

FROM VISION TO ACTION

Realizing the Potential for Development
in an Obama Administration



EXECUTIVE SUMMARY

“In the 21st century, progress must mean more than a vote at the ballot box – it must mean freedom from fear and freedom from want. We cannot stand for the freedom of anarchy. Nor can we support the globalization of the empty stomach. We need new approaches to help people help themselves. The United Nations has embraced the Millennium Development Goals, which aim to cut extreme poverty in half by 2015. When I’m president, they will be America’s goals.”

—President-elect Obama, Chicago, October 2, 2007

President-elect Barack Obama's Vision for Global Development

President-elect Obama and Vice President-elect Biden laid out a bold vision and coherent framework for development in their Administration. Below is a list of those commitments bundled into headings that match policy recommendations ONE advocates to the Obama Administration.

MDGs

President-elect Obama committed to making the Millennium Development Goals American policy. By the end of his first term, he expects to see progress in meeting the MDGs, including reducing by half the number of people living on less than a dollar a day and suffering from hunger, and reversing the number of new HIV infections and malaria cases.

Foreign Assistance Funding

President-elect committed to doubling U.S. foreign assistance to \$50 billion by 2012. In the wake of the economic crisis, President-Elect Obama and Biden said they would "slow down" achieving this goal, though they have not at any point said that it is no longer a goal.

Child and Maternal Health and Health Infrastructure

President-elect Obama committed to establish "Health Infrastructure 2020" to work with developing countries to invest in the full range of infrastructure needed to improve and protect both American and global health. He pledged to increase funding for child and maternal health and ensure that increases in other important areas - including HIV/AIDS - do not come at the expense of child health and survival programs. He would expand access to vaccinations, increase research into new vaccines, and increase access to reproductive health programs.

HIV/AIDS

President-elect Obama pledged to expand the President's Emergency Plan for AIDS Relief (PEPFAR) by spending \$50 billion over the next five years to strengthen the existing program and expand it to new regions, including Southeast Asia, India, and parts of Europe. This commitment was solidified by his co-sponsorship of the Lantos-Hyde Bill that reauthorized AIDS, tuberculosis, and malaria funding for another five years for up to \$48 billion. He supported increasing funding for the Global Fund to Fight AIDS, TB, and Malaria and a willingness to remove the 33% cap on U.S. contributions.

Malaria

President-elect Obama supports the goal of ending deaths from malaria by 2015 by building on the \$1 billion per year commitment to malaria in the recent PEPFAR reauthorization and dramatically expanding access to mosquito nets and access to ACTs. He discussed investing in the developing world's capacity to meet the demand for 730 million bednets as the first project of his Small and Medium Fund Enterprise.

Water

President-elect Obama said he would expand access to clean water and sanitation through increased funding of up to \$1.3b annually and support for innovative programs like 'play pumps'.

Education

President-elect Obama committed to erasing the global primary education gap by 2015. He plans to capitalize a “Global Education Fund” with at least \$2 billion in funding towards the goal of universal access and would leverage this funding through the Fast Track Initiative. At the Clinton Global Initiative, he committed to support passage and funding for the Education for All Act which would provide \$10 billion in funding for education over five years.

Modernized U.S. Development Structure

President-Elect Obama will look at creating a cabinet-level position for development aid. He committed to coordinate and consolidate PEPFAR, the federal Millennium Challenge Corporation (MCC), the Middle East Partnership Initiative (MEPI), and other foreign assistance programs into a streamlined U.S. Agency for International Development (USAID).

Agriculture

President-elect Obama committed to launch the “Add Value to Agriculture Initiative” to spur research and innovation in this area. He also pledged his support in strengthening the African Growth and Opportunity Act, and working to develop lending facilities to small and medium businesses.

Debt Cancellation

President-elect Obama committed to fully funding debt cancellation for Heavily Indebted Poor Countries (HIPC), pressing for reforms at the World Bank to ensure that poor countries receive grants rather than loans, and leading a multilateral effort to address the issue of “odious debt” By looking into “loan sanctions” that may be used to discourage private creditors from lending to repressive, authoritarian regimes.

Small and Medium Enterprises

President-elect Obama pledged to provide initial capital for a Small and Medium Enterprises Fund (SMEs) that would be administered through the federal Overseas Private Investment Corporation (OPIC).

Climate Change

President-elect Obama committed to setting a goal of an 80 percent reduction in greenhouse gas emissions by 2050. He has discussed implementing a cap-and-trade program so that there is a price for pollution, and he has proposed an investment of \$150 billion in alternative energy over ten years. Obama plans to launch a Global Energy and Environment Initiative (GEE) to engage developing countries in the fight against global warming.

Policy Recommendations

Executive Summary

President-elect Obama has articulated a clear and bold vision for U.S. leadership in promoting health, education, and economic growth in the world's poorest countries. This vision is rooted in a moral and humanitarian desire to help the most vulnerable people, recognition that building economic opportunities abroad creates opportunities at home, and a strategic understanding that our national security is intertwined with the stability of poor countries across the globe.

In 2000, President Clinton helped to shape the vision of the Millennium Development Goals (MDGs). President Bush led the U.S. to make strong progress on global health. President-elect Obama has the opportunity to define whether and how the U.S. will lead the world to reach the MDGs by 2015. Many pieces of this strategy have already been articulated by the President-elect—building upon sectoral successes that are changing and saving lives while building long-term capacity to sustain these efforts and incorporating opportunities for economic growth to drive future development in countries.

President-elect Obama's bold policy and financial commitments will need to be scaled up over time. The new Administration will, therefore, need to take several things into consideration when weighing the order for delivering upon these commitments including: 1) what needs are most critical and urgent; 2) which investments must come first in order to build a platform for delivering others and 3) how to leverage political momentum and support both domestically and abroad.

This document offers a proposal for a series of short-term and urgent actions that could be taken within the first few months of the new Administration and a series of longer-term efforts that can be undertaken in 2009 and beyond. Many of these commitments mirror those already introduced by the campaign and, in total, all can be accomplished within the framework of doubling foreign assistance. The document focuses solely on investments in development and does not attempt to envelop policies on security or conflict that are equally critical to these countries' futures. Similarly, it does not address all related topics that may emerge, such as the effort to harness carbon financing to generate additional resources to help developing countries adapt to climate change.

Short-term Actions

The following short-term actions set an important foundation from which to build President-elect Obama's vision for development. The five goals below will serve as a marker of commitment towards broader development goals, help to demonstrate commitment to domestic and international communities, and yield strategic returns.

1. **a) Finalize the Fiscal Year (FY) 2009 appropriations bill**—Support the House version of Foreign Operations funding in FY09, with additional increases for malaria, agriculture, trade, the World Bank, and debt cancellation.
- b) Request at least a \$4 billion increase in the FY10 budget**—The FY10 budget offers the first concrete step in realizing development commitments, including doubling foreign assistance. An increase of at least \$4 billion above the FY08 baseline to the foreign operations account (excluding State Department functions) would create space for development priorities to begin to be met.

- 2. Take a leadership role in ‘eliminating deaths from malaria by 2015’**—President-elect Obama committed to work in concert with the recently released Global Action Plan on Malaria and strive to end deaths from malaria. A \$200 million investment in FY09 and rapid scale up in FY10 would put the U.S. in a leadership position globally and yield dramatic, rapid, and measurable results.

Background – Malaria is the single largest cause of death among young children in Africa. Nearly 85% of the nearly 900,000 people who die of the disease each year are African children less than five years old.

Political Context – Malaria is the hot topic in health development right now. The recent launch of the Global Malaria Action Plan is catalyzing action from public and private donors as well as foundations. Recent successes in hard-hit countries (50% reduction in deaths in Rwanda and Ethiopia, for example) combined with the real possibility of “beating” this disease has created excitement across party lines and in the private sector.

Recommended Actions – In order to immediately put these commitments into action, the next President should request at least \$825 million in FY09 appropriations and \$1.155 billion in FY10 to fight malaria through bilateral efforts as well as through U.S. contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

- 3. Set the stage for elevated and modernized development assistance**—A comprehensive reform process will require attention throughout the first term. Taking a few key steps early will demonstrate that the new Administration is serious about ensuring that every dollar of what is available is spent efficiently and effectively. In a bold step to fulfill his commitment to make the MDGs American policy, having the MDGs frame our nation’s development strategy will send a powerful signal internationally and help to leverage resources from others.

Background – Despite visible success of some targeted initiatives such as PEPFAR, much of U.S. foreign assistance has become fragmented. There is broad consensus within the development policy community that reforming the system will better equip the U.S. to meet global challenges and achieve its development goals.

Political Context – Many see the next 12 months as a unique opportunity to modernize U.S. foreign assistance not seen since the early days of the Kennedy Administration. A lot of groundwork has been done in 2008 and, therefore, swift engagement (to signal that this is a priority issue) will be well received. The long-term management and budget agreement that will have to be struck between existing agencies to achieve a more coherent management structure will be politically challenging, but the early months of a new Administration provide a window for action.

Recommended Actions – During the transition period, the President-elect should name a Deputy National Security and Economic Advisor for Development who can develop a National Strategy for Global Development; ensure that the Secretary of State nominee agrees that modernizing foreign assistance is a top foreign policy priority; and nominate a strong USAID Administrator to have interim leadership over MCC and PEPFAR as well. These recommendations were developed in coordination with the Modernizing Foreign Assistance Network

- 4. Support African trade hubs**—A nominal, immediate investment is needed to support existing African trade hubs and would signal the importance of helping African economic growth and trade.

Background – The long-term solution for ending extreme poverty is for people to be able to provide their own resources that can be channeled into basic needs. Meaningful and targeted aid for trade is critical to

link African producers with global opportunities.

Political Context – Trade-hub programs are designed to help African businesses take advantage of the African Growth and Opportunity Act (AGOA) program. Growth areas for AGOA-eligible countries are generally in small niche markets for products that U.S. companies don't make—e.g., apparel, specialty ethnic foods, and shea butter products—and so there is little threat to U.S. small businesses.

Recommended Actions – President-elect Obama can signal his commitment to these pillars by supporting an additional \$20 million investment in aid for trade through an expansion of American “trade hubs” in Africa in FY09 and a further \$30 million increase in FY10.

- 5. Provide immediate assistance for agricultural development to address the food crisis**—The food crisis continues to take a heavy toll on the world's poor. An urgent effort to address food security by helping to increase agricultural productivity would allow the Obama Administration to demonstrate the new spirit of multilateralism by partnering with multiple donors to address the crisis.

Background – In the past year, an additional 75 million people have gone hungry. While food aid helps to stem the crisis, agricultural productivity has long been overlooked in development policy and is critical to ensuring that future food crises are averted.

Political Context – The recent introduction of bipartisan legislation on global food security, the increased attention by the public to this issue because of the food crisis, and the potential agricultural focus of the 2009 G8 all reinforce the case for action on agriculture. The European Commission is currently considering a €1 billion transfer to support African farmers.

Recommended Actions – President-elect Obama can provide a \$200 million infusion of funding in FY09 and a further \$237 million increase in FY10 for purchasing seeds, fertilizer, food, and micronutrients to ease the burden of the food crisis.

Longer-term actions

In the longer term, there are several areas of development that need more attention from the United States. These all require Congressional approval and suggest significant budgetary action, so they are considered longer-term objectives, but still first-term actions:

- 6. Urge passage of the Education for All (EFA) Act and request \$1.0 billion as a down payment in the FY10 budget**—President-elect Obama committed to support passage of and funding for the Education for All Act. Such an effort could be leveraged domestically (given the bipartisan nature of the bill and Senator Hillary Clinton's and Representative Nita Lowey's efforts to champion it) and globally (given increased interest from key partners such as the UK).

Background – Progress has been made to get children in school—between 1999 and 2005, 41 million more children have started school (29 million of them in Africa). Yet still, 72 million children around the world are not enrolled. More than half of these children are girls. Increasing the share of women with a secondary education by one percentage point boosts a country's annual per capita income by 0.3% on average.

Political Context – The Education for All Act, which has bipartisan support, is intended to “ensure that the U.S. provides the resources and leadership to ensure a successful international effort to provide all children with a quality basic education.” The EFA Act calls on the U.S. to scale up investment, spending \$10 billion during five years—starting with \$1 billion and culminating with a total of \$3 billion annually by

FROM VISION TO ACTION

the fifth year. It has been a priority for Senator Clinton and Representative Lowey. Partnerships could be leveraged with donors such as the U.K. and France as well as private sector actors.

Recommended Actions – The new President should support an increase of \$50 million in the FY09 budget to reach \$750 million (in line with the House request level) and request a total \$1 billion investment in FY10 in line with the EFA first year recommendation. At the same time, the new President should work with Congress to secure passage of the bill in 2009.

- 7. Work to align trade policy with development goals and fund a significant new “aid for trade” initiative**—This effort would reaffirm the U.S. commitment to align trade policy with development objectives despite difficult negotiations multilaterally (the Doha Development Round of trade talks). A real investment in encouraging economic growth as a means of poverty alleviation would demonstrate the breadth and depth of the Administration’s approach.

Background – The United States has created a successful trade preference program for Africa— the African Growth and Opportunity Act (AGOA). Expansion and extension of AGOA will produce even better results if lower tariffs are coupled with development assistance funds that are focused on addressing Africa’s trade-related needs. This includes improved infrastructure, special assistance for agricultural producers, access to financial services and capital, strengthened regional trade entities, assistance in meeting U.S. standards and Customs’ rules, and training in marketing and pricing for the U.S. market.

Political Context – A comprehensive approach to trade and development for Africa would demonstrate U.S. leadership on linking trade policy and development assistance, and would be the first step in creating a “global AGOA” (a common preference program for Africa shared by other major markets like the EU) that other donor countries could then adopt and implement. Because the administration would simply be encouraging other nations to follow the U.S. AGOA example, this would be a trade-related success without a potentially bruising Congressional battle.

Recommended Actions – President-elect Obama should propose the creation of a \$100 million small and medium enterprises (SME) fund administered by OPIC along with USAID and/or the African Development Fund (ADF), modify and improve the African Growth and Opportunity Act (AGOA) by covering all products and all African countries for another 10 years, and should support a real aid-for-trade effort to help Africans produce and sell their products on the global market.

- 8. Begin to build human capacity for development by channeling American activism**—Achieving all of the longer-term goals for development will require increased human capacity which takes time to build and must start immediately. The new President can capitalize on the unprecedented number of mobilized Americans eager to engage in service. Global volunteerism programs should direct their efforts towards creating lasting infrastructure on the ground through training and capacity building.

Background – Trained human capacity is critical to implementing any of President-elect Obama’s development goals. This will require more highly skilled professionals in paid or volunteer positions who are focused on training local capacity to sustain efforts in developing countries. Currently, the three main vehicles for international service in the federal government are the Peace Corps, Volunteers for Prosperity, and the coordinating mechanism of the Freedom Corps. The U.S. could increase opportunities especially for skilled individuals to serve either as a volunteer or a paid employee and to focus their energies on building sustainable human capacity on the ground in developing countries.

Political Context – Building local human capacity in and of itself is not an exciting topic but it is critical to success. With so many young and well-educated Americans participating in this election, there are

great development benefits that could be garnered by channeling this energy towards our development goals. President-elect Obama laid the groundwork for a broader engagement in service both through his campaign and in his speech on Election Day. Linking this idea of service to opportunities that help to accomplish the goals of building capacity will prepare the U.S. for success on broader development efforts.

Recommended Actions – Double funding for the Peace Corps by FY11 in line with President-elect Obama's existing commitment. Set the stage for the creation of a Civilian Assistance Corps. Include a broad call to service in the Inaugural or State of the Union Address that mentions the President-elect's commitments to incentivize service among college students and others. Initiate a broader scale-up of funding to support national and international service opportunities, and include funding in the FY10 budget to begin training new Foreign Service Officers for USAID and the State Department.

- 9. Promote a global health infrastructure and health care workers training initiative with other donor nations**—The U.S. should lead a multilateral effort to build health infrastructure in the poorest countries, so they can better address basic child and maternal health needs while also accommodating scaled up efforts to fight infectious diseases such as HIV/AIDS and malaria.

Background – The United States is a leader in health development, but has invested in mostly vertical disease specific programs (e.g. PEPFAR, PMI) rather than long-term building of local capacity. Funding the building of health systems is a long-term and sizeable commitment. The lack of strong systems including staff, equipment, and management is constraining potential progress in these reinvigorated efforts to fight infectious diseases. It is also one that should be well coordinated with other donors and particularly with recipient countries.

Political Context – The enormous and complex task of building health systems coupled with the inability of Congress to make long-term funding commitments has hampered past U.S. efforts to invest in health-systems development. But, a multilateral approach offers a way for the U.S. to invest in this long-term development challenge while also shielding the U.S. from becoming solely responsible for the task.

Recommended Actions – At the G8 Summit in 2009 in Italy, the United States should begin discussions about a multilateral initiative of all donor countries with the intent of coordinating efforts on health systems building including the training of health workers. The United States should accelerate this initiative by pledging an initial \$250 million investment in FY11 building towards \$1.6 billion a year by FY15.

- 10. Create and support a global partnership for agriculture that focuses on short-, medium-, and long-term solutions to the global food crisis**—A long-term exit from cyclical hunger and food crises requires a real investment in agriculture which has been largely absent from U.S. development priorities.

Background – Warming climate trends and the global food crisis are demonstrating how gains in poverty reduction can be quickly erased and how climatically vulnerable regions can become destabilized. Currently, official development assistance (ODA) for African agriculture is a grossly inadequate \$2 billion per year. Most estimates of what resources are needed to pursue an agricultural transformation in Africa suggest an additional annual investment of \$9-13 billion over the next 15-20 years.

Political Context – Recent attention to the global food crisis, U.S. budget increases for food and agriculture in the FY08 supplemental, and the development of the Lugar-Casey legislation signal interest in the development community and the Congress for increased U.S. leadership on agriculture. With a new Administration and Congress, other bilateral and multilateral donors will be looking to the United States to lead for a longer-term strategy to fund agricultural productivity that works for development.

FROM VISION TO ACTION

Recommended Actions – The U.S. should develop a bilateral and multilateral long-term approach to improve agricultural sustainability that is based on the current Lugar-Casey bill. The United States can use this legislation to leverage investment in the sector with other G8 and DAC donors at upcoming summits.

Global leadership on development

The global community will closely watch for signals of the new President's direction on development. Strong leadership that reiterates existing commitments and signals a renewed emphasis on multilateralism and partnership can be leveraged to broader-scale international efforts.

The G8 collectively set its most ambitious collective targets for Africa in 2005, with a delivery date of 2010. At the time, the U.S. set a relatively modest goal for 2010 and is on track to deliver it in full. The U.K. and Germany also are on track to deliver upon their commitments to Africa and have been good partners to the U.S. on these issues. However, both France and Italy, which made ambitious goals, are far from reaching them and are not making budgetary provisions to correct the current course. Canada 'clarified' its relatively weak commitment by delaying its delivery date, and Japan delivered a weak commitment and established another similarly weak trajectory for the future.

The group needs leadership to meet existing commitments and set the course for a future level of engagement that could make progress towards the MDGs a reality. President-elect Obama can provide that leadership by framing his ambitious development agenda for a global audience at the G8 and other multilateral forums.

During the transition, there will be a Financing for Development conference in Doha, Qatar (November 29-December 2, 2008). Positive signals from the President-elect would make it difficult for those looking to use the U.S. transition as an excuse to delay action. Specifically, a simple reiteration of President-elect Obama's commitment to double foreign assistance (no timetable is necessary—this is simply needed to address those who misinterpreted recent comments as a pledge to "cut" foreign assistance) as well as a reiteration of his commitment to make the Millennium Development Goals the foundation of U.S. development policy would send a very strong signal at this critical time.

In July 2009, Italian Prime Minister Berlusconi will host the G8 Summit, the only G8 leader who signed his name to the original 2005 communiqué. President-elect Obama could send a positive signal by emphasizing his vision of doubling foreign assistance over a stated time frame (and noting that in line with previous G8 commitments, at least half of the increase in resources would be directed towards Africa). President-elect Obama could also reiterate some of his highest priority policy goals that will comprise that doubling so as to signal the breadth of his vision for U.S. engagement on development. A robust increase in development assistance in the FY10 budget request is the clearest demonstration of intent. If appropriate and timely, some of the above shorter-term commitments (most notably the malaria effort and the agriculture investment) could be packaged for the 2009 Summit to challenge collective efforts and underscore this positive signal.

Building upon such a bold statement, the U.S. could then work towards the 2010 G8 Summit in Canada as the moment when the U.S. first introduces more specific plans for 2010 through to the target date of 2015—the year when the Millennium Goals are set to be realized. At this Summit, the U.S. could introduce a 2010 package centered on true capacity building and sustainability, anchored around a health infrastructure and agricultural capacity effort and matched with a renewed global effort to improve trade policy for the developing world. The 2010 Summit may also provide an opportunity to leverage other donors on global education.

President-elect Obama has articulated a bold commitment to global development as part of a modern foreign

policy that is not just about fighting our enemies, but also about building new allies and creating greater prosperity. President-elect Obama's vision can be set in motion early in his first term by creating a comprehensive investment package that helps this generation to be the one that, in the words of Desmond Tutu, "sends extreme poverty in Africa to the history books."