack:

-- to either retreat or to turn this over to the individual states or organizations like the E.U. and others. Some would argue that we graduated -- AID graduated and others graduated these countries years ago using primarily economic indicators or the belief that European integration joining the E.U. was going to solve many of these problems. How does the journey perhaps --

Brock Bierman:

Look. I think that's the brilliance of the journey to self-reliance and the development of the road maps and the understanding of data and criteria that established a transition, right? So, we're not graduating. We're transitioning. We're always transitioning. And I think that's an important point to make. It's -- we always want to transition to a different and better place. So, understanding what those transition points are, are important. So, we have identified through our road maps -- and road maps are individual for the countries. We identify areas of weaknesses through commitment and -- I'm sorry -- commitment and --

Female Speaker:

Capacity.

Brock Bierman:

Excuse me -- capacity. I had a senior minute.

Kenneth Wollack:

It's alliterative.

Brock Bierman:

Yeah. Commitment, capacity, and looking at the criteria and seeing where they measure up whether it's in civil society, whether it's in democracy and governance, in rule of law and policies that are being made. It's measuring where those indicators are and helping those countries make a move toward those areas where they even need improvement so that they can continue to transition and become what I think is really important, a partner rather than a recipient.

Kenneth Wollack:

Gloria, over the past couple of years, as everybody has begun to understand the goals and the threats of Russia and China, do people look at the journey a little differently in the sense that this is going to be a longer struggle than originally anticipated? Because not only do you have now internal challenges, but you have malign influences from the outside that are going to be there for years.

Gloria Steele:

Absolutely, in fact, the -- if we use self-reliance as the goal, it's really important because it does imply the need to be understanding of what it is that keeps you from being self-reliant. And the malign influences are one of the biggest reasons for not being able to be self-reliant both from a democratic perspective to an economic perspective and from the perspective of natural resources, environment. Because a lot -- most of these countries rely on their environment and natural resources for their long-term growth.

And so, in the past, our goal was always let's alleviate poverty. Just going back to -- it is a very narrowly defined goal and one that is almost never achievable by us as development partners. I think the goal of self-reliance puts the responsibility over to the countries. You have to have the commitment and the capacity to be able to get to where you need to be. And where they need to be is really impeded by malign -- I just want to pull us back to where they need to be is significantly impeded by malign influences that we see from China and from Russia. And I think working with them in order to be able to deal with that is very important. We have, as Brock said, road maps for each country. And the road maps looks not just at the economic perspective, but also at the democratic -- the indicators for democracy and civil liberties. Is because it is important. It is -- it's broader than just looking at economic issues. And in fact, economic issues are significantly affected by issues that revolve around democracy and good governance. And the reason that we're impeded from an economic perspective is because of the corruption -- which would lead us to the next panel -- because of corruption and the weak democratic systems in these countries.

Brock Bierman:

I would just add that it helps us have a conversation with the countries.

Gloria Steele:

That's right.

Brock Bierman:

It helps us have that dialogue where we can actually show them the data where they need to improve to get to where they want to be. Look, at the end of the day, no one wants a hand-out. They want a hand-up. That's true. But ultimately, they want to be alongside the United States as

a partner in the world community helping other countries in need. Every country wants that. And I think we need to look at a perspective that transition does mean at some point that USAID will end the need for assistance in those countries. And we should be coming to work every single day trying to figure out how to put ourselves out of a job and how to work with our countries to do that.

Gloria Steele:

But that doesn't mean graduation.

Brock Bierman:

That doesn't.

Gloria Steele:

It just means a different kind of a relationship. Because that needs -- that relationship needs to continue because of all the influences from outside. They need to be able to --

Kenneth Wollack:

It's an important distinction. Chris, what are other friends and allies of the United States doing? Do they recognize, as we do, the enormity of this challenge? Are they responding? And how can we work with others in a broader sense of addressing these issues?

Chris Walker:

Terribly important questions. I'd start by mentioning the case of the NBA, just as a way to get to the answer to this. Which is to say if powerful institutions with incredibly powerful figures within them have trouble maintaining free expression, we can only imagine how that plays out in setting where there are far less powerful institutions and actors. And I think one of the main challenges we face today, if we look at say central Europe, where they have by virtue of geographic proximity and history, fantastically good understanding of Russia. They have a very weak understanding of China. It's true. In Southeastern Europe in the Balkans where both China, Russia, the gulf states, and Turkey are all active these days. So, it's a whole new set of competition. In central regions, it's up for grabs politically. Sub-Saharan Africa, Latin America, there's incredibly thin knowledge of China and Russia alike, both of which are quite active today in various forms of commerce in the media space. China in Sub-Saharan Africa has both a technology foothold and a media platform foothold that's been grossly underestimated, which requires a lot more thought that we all collectively have been giving it to date.

The good news is, we're in a far different place today than we were even two or three years ago in the sense that there's been a lot more, I think, sorely needed discussion about the nature of the challenges. It's not to say that we have all the answers. But if you don't understand the challenge, you can't devise the responses. And so, in the meantime, countries like Australia, which have really been on the frontline of thinking about ways to respond to the challenge that our system with liberal democratic values in terms of how they engage on some of the political challenges, the commercial challenges, the educational challenges that in that case have been presented by China. I think they've done a very good job of engaging the public, getting the policy community involved and starting to develop responses that both have a legislative and regulatory component, but as importantly, a societal component. Because in the end, in all of the

regions we've been discussing, if you don't have a societal component that has roots, the ability to understand and adapt to these challenges, it will be very difficult to meet the challenge because it's cliché. People like to say, "China plays the long game." Well, they are. Sometimes there's truth to clichés. And I think unless we have a response that's both got long-term vision and a comprehensive quality to it, our ability to help our partner succeed will be very much under resourced.

Kenneth Wollack:

So, they have the journey to rely on.

Gloria Steele:

That's right.

[laughter]

Brock Bierman:

I'll just add that we have a very good relationship with our European colleagues in the European Union with DG near [spelled phonetically]. And we've spent a great deal of time working with them very closely on civil society projects and programs and activities. But just recently we're bringing out staff together at the working level to talk about what we've developed through our CMKI strategy and then specifically target areas where they either -- we can work collaboratively or at least if we're not working together on the same thing, if we understand where our roads are and that we're complementing each other. And so, we've identified cyber security as an absolute threat. We've identified disinformation and media independence as an absolute threat. And finally, we've identified energy independence as an absolute threat. So, we are working very hard with the Europeans and Mike and our colleagues in the E.U. So, that is a very positive aspect of the work that we're doing to counter and push back on Russia.

Chris Walker:

And I would just mention very briefly that from a net perspective, we've started to marshal all of the net family to start to get our partners to respond to this in a variety of ways, most of it focused on getting local civil society better equipped to deal with the challenge. But there's a lot more work to do in that space.

Kenneth Wollack:

Last question and then we'll turn it over.

Female Speaker:

Dan has been --

Kenneth Wollack:

The -- you know, I think of Soviet propaganda, which was always about our tractor is better than your tractor. And it never seemed to work because nobody believed it. What has changed with regard to Kremlin propaganda is that they're not promoting Russia per se. But they're basically saying, if you think we're corrupt, look at your own system. And so, therefore that resonates in many -- the disinformation campaign -- because many citizens believe it. Do we run the risk in

some of these countries of pointing to external malign influences and letting local political actors off the hook that this is all about external factors and not about some of the internal factors in these countries that have led people to be disillusioned, apathetic, or even worse?

Gloria Steele:

No, actually. Our original framework for the Indo-Pacific strategy specifically referred to China and Russia. And we have changed that to just say malign influences. Because there are influences in the countries themselves, corrupt government officials -- Cambodia, the Philippines, Burma, et cetera -- that the citizens need to be aware of. That it isn't just from outside but it's also from within the country. That is why working with civil society is very, very -- has become very important component of the Indo-Pacific strategy. We need the counterbalance between internal forces. It's not just government, but the private sector too, that could go all the way in the other end. And that's role that civil society plays is to counterbalance.

Brock Bierman:

You know, I would just say briefly that, no, I think Putin has done what I think is a good job in terms of kind of romanticize what the Soviet Union was. But let's really be honest about 75 -- or almost 75 years of authoritarian approach to government and control over people in a top-down approach. And so, that's why I think our Kremlin approach is trying to remind them of all of the ills of communism and how dysfunctional it is and how to reframe that argument and to bring people back to the understanding of how democracies work best when all people get involved from the bottom-up and that a top-down authoritarian approach ultimately is a failure.

Kenneth Wollack:

Questions? Comments? Yes.

Nora O'Connell:

Hi. Good morning. I'm Nora O'Connell from Save the Children and really appreciate this convening. And I wanted to say this conversation is really timely because yesterday Senators Collins and Cardin introduced legislation targeting U.S. democracy and governance in human rights programming in state and USAID. And that legislation is called the Girls LEAD Act. And it's trying to address two gaps. One, it should be the U.S. policy to invest in the civic and political rights of adolescents. And actually, if you look at protest movements around the world, many of them are already engaging as civic and political actors in powerful ways and yet it's a big gap in how we think of civic and political rights. Two, we know that democracies are more stable, peace agreements are more lasting when women have a seat at the table. And we need to be creating a pipeline for women's political leadership. So, my question for you today is can you talk about how you see the role of inclusive democracies in these broader issues around the great power competition and around the journey to self-reliance. And do you think there's more that the U.S. government could be doing to lean in around inclusive democracies? Thanks.

Brock Bierman:

I'm happy to -- first off, next week in Berlin at the 30th anniversary of the fall of the Berlin Wall, our organization -- that would be organization that we work through implementing partners IRI and NDI, will be talking about how they are working to include diversity, how they're -- to include issues from a minority and majority parties in every one of our countries. It's called the

European Democracy Youth Network or EDYN. It's been a project that we launched about a year ago. But it's in an effort to get young people involved, people who were born after the fall of the Wall. People that have a different perspective. And really helping them understand how it's their world that they'll be shaping and how important it is for them to be engaged, not just in the democratic process, but in the civil process as well. And so, we are doing a lot of work with youth, with women, with minorities, and diversification within our portfolio. And so, I'm actually quite excited about the work that we're doing in the ENE [spelled phonetically] and specifically very proud of the work that EDYN has done over the course of the last year since it was started last year.

Gloria Steele:

I think the problem will continue to -- it is very big and excluding women and the youth makes our ability to address the problems much, much less. And so, it does make sense and all of our programs are opening and are engaging the youth. I mean, they're the next generation. They're the future of every country and the women -- the effectiveness of women and peace. And there are specific programs, in fact, on women and peace efforts because that has been empirically proven to be very, very important to effective.

Brock Bierman:

And by the way, we've done a lot of great work over the course of the last 27 years since we've been in ENE. We have done as good of a job as actually highlighting the success stories that we've had. But I can think of a number of young political leaders who've gone through projects when we worked together during the Bush administration's -- Ken, you and I worked on our young political leaders efforts and some of those leaders that went through those programs are now ambassadors and ministers and private sector leaders and public sector leaders. In fact, the U.S. ambassador from Kosovo to the United States is a former NDI IRI participant for the AID program. So, there's a lot of success. But we have to build on that success.

Nora O'Connell:

I just wanted to clarify. I think there's tremendous amount of work in 18 to 25-year-old's. But, 15 and 16, 17, 14-year-old's were actually submitting political actors and that is a gap in U.S. government and in USAID. So, it's something to think about --

Gloria Steele:

Sure.

Nora O'Connell:

-- if we can get [inaudible] younger.

Gloria Steele:

Yes. Good point. That's very good.

Brock Bierman:

And we're having that dialogue. By the way, I just want you -- we're letting these young political leaders drive their agenda. We want them to make sure -- we're mentoring them but they're making the decisions. And we're having that discussion. We started out with 18 to 29. They

actually moved up the needle to 35. And now they're having a discussion about moving the needle backward, if you will, and making even younger participants. So, those discussions are going on.

Kenneth Wollack:

And then we'll take a third question and then we'll move on to the next panel. Is that -- Diana, is that --

Mehir Desi:

Good morning, Mehir Desi [spelled phonetically], Texas Consulting Group. Great panel. Question on China and this information. So, the China state media committed a \$7 billion for its expansion overseas, \$7 billion. To put it in perspective, that's double of what we're doing in development assistance around the world. There was a plan to launch going from 40 bureaus to 200 foreign bureaus in the next few years. Let's take Kenya as a used case, right? China bought the state media operator, the telecons [spelled phonetically]. They're launching their newspaper. They're launching a channel in English focused entirely on China. So, if we had to take foreign assistance in particular, or even the rule of USAID, what type of specific role can we counter in say battleground Kenya when it comes to countering China? Thank you.

Chris Walker:

So, you alluded to some numbers there. That may be understatement. We don't really know because the budgets aren't transparent --

Gloria Steele:

Correct.

Chris Walker:

-- from the various relevant ministries that handle outward facing information. One estimate, which is already quite dated from David Chambal [spelled phonetically], put that number at \$10 billion, going back a few years ago. But irrespective of what the number is, they're big numbers. And I think there was a tendency in the not-too-distant past to dismiss these efforts as not being effectual or otherwise not being so relevant. I think people have a slightly different impression now. You've cited an example in Kenya in which China has a very significant media and technology footprint. But it's true in many countries in the region there such that it's possible you have both the active promotion of certain ideas that are curated by the Chinese authorities reaching audiences there. But you also have importantly the ability to remove content from the public discussion. So, for example, Star Times, which is present in so many countries in the region will sideline say the BBC from its package. And that then removes an independent voice. You can replay that over a number of other sorts of content providers. Over time, that starts to have a cumulative effect of privileging authoritarian state media content and minimizing independent media settings. And I think we have to reflect on what that implies for those societies' ability to understand the world, to think through public policy. There are no simple answers to this. I think at some basic level, having more people who understand the problem --

Gloria Steele:

That's right.

Chris Walker:

-- is essential. So, right now there are very few sinologists who are operating independently who also understand Sub-Saharan Africa. It's true in Latin America. It's true in Southeastern Europe. That's a strategic problem that we need to reconcile. We need more people who have authentic expertise both on China, its foreign policy, how the CCP operates, how the United Front Work Department operates, as well as the local societies. It's not enough to have superficial understanding of these things.

Thinking through say Deutsche Welle engagement in those countries is much different than thinking through CGTN, Liberty Times, and other such outfits. It's a different animal. We're not there yet. But I think this is why I stress longer-term investments and making sure the local capacity is there to be able to understand the challenge and then devise responses to it.

Gloria Steele:

Exactly. I -- that's exactly the point. I mean, I think that as we go back to -- we don't want to compete on the basis of U.S. government foreign assistance investments. What do you want to be able to do is empower and capacitate the local -- the people. For them -- you know, in the long run they will understand that this diminishes their democratic freedoms. For ecommerce, this will have significant implications for ecommerce in these countries because of cyber security. There will be no security in any kind of telecom operation that is dominated by China because Huawei is required to report to China on every information that they get. And so, going back to the earlier question about involving people who will be affected, the young people of the -- the young -- the youth and the women. For them to understand what this is is one, very important thing. Strengthening civil society so that they understand and counter this is another important thing. And then, a large part of our emerging strategy -- digital strategy is working on the policy framework. I think that when countries understand that a regulatory framework -- if we're able to get countries to accept a regulatory framework that is open, transparent and fair, it'll make it more difficult for China to be able to do what it's doing. But there's -- it's going to be a longer-term effort and isn't about putting more foreign assistance to counter that. But rather, having everyone else come in, other donors, the youth, the people themselves, and the implications and the economies of these people for the investments that China is making today.

Kenneth Wollack:

One more question? Yes.

Paula Feeney:

Thank you. Very informative. Paula Feeney from Cardno. Brock, you mentioned the ongoing consultations with the Europeans on three topics of cyber security, disinformation, I think it was, and the energy independence. Questions -- do you envision AID -- as you transform yourselves, do you envision embracing more staff within the agency in either the technical bureaus or your own geographical bureaus to enhance your ability to understand and to play in the international game --

Brock Bierman:

Well, we just had a 10 percent increase yesterday. We got approval to hire six new individuals --

seven actually. But at the end of the day, we're going to get someone who's working with youth. We're going to get someone who's working with CMKI. We're going to get another person in energy. We're going to get another democracy officer. So, the fact of the matter is, yes, we are. We're growing. And proof of it is just having this week. And I do think that we are in a good position. But we're also making sure that we look at the field as well and what I -- we're working in Washington level on those particular issues, Paula. But we're also working the field with your mission directors and our donors on the ground. We're not just looking specifically at those issues. We're identifying issues as they arise and that we can coordinate better on. But they're always looking to increase their cooperation in other areas as well.

Gloria Steele:

May I just add to that? It isn't just the people that we have. The U.S. government can only get so big. I think it's our implementing partners that we need to be able to diversify and expand the number of implementing partners that come with new ideas, that will help us address the new angles of the issues that are emerging. And that's why the administrator talked about the procumentary form. And a major part of the procumentary form I'd like to talk about that contributes -- this is diversification of the partner base, but the other is the co-creation. I think you, the -- our partners are the ones that actually are on the ground doing this, and for many years, we have -- we have been too arrogant to admit that they know far more than we do, and we should include them more heavily in the design of our programs, because they implement them. And I think that this will help. So, it isn't just increasing internally, but increasing externally, and having more different kinds of perspectives coming in.

Brock Bierman:

And I would just say, the private sector has got to play a role with that as well. In fact, we -- and moving into other organizations, we just signed an agreement with Rotary International to do work in our entire region. They have more than 200 chapters throughout all of our country. In fact, they have chapters in every single one of our countries; Belarus, in Albania, and 50 chapters in Ukraine. So, that's private sector oriented, philanthropy oriented. A lot of their missions are alongside what we do. And so, we have to look for other outside opportunities, who again, other than just the government looking at how we can collaborate, but also the public sector, the private sector, and non-profit organizations like Prorate [spelled phonetically].

Kenneth Wollack:

I'll end on my perspective on that optimistic note. When looking back over the last 35 or 40 years. I'm an optimist, although an optimist who worries a lot. But --

[laughter]

-- some 35 years ago, 37 years ago, it was only the Germans who were engaged in these democracy and governance programs. They played such an important role in places like Spain and Portugal in the 1970's. The difference today is that there is an international democracy architecture. It doesn't always work, but you have other donor aid agencies, you have other governments, you have intergovernmental organizations, networks of political parties, networks of parliament, civil society organizations. So, there is something that exists on a global scale. The United States is part of something larger, and additional resources, and the additional

initiatives by AID is going to be very important to the work of the endowment. But also, teaming up with others, and bolstering this architecture, I think, is something I think is extremely important. But it's going to be the best anecdote to these threats and these challenges.

Thank you very, very much.

Gloria Steele:
Thank you.

Male Speaker:
Great.

[applause]

Male Speaker:
Thanks, Ken.

Kenneth Wollack:
Thank you to Jan, and CSIS, and to the administrator for [inaudible].

[applause]

Daniel Runde:
This is great. Thanks to the panel. That was fabulous. Thank you very much. Kimber, can I ask you to bring up the second panel? We're going to be talking about anti-corruption work. I think this is a really also timely topic. If you look at the polling around the world, something like 100 countries, the issue of fight -- concerns about corruption is a top one, two, or three issue in many countries. The U.S. has led on anti-corruption efforts since the 1970's. I would argue that because China doesn't play by the Marquess of Queensberry rules in a lot of countries, and you know, maybe bribes its way across a lot of places, the issue of anti-corruption is going to take on a new salience, a new geostrategic salience that it historically has not. So, there is going to be a new impetus for this. So, I think we -- this is a very timely panel on the issue of anti-corruption. I'm going to turn the floor over to Kimber Shearer from IRI. Kimber?

Kimber Shearer:
I'm not mic'd properly. There we go. Okay. Sorry, so non-democratic regimes capture, or divert, state resources to stay in power, and use those resources to influence or interfere in other countries, as the previous panel discussed. Corruption undermines the will of the people, and threatens the integrity of democratic actors and processes.

So, let's start with a round of questions. So, I think Andrew, I'll turn to you first. On the issue of corrosive capital, the previous panel, I think, talked quite a bit, particularly about China and Russia; but, can you offer some insight on how capital flows from authoritarian states, really in general, damage the rule of law in emerging markets?

Andrew Wilson:

Sure. You know, I think the overall strategic conversation was covered very well in the first session. But a couple of points, I think I'd like to sort of make on this is I think we shouldn't get fixated just on that this is a BRI Belgian road initiative challenge. You know, this is a variety of forms of capital that are flowing from states that don't necessarily have our value systems, or the constraints, societal constraints that our sector has in terms of how it flows and what it goes into. And, you know, it's taking a lot of different forms.

We first started looking at this issue about two and a half years ago. We're an organization that makes a lot of partnerships with organizations on the ground around the world, and our local partners, particularly in Southeast Asia, were coming to us and saying, listen, it's not just -- we're worried about the BRI and what it might mean for our governance and quality of our institutions, but we've also got this flood of capital coming from nominally private sources in the region. And what we're seeing is that this is all having a negative effect on our governance systems. And essentially, what we mean by corrosive capital is the effect that capital flows from authoritarian states have on rule of law issues in emerging markets, or the recipient states. So, it's not just Russia. It's not just China. It can be the Gulf Sovereign Wealth Funds, other types of less than transparent types of capital flows.

The amount of money is huge, and so it -- when looking at this, we had to sort of weigh how we wanted to take a look at the issue, and to say, you know, are we going to try and stop the tide? No, you can't stop the tide. That money is going to flow, and it's got a role to play in the world. But, how do we direct the tide? How do we protect people from this tide of money that's coming in? And our response was, as you heard in this first session, was you really, you have to focus on the local institutions, and the quality.

I -- the folks on the previous panel, I think, were a little constrained in that they didn't want to point figures, or give specific examples, but let me say that in looking at the phenomenon, I'll give a few specific examples of how this sort -- these sorts of mechanisms work in a variety of areas.

So, one of the areas we started studying first off was Southeastern Europe, then looking at Russian patterns of ownership in the area. And what we found was, A, that the Russians were pleased to have overstated the volume of investment that was going in. So, popular perception was saying that, oh, that 35 percent of foreign investment in the Balkans comes from Russia. What we found was closer to 7 percent. But that investment was made very strategically. It was made in energy, it was made in media, and it was made in sports clubs. And if you understand politics in the Balkans, those are three things that are very powerful levers. Politics in the Balkans is street politics. If you're going to get people onto the street, you need people you can mobilize fairly quickly. What better group of people than soccer dudes? And if you know the history of the Balkans politics, a lot of the early trouble came out of the soccer clubs, and the hooligans within there.

So, we started looking around at the situation. It was very interesting. At the time, we were doing this study, the Macedonian Referendum came up. And this was about the name change that would then allow Macedonia to enter into, you know, into NATO and Europe. And what we found is that if we didn't have the volume voter turnout levels at a certain level, the referendum

would be declared null and void. So, what the concentration of the No Campaign was a boycott campaign. And we saw effective use of Russia no media, and we saw public demonstrations in the street to boycott; but the leaders of those demonstrations we actually soccer hooligans coming out of the football club in Thessaloniki that were being bussed up the road into Skopje. So, that's a very -- we use the term corrosive, that's a very acidic form of corrosive capital. This is capital that is being mobilized for direct purposes.

But we also wanted to look on the issues of private investment, and also frankly, criminal investment. We focus when we look at China on this sort of high level BRI stuff, but if we look at the other levels of investment, we identified that there were 4,000 different projects emanating from China, announced in the region over about a two-year period, of which we can only trace 2,000 actually on the ground after a certain period of time. Now, some of that is just natural withering away of programs. Some of that we just don't know what's happened to it, or where it's gone. But what we started realizing was that these projects were being facilitated by corruption, and were facilitating corruption themselves.

So, we've been doing a country by country case study of these types of flows. In Laos, we've identified, for instance, the banana trade that occurs on the border of Laos is exploiting corruption to abuse land ownership patterns. So, Chinese ownership can come in, create illegal banana plantations, deforest protected areas, file illegal property rights, that sort of thing. And then when those banana plantations are done, they recede back across the border, leaving essentially spoiled land along the border area.

In the Philippines, we started looking at the phenomenon of online gambling. It's a criminal activity, essentially, that the Chinese no longer wanted in China, but there were powerful corrupt forces within China, and I think part of the idea is that the Chinese are exporting corruption through this.

Male Speaker:

When you talked about China, your voice suddenly went up a little --

Andrew Wilson:

So --

Male Speaker:

-- a little bit louder.

Andrew Wilson:

-- you know, what we saw there was that, you know, that this is not just about BRI. This is about Chinese corruption being exported into these other markets. And there we were seeing Duterte opening up some of the laws in the Philippines in terms of money flow, and gambling, and the Chinese moving immediately in, and setting up essentially what were sweat shops for online gambling overseas.

So, those are just a few of those examples that I would give. This is not just a -- again, just to make sure that this is not just about great power competition. This is about flow of capital that is

unrestrained, and if we don't start to address it, there is a much broader strategic issue here we're going to be confronting in terms of what the rules of business are going to be, and the rules of commerce are going to be 10, 15, 20 years down the road.

Kimber Shearer:

And one quick follow up. What -- do you have any recommendations specifically of what the international community at large can be doing to help, really help local actors understand the issue, as I think you've talked about, but also really to address it?

Andrew Wilson:

Yeah. I think there's two things here, or three things we can be looking at. We've already heard a lot of ideas about civil society support. You know, civil society is an important element of that, and we've got to really equip and train in that regard. We got to help people understand the phenomenon of this coming on in their country. Help them identify where the shortfalls are, and address them. We got to help governments build the capacity as well.

But I think too, we have to think about in terms of how can we affect Chinese behavior overall, shall we say. And we come down to a standards and practice approach. We need global standards. We need to make sure that the values that we've built a liberal democratic order over the last 50 years remain the values on which commerce are engaged. And then we've got to figure out, how do we encourage, coerce, Chinese companies, Chinese state-owned firms, Chinese capital to raise their game, and become -- rather than try to lower ourselves, we need to encourage Chinese capital to raise its game. And I think you're already starting to see the Chinese government listening, and [inaudible] field [inaudible].

And we need to be figuring out how to equip people with -- let's say there is a Chinese standard for mining. They just don't use it. And it's not translated into English. It would be very simple just to translate those standards into English, and then the -- then when a local organizer, say in Ghana, where they're putting forth a big box site mining project this week, that those people in Gunaya [spelled phonetically] know what the Chinese standards are, and they can go to the Chinese embassy, and say, "Hey, when your firm shows up, we expect them to live to your standards, not just global standards. I mean, you guys have already put it on paper. Do what you're supposed to do." So, that's a big part of it.

But I think also, from a broader perspective, the U.S. government needs to show up. We've been absent. We need to show up at global institutions when they're being reformed. The WTO is undergoing a massive reform right now. We need to make sure that all instruments of our government are there in play, pushing to make [inaudible] our own standards and values when we look at the reform.

Kimber Shearer:

Let me turn this back on. Myron, I want to turn to you. Anticorruption efforts need to align with interested key stakeholders outside government. Can you offer some incentives that have motivated, or would motivate the private sector, both local and international in terms of foreign investment, to play an active role in combating corruption of all kinds?

Myron Brilliant:

Sure. Kimber, first of all, I'm really happy to be here. I actually wear five hats, but I'm only going to speak from one hat. I'm on AID's advisory board, which you heard. I'm on the board of CIPE, and believe in the mission of CIPE and the work that Andrew and his colleagues do, not just in Washington, but around the world. I'm also on the board of the Global Leadership Coalition, which is an advocate for foreign assistance at a time when we need advocates in Washington. I also sit on the board, the advisory board of the Guangdong government, and will be at their advisory board meeting in November.

And the reason I'm in that organization is because I do believe that change can't just come from abroad. It has to come from within the system. And I think one of the important roles for the business community, as well as other stakeholders, is to recognize we need alliances, both within the multilateral framework, but also need to work within the systems that we're trying to change. And so, I think it's very important that we recognize that.

That may not be something everyone here agrees with, but I feel very strongly that to be effective, you have to build alliances around some of the issues that have been discussed, but you also have to affect change within the system; which is one of the reasons I think CIPE does such a good job in working with national champions on the ground to build national business agendas that would make them more relevant and more outspoken in their efforts to influence the rule of law, transparency, and other things within government systems, both at the central level, and at the local level.

In my capacity at the U.S. Chamber -- as this keeps going up and down, I don't know if that's a sign of approval of my comments when it goes up --

[laughter]

-- or down. But in my role at the U.S. Chamber where I have run the largest international government relations program in the country, I can tell you a couple things. First, I can say that we believe that the private sector needs to be a participant in all decisions when it comes to enhancing efforts to combat corruption. We need to be part of the solution. That doesn't mean that every business operates with the highest integrity, but it means that if business isn't part of the solution, that we'll get nowhere.

We've established a global coalition around the rule of law in 2012. Kendra Gaither is here, who established it. We also have done dashboards to look at and index the kinds of challenges that we see. We look at 90 countries and broken it down, and we looked at the indexes that others have done, like Transparency International, Will Bank, and others to try to accept that the business community understands three or four basic things.

First of all, we have rules in the United States we want to comply with, whether it's FCPA, or whether it's others rules that requires conduct that would be encouraging of a level playing field.

Second, we know there are international rules, like the OECD, that we want to also comply with and enhance, and strengthen. In fact, we're very much a part of efforts to enhance the anti-

corruption bribery standards, not just at the OECD, but in other venues as well.

Third, we want to encourage these principles in trade and investment agreements that the United States pursues around the world, not just in a bilateral context, but in a multilateral context. There was a reference by Andrew to the WTO. Well, if we're going to want the WTO to be active, we have to be active in the WTO. We have to be helping the WTO reform, whether it's dealing of subsidies practices, which is a big problem when you're talking about corruption. It's not just having statements at a government. It's how it's implemented. Implementation, accountability, and responsibility is a part of this.

Third, and I would say, compliance requirements that companies want. Why? Because they want integrity in their supply chains, and they need to have compliance within the culture, the ethos of their system. So, that's another area where I think it's very important. In terms of incentives, those are all four that I would say.

I would add one more. It's good business. It's about reputational risk. So, we very much feel we need to be a seat at the table. We need to be active in the conversations; why I agreed to be on the AID advisory board. I think AID has done a good job, but there's much more that AID could do to bring the private sector into that conversation. A lot is focused on democracy, but we need to also focus on how we bring accountability and responsibility in our collective efforts? How do we have a holistic approach in government? If you've got a new development agency, and we're looking at finance tools, how do those tools and standards comply with the ones that AID is undertaking? How do we have a holistic approach within government? I think you would see, if you looked around the government at different agencies, not a consistent approach to how they look at the private sector.

Obviously, we need to also think about the multi-lateral institutions like the World Bank, like the Inter Development Bank, and other banks ADB. And if we can get more consistency in rules and adaptation in terms of those rules, how it's implemented, then we can work together more constructively, and more effectively.

I know we're limited on time, so I won't get into all the other areas that I wanted to do, but I think the three things I would leave with is let's make sure we're working to educate policymakers on the tools we have, but also where we have gaps. Two, let's make sure that we're -- the private sector has to be a part of the solution. It's not brought in at the last minute. Too many times we're told what government is going to do, rather than ask how we can help government be effective. And three, we have to recognize we need the resources. There are limitations, and the resources can be complimented, government resources, by the private sector resources. A lot of companies are working with organizations that are not a part of government and thinking through these challenges because government is more limited. And if government was working with these groups more effectively. It would enhance the partnership and the resources that are available to government. I could go on. I'll stop there.

Kimber Shearer:

Thank you so much. Chris, I'm just going to move to you quickly. The issue of kleptocracy. And I think it would be helpful if you could just give a little bit of an oversight in terms of how is

it fundamentally different from other forms of corruption. And then just a -- quickly, as a follow on, as kleptocratic networks continue to encroach on government processes and institutions around the world, can you offer some advice for how the international community, and USAID in particular, using foreign assistance can contribute to exposing and fighting kleptocracy.

Christopher Walker:

So, thanks for the question, Kimber. I'd start just by noting at the outset, as part of the work that NED and its partner institutes do to combat corruption. I really want to acknowledge Andrew Wilson and his colleagues, because they haven't just exhibited thought leadership on the corrosive capital concept, but now they're putting into practice ways to get at it. It's very important, and I think in a way it can serve as a model for other such approaches.

I think a lot of what we've discussed on the issue of corruption has rightly focused on, you know, the challenge of managing corruption, which will be with us forever. It's human nature. Having accountable, accountability mechanisms that can manage corruption is important, and we have to pursue so many of the things that Myron Brilliant was alluding to.

I think in the kleptocracy context, what we are experiencing in an era of globalization, is a wrinkle on the corruption question; which is that with money being able to flow so quickly, and in such large volumes across borders, and often with great opacity, it's created a whole new set of challenges. We're often focused on corruption challenges looking inward where, at a country level, we're rightly trying to battle ways to have more accountable, less corrupt systems.

In the last generation, there's whole new dimension -- it's not entirely new, but it's new in the sense of the scope and the speed with which it's hit us. We're now facing a problem that requires some new instruments to respond. I think the best description of this challenge was done by Oliver Bullough in the January 2018 issue of the Journal of Democracy where he really explains in a cogent and compelling way why kleptocracy is different from corruption. In essence, it's the scale of the theft coming from kleptocratic sources, which then often leverage rule of law environments to hide, launder, and then repurpose their wealth. In the process, it has a harmful and corrosive effect, not only in the countries where the wealth is being syphoned from, but also in the places it's being planted.

I think democracies have done a good job in starting to recognize the problem, start to make more transparent, at least in some settings; say, real estate transactions, or other large wealth sectors, but there's a lot more that needs to be done on this account. And I think part of the solution, just to get to that part of the question, is to build up the durability and the resilience of multidisciplinary responses, essentially network responses.

It's very difficult for a single anti-corruption effort in a given country, whether it's a country like Azerbaijan, thoroughly corrupt kleptocracy, to manage problems of these scopes. They need to be able to work in a very seamless and networked way with partners that are in the locations of where money -- much of the resources that will get moved beyond Azerbaijan's borders. Just to use that one example. There are plenty others I could cite, but that one just comes to mind. They need help, and they need networks to support them. This is starting to happen, but we need to build them up in a much more meaningful way.

Myron Brilliant:

Can I just real quickly, because Chris and Andrew have views on this, but I am concerned about the criteria that government is formulating when it comes to where to put resources. And I'm concerned in a number of ways, and this is not going to be the moment where we can get into great depth, but it's important not to create a bipolar world.

What important to is to build up institutions, and geo-communities, and the private sector to understand that having a level playing field, recognizing that corruption creates unlevel playing field, and doesn't create prosperity in a democracy, is something we should be -- share in working together. If we create a bipolar world, I'm not sure the United States will win.

If we look at this as us verses China, or us verses Russia, even though we have deep concerns about some the practices in those countries, I'm not sure that is a winning strategy, and I think we have to think through what we want to project as America's leadership. And we need to think about the fact that we're forcing countries in an awkward position when it comes to these issues at a deeper level, whether it's financing of projects in Africa or -- what we want to do is build up capacity.

And one of the things that I didn't emphasize is, one of the things we're doing in -- CIPE is doing very well, is building up capacity; like, working with national organizations, working with our American Chamber network -- we're in over 100 countries including in China and Russia. And if we can get more organizations like that more active in the dialogue, and bring new stakeholders from the communities, both at the central level and at the provincial level, we will affect change. It's not always going to be rapid. It will be incremental.

But if we create a bipolar world between the United States and China, if we buy into this Cold War philosophy, we're not going to see the progress we need to see, and we're not going to lead to a new architecture that we all want, I think, in this room.

Christopher Walker:

And I would just add to this. I agree entirely. I think creating some sort of binary division would be highly ill advised. I think the difference between today and the Cold War is that the level of intersection and integration between countries that have much more influence today, say in open free societies, has changed dramatically. So, the level of China, or Russia, or the Gulf Countries engagement in free societies is far higher. And as Myron states, I think it's all the more reason why free societies need to reinvigorate their own values and standards, and make sure they are safe guarded.

And make sure that countries that are now facing these difficult choices in some settings -- we've talked about the Balkans. It's a very good example. It's just one example. They need to see the benefits of transparency, accountability, and public trust precisely in the ways that is not on offer typically from Beijing and Moscow. So, in that respect, there is a choice, but the choice is one that should come from those values which encourage transparency and accountability.

Myron Brilliant:

And they need to see success from that, too.

Kimber Shearer:

Okay. I think we are turning to questions, briefly, if anybody --

Daniel Runde:

So, who's got questions: name, rank, and serial number, keep it short. Okay?

[laughter]

Leslie Cosgrove:

Leslie Cosgrove. I'm with AMERANT Village. I'm currently in Saint Lucia, but have been working in Africa for some time.

Daniel Runde:

That's a great deal. How do I get that?

[laughter]

Leslie Cosgrove:

Yeah it is. Watching the demise of natural resources and the increase of corruption by the Chinese and the Russians that we don't seem to be working with. We don't seem to acknowledge. So, I appreciate what you guys are saying.

How do we help countries bridge that gap, all right, because it's like Americans saying I have to buy either food or medicine. These countries are in that situation. Do I take from the United States, or do I take from Russia, or China; or do I take from all of them, and then how do I balance that? And so, how do we work with that?

Daniel Runde:

Others? Let's bunch them together. Others? Great question. Yes, sir. He has a microphone.

Harry Blair:

Oh, thank you. I'm Harry Blair, from Yale University. In the first presentation, it was -- Andrew talked about promoting world values in doing business, and then Andrew followed up with some observations on corporate need to encourage compliance with these rules worldwide. Now, what I'm wondering about specifically is supply chains, and how can American business, in cooperation with the USAID, encourage more compliance --

Male Speaker:

So, the integrity of the supply chains?

Male Speaker:

Yeah.

Harry Blair:

-- with supply chains. And a good example here would be finish garment goods that have supply

chains from places like Thailand, and Cambodia, and Bangladesh in particular.

Daniel Runde:

Okay.

Harry Blair:

Part of the business plan of so many American corporations --

Daniel Runde:

Like, speed it up. That's what I meant.

Harry Blair:

-- is what might be called plausible deniability, that the firm in the U.S. or Europe contracts with the firm in Bangladesh, a big one, to supply goods. The Bangladesh firm sub-contracts to all sorts of illegal activities. And this is something that the businesses worry about, but in fact it seems to be really part of their business plan. Now, how can we deal with trying to encourage better world values in the supply chain? That's the simple question. Thank you.

Daniel Runde:

Thank you. Okay. Let's just take -- okay, this gentleman here. You get extra credit if it's short.

[laughter]

Clay Fuller:

I'm Clay Fuller, formerly with the American Enterprise Institute, and now I'm doing some independent work with the International Republican Institute on Kleptocracy. I wrote a report on the authoritarian corruption nexus recently. So, estimates are at \$300 billion a year is laundered in the United States. That's the treasury estimate. U.N. estimates that about \$800 billion to \$1 trillion is laundered globally. I want to talk about credible aggregate economic data getting to supply chains to foreign trade zones, looking at those. We don't even know how many exist in the world, because we don't have a singular definition of them.

So, I want to talk about transparency. I want to ask about transparency being credible, aggregate, economic data; like, how can we get better data? How can we use foreign assistance to get better data about the economy?

Daniel Runde:

Okay. Great. Thank you. Okay. Let's take those three, and I'm happy to kind of comment on that last one.

Andrew Wilson:

Okay. Quickly on the three. First, I think the primary challenge here is that the companies we're talking about primarily are not constrained by the traditional models, whether it's consumer driven models, or other -- or global standards. There just, there is no sense of obligation there; and the Chinese Communist Party, for instance, it doesn't really care.

So, a lot of work, I think, needs to be done and focused on what are the tools we can develop, again, to encourage domestic recipient NGO's and other groups, and governments, to hold Chinese firms to standards. The Chinese comeback right now is, "We weren't involved in their drafting, they don't apply to us." So, there is -- the underlying thing is that well if we can negotiate a new standard, and that's where the slippery slope starts. And that's why I think we all recognize a need to have a firm line on that.

The other piece is -- and this has a lot to do I think with sort of messaging, is that we see a lot of our own government pointing out how a port in Sri Lanka is being this example that should scare everybody straight. Now, the Sri Lankans owe everybody money. It's only the Chinese who decided to collect on the debt. You know? So, whether that -- and they've got their own strategic reasons for doing so anyways.

I think it's a much more valuable lesson if we point to what Malaysia was able to do with the Chinese, and the new Malaysian government in terms of renegotiating their rail deal, which knocked about 35, 40 percent off the price tag of the project. That should tell you what the level of corruption was within that project right there, if you can take a 35 percent haircut, and still deliver the project on budget.

So, let's look at ways in which you can deal with the problem, rather than trying to scare people into not taking the money in the first place. That's not going to work.

On supply chains, compliance training is very important. We at CIPE are actually looking at this question right now. We're trying to figure out how to get into the small and medium sized companies on a broad range of compliance, but moving this to a board room level within those firms.

Risk management, as the NBA has learned last week, is a real important thing when you're dealing in communities with different versions of rule of law. So, if you're in a small and medium enterprise in Indonesia, and you want to join a global value chain, what is it you need to know about the standards that are going to be expected of you, whether those are environmental, labor, corruption standards. And moving forward now, we're looking at human rights and other issues. So, we are starting to move into the democracy issues, the bread and butter democracy issues.

But it's -- but the issue we've got with the compliance standards is there is so many of them. So, if you're sitting in a board room, which standard do you pick to take your firm to? And access to information becomes really important, and affordable access to information becomes really important for firms.

And then finally on the data question, I agree with you Clay. The problem is data collection, and it's improving the ability of local organizations to identify data, and to collect data. And the value of data in decision making is really critical, but just getting at basic data in -- getting at information before we can turn it into data is really important. The thing we're up against is the Chinese don't share data. And the data they do share is seriously flawed. If anybody here really believes China has got 6 percent growth, you know, let's talk about a bridge.

Myron Brilliant:

So, real quickly, on data, I think we do need to find new tools to aggregate data, and to incentivize at a local level to get data that's meaningful, and that can be utilized to influence and impact, not just government behavior, but the NGO community and corporate behavior. And there are things to do. I'll just leave it at that.

On sustainable development, I think where Andrew, where I would actually add onto your answer, there needs to be accountability in local governments that are accepting the financing in the first place. So, if you're getting an attractive bid from China, you have some accountability to hold your own contract to high standards. And so, we need to also work in places like Africa and Southeast Asia, in South Asia, in Latin America. If they're going to take a, what we call subsidized financing, then -- or corrosive capital -- then we need to make sure these governments understand the costs to their own reputation, to their own risk. Not just put it on China. We need to hold China accountable, but I think we also need to do it at the local level.

There are incentives now, more and more, because a lot of these governments in Africa, for example, realize that they're not getting the labor that they expected. The Chinese are hiring Chinese firms, they're hiring Chinese labor, they're not providing the management expertise, and they are leaving huge environmental challenges in these countries. So, I think if we can work with governments to understand the costs of not holding these countries like China accountable for the financing, that's part of the solution, again. Not leaving China off the hook, but adding these countries into the accountability and responsibility, and working with them, and with their companies in their private sector.

Then, on the other issue, on supply chains; look, multi-national companies all have high compliance requirements because they don't want to fall out of favor with the law. They have reputations at risk. They make mistakes every once in a while, and they have some accountability there. We can count many examples of that. But I think they all have that. What they need to do is hold that high standard all the way through their supply chain. And small, medium sized companies have the same kinds of standards, but they need to be held accountable if they are going to be part of a big, multi-national deal.

And then they need to hold -- so, we'll use Bangladesh as an example where, obviously sweat shops is an issue. They need to hold those standards at the same level, and then work more effectively on the ground to ensure that there is benefit incentives for people to get paid the right wages, to work in the right kinds of conditions. And it again goes back to their own reputational risk. So, I think multinational companies very much have a stake in ensuring that the supply chain is working all through the same prism of a multinational company whether it's direct or indirect.

So, there's a lot that can be done. I think there is work being done. Outside groups can be a part of it, but we also make sure that private sector is accountable but also part of the solution. They're not going to just get blamed, then they won't do anything. They need to be part of the solution.

Kimber Shearer:

Chris, any final thoughts?

Christopher Walker:

So, just briefly on the sustainable development question; I think to build on what Myron Brilliant alluded to, the understanding of local societies, of what they're getting into is so critical. So, the government in many cases may be the only interlocker with us, with either a Russian or a Chinese firm, and you won't have participation, say, of any sort of legislative oversight, or to the extent there's independent media, or independent civil society. And hence, the deals that are cut often at a strategic level in the technology sphere, which is increasingly the case, will happen. And then it's only ex post facto when there is a public discussion.

And when it relates to technology, it's often the case that it's very hard to uproot this once it's grown roots. We're seeing this at a number of settings, and it's all the more reason why having an advanced discussion, meaningful public discussion, is so important both in terms of getting public buy in, having scrutiny. On the level of the environmental consequences that you alluded to, but I would take it a step further. It's really about democratic integrity in these countries, because if it's a technology deal, you're then talking about politics, media, and the way in which increasingly life will operate in all of our societies. To the extent that's managed and ultimately controlled by a firm that's connected to a system that systematically abridges free expression and other such rights, that's a big problem for the society that's bought into that deal.

Myron Brilliant:

Can I just -- one thing, one little anecdote. I had a dinner this week with a bunch of American chambers from the Middle East, and they run the gamut in every sense of the word. And we talked about corruption in the rule of the law, and I had been public -- many of you may not know this -- in criticizing the president's policies on tariffs. And the president came onto this national show after I got off, and criticized me. That's all right. That's freedom of media. That's okay. But when using that example in the context of this discussion, a lot of the chamber execs said, "We can't do that in our own country. If we do that, we won't have business, we'll be cut off from society, we might be even jailed."

And what we have to do is recognize the risk they have, but encourage them to continue to take more risk in raising their voices. I don't mean just the American chambers. I mean the civil society, the NGO groups, the national organizations that CIPE work very effective with. We need to give them the tools to be more effective in their own work in their country; and say it's all right to criticize your government, and hold government accountable when the government, you know, is not taking the steps to protect their citizens, protect their businesses. And it sounds like an easy task. It is not.

Andrew Wilson:

I would say, yeah, it's one thing to encourage them, but we also have to give an umbrella.

Myron Brilliant:

Yeah.

Andrew Wilson:

If we're going to get out front and take the risk, this -- the government of this country needs to be there --

Myron Brilliant:

I agree 100 percent.

Andrew Wilson:

-- to say, if you end up in a jail, we'll pay for the jailhouse lawyer to come down, and we'll make sure that becomes part of our discussions with your government. If we don't give people the moral authority, and also the backup to take those risks, they're going to be very reluctant to do that.

Myron Brilliant:

And that's where we need a holistic approach in the government as a result.

Kimber Shearer:

So, I want to thank my panelists very much. And also thank you to all of you for joining us for today, and I hope you enjoyed the conversation. Thank you.

[applause]

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Last Name:	First Name:	Company:
Argun	Fatima	GSG Consulting
Aslamy	Mustafa	International Rescue Committee
Bailey	Matt	NDI
Baise	Warren	The Borden Project
Baker	Marilyn	USAID
Berzeg	Sibel	Counterpart International
Blair	Harry	Yale University
Braxton	Karrye	Global Business Solutions, Inc.
Brooks	Christine	Brooks & Associates Global Learning Services LLC
Brown	Alexandra	IFES
Bullock	William	NCBA CLUSA
Callahan	Brian	The Borgen Project
Charles	Christie	World Vision
Cosgrove	Leslie	AMARANT Village Inc
Dabic	Tijana	Making Cents International
Dardeli	Aleksander	IREX
Deilinger	Judit	International Executive Service Corps
Desai	Mihir	Dexis Consulting Group
Duss	Serge	International Medical Corps
England	Shannon	Internews
Estes	Joclyan	Center for Global Development
Feeney	Paula	Cardno
Fernandes	David	Creative Associates International
Feuer	Joseph	ICCO USA
Fuller	Clay	International Republican Institute
Gaither	Kendra	U.S. Chamber of Commerce
Gasque	Ashley	Dexis Consulting Group
Hart	Kim	Search for Common Ground
Hartenberger Tob	Lisa	Education Development Center
Hartingh	David	IESC
Hoverter	Mike	CRDF Global
Hurd	Robert	National Democratic Institute
Ignatius	Heather	PATH
Kelly	Amanda	Save the Children
Kohler	Rebecca	IntraHealth International
Lavery	Jerry	CEPPS
Levy-Brown	Karen	National Democratic Institute
Lewnes	Alexia	fhi 360
Li	Helen	NEA
Light	Chris	OGIMAA INC.
Lisenby	Colette	Cardno
Logan	Melissa	Chemonics
Mannering	Caitlin	Internews
Matteson	Diana	YOUTH ADVOCATE PROGRAMS INC
Matthews	Alex	Asia Foundation
Mercado	Angelica	EDUSINLI
Mojtahedi	Shabnam	Benetech
Mossi	Cristina	Devis
Murphy	Kevin	J.E. Austin Associates - A USAID Small Business
Myers	Hannah	Weber Shandwick
O'Connell	Nora	Save the Children
O'Keefe	Bill	Catholic Relief Services
Olive	Steve	USAID
Pavlova	Elina	DAI Global
Pham	Geneva	World Learning
Puska	Susan	KANAVA International, LLC
Reed	Melanie	
Sedaca	Santiago	Palladium
Shakya	Rajeena	NRECA International
Shea	Catherine	ICNL
Shepich	Cameryn	Aga Khan Foundation USA
Sinioukov	Andrei	Overseas Strategic Consulting (OSC)
Skeva	Violet	Malawi Embassy
Spearing	Cecelia	Chemonics International
Strzemp	Jacqueline	International Center for Journalists
Svetlik	Michael	IFES
Taylor	Melinda	RTI International
Tift	Randy	USAID
Wanko	Brian	InterAction
Ward	Thomas	USAID
Willhauck	Gregg	CIPE
Wilson	Andrew	CIPE
Wilson	Nancy	Relief International Inc.
Wilson	Shawna	International Association of Women Judges
Wolf	Craig	USAID
Yee	Carol	KANAVA International, LLC
Zyszkowski	Alina	ICCO-USA
Golden	Alma	USAID
Wilson	Andrew	CIPE
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Landau	Oliva	CSIS