

FROM VISION TO ACTION

Realizing the Potential for Development
in an Obama Administration



November 21, 2008

Dear President-elect Obama:

On behalf of the Board, staff and nearly two and a half million members of the ONE Campaign, I offer our warmest congratulations and thanks for your steadfast support for the fight against global disease and poverty. Never before has a U.S. presidential candidate spoken with such clarity and ambition on these issues.

ONE is a global campaign to mobilize public opinion and advocate policies to help the citizens of African and other developing nations fight extreme poverty and preventable disease. Throughout the campaign, you have graciously accepted white ONE wristbands from our volunteers around the country, answered written questions and recorded a video statement for us about the importance of these issues to your foreign policy. We were so pleased Mrs. Obama lent us her voice, literally, for a ONE television spot.

Most importantly, we are deeply grateful to you for your strong commitment to the issues impacting the world's poor, as seen through your Senate record, speeches and statements of policy during the campaign. We are encouraged by your clear support for the internationally-agreed Millennium Development Goals (MDGs) and, in particular, your commitment to leading efforts to:

- fight the scourge of HIV/AIDS;
- end deaths from malaria;
- reduce child and maternal mortality;
- provide basic education;
- provide opportunities to increase agricultural productivity;
- create more trading opportunities; and
- elevate and improve existing mechanisms of delivering U.S. assistance.

Moreover, we applaud your goal of doubling foreign assistance to achieve these important objectives.

ONE looks forward to supporting you as you work to make these strong commitments a reality. The material that follows is one attempt to do just that. Enclosed, you will find that we have identified a handful of critical short-term actions for your consideration, including one possible approach to the 2009 appropriations bills and 2010 Budget. We then outline some medium- to longer-term objectives we believe will define U.S. leadership in helping the poorest countries reach the MDGs. We stand ready to assist you by mobilizing our members, building support on Capitol Hill on both sides of the aisle, and providing policy analysis.

As you know, you have an opportunity to use your bold vision for development to leverage more assistance from other donor countries through the G8 process, at the United Nations and at other multilateral gatherings. Through our offices in Washington, DC, London and Berlin, and with our global spokesmen, Bono and Bob Geldof, we have found donors can push each other forward. Similarly, they can also use each other as an excuse for inaction. Bold movement early in your Administration will be critical to bringing new energy to the policy and financing commitments necessary to reach the MDGs.

Fortunately, your commitments can build upon a solid foundation laid over the last several years. Already, thanks in large part to American help, the number of people on AIDS treatment in Africa increased from 50,000 people in 2002 to 2.1 million people in 2007. The lives of three million children are being saved each year from preventable diseases. In many countries, child mortality rates have dropped by more than 40 percent because of access to simple medicines and treatments. And 41 million children have been able to go to school for the very first time.

But we can and must do more. We recognize that the global financial crisis puts strains on the ability of the United States and other countries to increase development dollars. However, we firmly believe that these efforts to fight poverty and disease will have a multiplier effect, not only on the daily lives of the world's most vulnerable people but also on our country's long term security and reputation on the world stage. Helping the world's most vulnerable people will strengthen U.S. relationships in volatile places and contribute to our own national security. As you lead to improve lives and root out despair, you will also create new economic opportunities for America around the world. It is in America's national interest to continue to support activities that are measurable successes, are consistent with our values, and improve our security.

Again, a warm congratulations. We look forward to working with you and your Administration to build bipartisan support on the development agenda that you envision. With your continued leadership, I am confident that the U.S. will achieve success.

Sincerely,

A handwritten signature in blue ink that reads "David Lane". The signature is written in a cursive, flowing style.

David Lane
President & CEO
ONE

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“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 as 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

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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.

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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."

Introduction

The below analysis is broken into four sections:

- Short-term priorities can be initiated during the first few months of the new Administration. They largely represent immediate actions that can be taken through the first few months in order to set longer term efforts in motion.
- Longer-term priorities build upon the short-term achievements. These are efforts that will require attention in 2009 and beyond, and may require new authorizing legislation and time to define strategies for engagement.
- The \$25 billion framework section attempts to map out existing Obama commitments that would require funding out of his commitment to double foreign assistance and adds to those commitments a few recommendations from the ONE Campaign. The document attempts to show how these can all fit within the \$25 billion umbrella and proposes a scale up to this level by FY13 (one year later than the candidate publicly stated when first announcing his doubling commitment).
- The last section provides background information about the G8 and its history on development issues. This section also provides some information about progress to date on collective G8 commitments.

What this analysis does NOT attempt to do is include all priority issues for the ONE Campaign nor does it try to include all priority policies for a coherent development strategy to meet the MDGs. For example, this document does not highlight ONE priority programs such as PEPFAR and the MCA except through the budget requests, nor does it address policies related to security or conflict, humanitarian crises that may emerge, governance issues, and continued efforts to root out corruption. The document instead is intended to introduce some new areas for engagement that the Obama Administration could define and introduce to round out the bold development agenda already envisioned. It also is intended as a roadmap through the first year or two in office rather than a comprehensive agenda for the entire Presidency.

Short-term Actions

As President Obama takes office, he will face pressure to meet commitments across a variety of policy areas and to do so within a challenging budget climate. Below are five suggestions for short-term or immediate actions that the new Administration could take to demonstrate a serious commitment to development from the outset but that do not require new authorization. These short-term actions, in and of themselves, will not achieve the new President's overall policy goals but would send a strong signal about the importance of these issues and, if linked to longer term efforts, would set a foundation from which to build. These five have been selected not just because they can serve as a marker towards broader development goals but also because they each help to demonstrate commitment, to different communities and will yield strategic returns:

1. **a) Finalize the FY09 appropriations bill**—Support the House version of Foreign Operations 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 over 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 2010 would put the U.S. in a leadership position globally and yield dramatic, rapid, and measurable results.
3. **Set the stage for elevated and modernized development assistance**—A thorough reform process will require attention throughout the first term. Taking a few key early steps will demonstrate that the new Administration is serious about ensuring that every dollar of available foreign assistance 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.
4. **Support African trade hubs**—A nominal, immediate investment is needed to support existing African trade hubs and would send a quick signal of the importance of helping African economic growth and trade.
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.

GOAL 1 SHORT-TERM

Support House increases “plus” in FY09 appropriations and request at least a \$4 billion increase in the FY10 budget

“Foreign assistance is a critical piece of our arsenal as we rise to this challenge. Barack Obama and Joe Biden will double our annual investments in foreign assistance to \$50 billion by 2012 and ensure that these new resources are invested wisely with strong accountability measures and directed towards strategic goals.”

—Obama-Biden Strategy to Promote Global Development & Democracy

The newly elected President will have to address both the unfinished FY09 appropriations and the FY10 budget soon after taking office. As the summary below shows, ONE's FY09 recommendation basically follows the House levels for health, education, and the Millennium Challenge Accounts (MCA) but suggests a more aggressive malaria scale up than currently considered in the House or Senate (see the malaria material on page X) as well as additional resources for trade-capacity building and agriculture to match fund the short-term policy proposals described in this document.

| SECTORS AND ACCOUNTS | FY08 FINAL | ONE FY09 ASK | ONE FY10 ASK |
|--|---|---|---|
| HIV/AIDS, TB and Malaria Funding | \$6.33b (\$5.54b / \$787m) For. Ops / Labor HHS | \$7.07b (\$6.28b / \$794m) For. Ops / Labor HHS | \$9.10b (\$8.27b / \$794m) For. Ops / Labor HHS |
| <i>of which Bilateral HIV/AIDS including NIH AIDS research and Health Care Workers</i> | \$4.98b (\$4.50 / \$483m) For. Ops / Labor HHS | \$5.41b (\$4.92b / \$486m) For. Ops / Labor HHS | \$6.07b (\$5.59b / \$486m) For. Ops / Labor HHS |
| <i>of which Bilateral TB</i> | \$152m | \$165m | \$332m |
| <i>of which Bilateral Malaria</i> | \$356m (\$347m / \$9m) For.Ops / Labor HHS | \$600m (\$591m / \$9m) For.Ops / Labor HHS | \$655m (\$646m / \$9m) For.Ops / Labor HHS |
| <i>of which GFATM</i> | \$840m (\$545m / \$295m) For.Ops / Labor HHS | \$900m (\$600m / \$300m) For.Ops / Labor HHS | \$2b (\$1.7b / \$300m) For.Ops / Labor HHS |
| Maternal & Child Health | \$347m | \$500m | \$650m |
| Basic Education | \$694m | \$744m | \$1b |
| Millennium Challenge Account | \$1.54b | \$1.54b | \$2b |
| World Bank's IDA | \$942m | \$1.235b | \$1.332b |
| Debt Cancellation | \$30m | \$141m | \$145m |
| Agriculture/Food | \$413m | \$613m | \$850m |
| Trade Capacity Building (excl MCA and SMEs) | \$325m | \$345m | \$375m |
| Peace Corps | \$331m | \$344m | \$480m |
| USAID Operating Expenses | \$630m | \$750m | \$945m |
| Other Key Accounts | \$12.908b | \$13.278b | \$14.008b |
| Total (excl PL48) | \$23.7b | \$25.77b | \$30.06b |
| Total Increase (excl PL480) | | +\$2.1b | +\$4.3b |

Global HIV/AIDS, TB and Malaria: PEPFAR was recently reauthorized as a five-year, \$48 billion commitment to reach 3 million people with lifesaving antiretroviral treatment, prevent 12 million new infections, and care for 12 million people in need. The reauthorization also commits to scale up efforts in the fight against TB and malaria and to investing in health care workers. Consistent with the funding levels authorized in the bill for malaria, President-elect Obama has signaled commitment to a more robust effort to “end malaria deaths by 2015” which will require more ambitious spending from the U.S. in FY09 and FY10 than PEPFAR originally anticipated (though spending levels in FY11-13 would decrease and the total would remain within the \$5 billion PEPFAR authorization). To accomplish the goals of this plan, ONE recommends the U.S. appropriate a total of \$825 million in FY09 (with \$600 million in bilateral efforts to be supplemented by approximately \$225 million through the Global Fund) and a total of \$1.155 billion in FY10 bilateral efforts (with \$655 million in bilateral efforts to be supplemented by approximately \$500 million through the Global Fund). In FY09, this would be approximately \$200 million on top of the House version for bilateral assistance.

FY09 offers the first year to fund the newly reauthorized and expanded PEPFAR. The House levels (which provide the Bush Administration’s full request for scaling up bilateral programs but adds additional resources to the Global Fund) would help the U.S. to continue to build upon its HIV/AIDS services to the developing world. By adding resources in line with the Global Plan to work towards eliminating deaths from malaria, the total commitment required in FY09 would reach \$7.1 billion. In FY10, ONE recommends a total of \$9.1 billion for the efforts authorized under PEPFAR as well as the scaled up malaria effort.

| ALLOCATION OF RESOURCES (IN US\$ BILLIONS) | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | 5 YR TOTAL |
|--|--------------|--------------|--------------|--------------|---------------|---------------|-------------------|
| GLOBAL FUND | 0.840 | 0.900 | 2.000 | 2.000 | 2.000 | 2.000 | 8.900 |
| <i>of which GF AIDS</i> | 0.512 | 0.549 | 1.220 | 1.220 | 1.220 | 1.220 | 5.429 |
| <i>of which GF TB</i> | 0.118 | 0.126 | 0.280 | 0.280 | 0.280 | 0.280 | 1.246 |
| <i>of which GF MAL</i> | 0.210 | 0.225 | 0.500 | 0.500 | 0.500 | 0.500 | 2.225 |
| BILATERAL AIDS INCLUDING NIH RESEARCH & HEALTH CARE WORKERS | 4.980 | 5.409 | 6.074 | 6.738 | 7.403 | 8.067 | 33.691 |
| BILATERAL TB | 0.150 | 0.165 | 0.332 | 0.499 | 0.666 | 0.833 | 2.495 |
| BILATERAL MALARIA | 0.360 | 0.600 | 0.655 | 0.553 | 0.553 | 0.553 | 2.914 |
| TOTAL | 6.330 | 7.074 | 9.061 | 9.790 | 10.622 | 11.453 | 48.000 |

Maternal and Child Health: Some estimates show that for every \$100 million invested into child survival funding, nearly one million children will be protected from death by a range of preventable diseases and conditions. The Global Child Survival Act of the 110th Congress would scale up funds starting with \$650 million. ONE advocates that the U.S. appropriate \$500 million in FY09 and then, in FY10, provide the first full year of funding at \$650 million.

Basic Education: ONE advocates that the U.S. add \$50 million in FY09 for basic education funding to purchase textbooks and pay teachers. This would bring total spending on basic education to \$744 million (in line with the House recommendation). In FY10, ONE advocates a scale up of total funding to \$1 billion (an increase of \$300 million over FY08 levels), hopefully following a signed Education for All Act (EFA). EFA and the required funding are described on page 32.

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Millennium Challenge Account (MCA): The MCA is focused specifically on supporting programs that reduce poverty by encouraging sustainable economic growth through market-based investments in agriculture, infrastructure, education, private-sector development, and capacity building. ONE advocates for at least \$1.544 billion in FY09 (the same level as in FY08 and as recommended by the House) scaling up to \$2 billion in FY10. In the near-term, the new Administration should urge Congress to allow the MCA to sign multiple compacts and compacts with regions as opposed to individual countries alone. Longer-term, the MCA should integrate into a coordinated and elevated development strategy which retains the core MCA principles of country-driven compacts, multi-year financing, independent selection criteria, and other unique features.

World Bank's International Development Association (IDA): IDA is the part of the World Bank that helps the world's poorest countries. IDA is also the mechanism through which the U.S. covers its obligations to multilateral debt cancellation. ONE supports the newly negotiated U.S. contribution to the IDA program which, in FY09, would require a minimum commitment of \$1.235 billion. In addition, there is a total of \$386 million in outstanding arrears. ONE advocates that the U.S. pay these down over FY10-FY13 by increasing the contribution in FY10 to \$1.332 billion.

Debt Relief: ONE advocates that the U.S. appropriate \$141 million (a \$111 million increase over FY2008) in both FY09 and FY10 to fulfill the American commitment to cancel bilateral debt for qualified countries. This is President Bush's request for FY09 and is expected to cover debt cancellation needs should the Democratic Republic of Congo complete the HIPC process as expected. It is not yet clear the total financing needs to cover debt cancellation obligations in FY10, so, for the time being, ONE has assumed a flat line of funding.

Agriculture and Food: As global food prices have risen during the past year, 75 million more people in the world have been declared hungry. The U.S. is the world's largest provider of food aid, but ONE advocates that the U.S. move to address the needs of developing countries to plant and produce food to feed themselves. An additional \$200 million in the FY09 appropriations (in combination with the funds in the previously appropriated FY09 bridge) and a further \$237 million in FY10 (for a total of \$850 million in FY10) will help poor countries with inputs needed to improve agricultural yields.

Trade Capacity: While the U.S. MCA meets a variety of important trade-related needs such as infrastructure, the U.S. also provides a small amount of targeted trade capacity assistance through the Development Assistance account. In FY09, the U.S. should provide an additional \$20 million to enhance and expand the efforts of U.S. trade hubs in Africa and, in FY10, an additional \$30 million should be added (for an increase of \$50million over the FY08 level).

GOAL 2 SHORT-TERM

Take a leadership role in ‘eliminating malaria deaths by 2015’

“So today, I want to join with the global malaria community that is meeting here in New York in making a new commitment: when I am President, we will set the goal of ending all deaths from malaria by 2015. It’s time to rid the world of death from a disease that doesn’t have to take lives. The United States must lead, and when I am President we will step up our focus on prevention and treatment around the world to get this done.”

—Barack Obama, at the Clinton Global Initiative, September 25, 2008

Policy Snapshot

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 FY2010 to fight malaria through bilateral efforts as well as through U.S. contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Background

The Lantos-Hyde US Global Leadership Against HIV/AIDS Bill (PEPFAR II) authorized \$5 billion for malaria between FY09 and FY13. This funding is intended to build on the work done by the President’s Malaria Initiative (PMI) since 2005 and the success achieved by the Global Fund to Fight AIDS, Tuberculosis and Malaria.

| MALARIA FUNDING NEEDS (FY2009-2013, US\$ billions) | | | | | | |
|--|-------|-------|-------|-------|-------|--------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | Total |
| Total need | 5.335 | 6.180 | 5.126 | 5.126 | 5.126 | 26.893 |
| Donor Share 50% | 2.668 | 3.090 | 2.563 | 2.563 | 2.563 | 13.447 |
| US 33% | .880 | 1.020 | .846 | .846 | .846 | 4.437 |

FROM VISION TO ACTION

Since the Lantos-Hyde bill was passed, a new Global Malaria Action Plan for eliminating deaths from malaria by 2015 was launched.¹ The Plan provides a blueprint for the new Administration to reach this 2015 goal. By 2010, the goal is to reduce the burden of malaria by 50% by providing “universal access” to prevention and treatment services (defined as reaching 80% of those in need). If the 2010 targets are reached and efforts are sustained, by 2015, the world will have eliminated deaths from malaria and nearly 100% of those in need of prevention methods and treatment will be covered. Beyond 2015, during the maintenance phase, countries will sustain zero mortality and work towards achieving a zero burden of disease rate.

The total cost for the plan is \$5.3 billion in 2009, rising to \$6.2 billion in 2010 and then falling to \$5.1 billion per year in 2011-2013. Global plans to fight AIDS and tuberculosis call on donors to provide 66% and 50% of the total resource needs, respectively, in order to fully fund the plans to reach universal access. If the community of donors provides 50% of the funding for malaria from FY09 to FY13 and the U.S. were to commit to provide one-third of this total donor share, then the total U.S. share over FY09-13 would reach \$4.4 billion. This would still allow the U.S. to provide \$600 million in additional funding for much-needed research on malaria all within the \$5 billion total authorized under PEPFAR. As noted above, however, the success of the plan hinges upon rapid scale up of funding between now and 2010.

Recommended Actions

In order to execute the Global Malaria Action Plan, the President primarily needs to request higher levels of funding in FY09 and FY10 so as to reach the target of universal access to services by 2010. Funding can be scaled up both through bilateral efforts, building on the success of existing U.S. bilateral efforts and PMI as well as through the Global Fund (which announced more than \$1.4 billion worth of technically viable grants to fight malaria in late November 2008).

Total U.S. spending on malaria through bilateral and multilateral efforts reached \$560 million in FY08. The House version of the FY09 appropriations bill includes a total \$602 million for malaria and the Senate calls for \$608 million (through bilateral and multilateral funding combined). In FY09, the President should propose a total of \$825 million in total funding (with an estimated \$225 million through the Global Fund and \$600 million through bilateral programs, which combined would represent 31% of the donor share) and in FY10, to scale up to \$1.155 billion (with an estimated \$500 million through the Global Fund and \$655 million through bilateral programs which combined would represent 36% of the total needs of the Plan). Funding in FY11-13 could again drop closer to the FY09 total.

Political Context

- Malaria is the hot topic in global health. 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. Private-sector engagement (i.e. Exxon Mobil and former NBA stars) and political support at the highest levels (President George W. Bush and First Lady Laura Bush are the honorary co-chairs of Malaria No More) show the great support for the issue.
- Within the foreign policy community, there has been a drive away from disease specific approaches that each command their own capacity to implement and towards system-wide funding directed towards government budgets that benefit health needs overall. ONE believes that both approaches can be undertaken simultaneously. While investments in broader health systems are most definitely needed (see health infrastructure material on page 41), scaled up efforts targeting specific diseases

¹ <http://www.rbm.who.int/gmap/>

like malaria can be undertaken in a manner that do not sap resources from broader health needs and, further, the investments in malaria can contribute to growth of health systems in countries overall. Though there may be some concerns from public health figures focused on broad health approaches, the development community and vocal malaria advocacy groups will be very supportive of the U.S. taking a leadership role in the fight against malaria.

- The U.S. made malaria one of its major pitches to the G8 in 2005 in Gleneagles. With U.S. urging, the 2005 Communiqué stated that donors would commit an additional \$1.5 billion in total funding with a goal at the time of reducing malaria deaths by 50%. The U.S. came to the Summit with a plan to scale up to provide \$500 million additional per year by 2010 through the President's Malaria Initiative but, at the time, no other donors came forward with complementary efforts. That trend has begun to change around the Global Plan with the World Bank scaling up resources directed to the disease, the Global Fund allocating a large share of its next round specifically to malaria and the UK announcing an effort to provide 20 million bed nets. Strong leadership from the U.S. could potentially be leveraged with other global donors to fill the total financing gap for the Global Plan.

GOAL 3 SHORT-TERM

Set the stage for elevated and modernized development assistance

“Barack Obama and Joe Biden will lead an effort to modernize our foreign assistance policies, tools, and operations. They will coordinate and consolidate PEPFAR, Millennium Challenge Corporation, Middle East Partnership Initiative and many foreign assistance programs currently housed in more than 20 executive agencies into a restructured, empowered and streamlined USAID.”

—Obama-Biden Strategy to Promote Global Development & Democracy

Policy Snapshot

Background – Despite visible success of 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 and the Millennium 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 to set the stage for modernizing foreign assistance, including 10 Congressional hearings in 2008 on foreign aid reform and on strengthening the civilian side of the U.S. national security operations. 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 which uses the MDGs as a framework; 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.

Background

U.S. development assistance plays a critical role in fighting poverty and helping the U.S. to make progress towards the Millennium Development Goals. While targeted development initiatives have shown great success, there is wide agreement in the development policy community the system can be vastly improved, including several key points: that U.S. foreign assistance policy and infrastructure, especially in the post-9/11 world, does not reflect the current and future international landscape; that current policies and aid organizations are fragmented; that a government-wide global development strategy is needed; that foreign policy resources and human capacity components are inadequate; that current agency structures are misaligned and lack coordination; and that U.S. leadership and participation in international development initiatives with global partners requires intensified energy and greater rationalization.

Specific steps taken in reforming the U.S. foreign assistance apparatus should be guided by the following six principles:

- Unify U.S. development assistance policy around a comprehensive strategy;
- Provide sufficient resources for development;
- Consolidate authority and accountability but preserve the principles behind the MCC and PEPFAR programs;
- Coordinate with recipients to maximize the impact of U.S. development assistance;
- Coordinate with other multilateral and bilateral donors; and
- Untie aid, eliminate inefficiencies, and focus on results in order to maximize investment.

Recommended Actions

By taking the following immediate steps, the new President can signal the seriousness of the issue while allowing time to determine the best strategy for moving forward in his longer-term vision for modernization:

- Request a National Strategy for Global Development and name a Deputy National Security Advisor for Development to lead the effort. The new position would have joint NEC/NSC responsibility for interagency and White House coordination and coherence of development policy—including programs and policies regarding democracy, humanitarian assistance, and crisis and conflict response—and its consistency with U.S. trade policy. The strategy would be intended to establish clear objectives and strategies to achieve these goals across executive branch agencies, and should be structured around achieving the Millennium Development Goals (MDGs).
- Ensure Secretary of State's Commitment to Elevating Development. An early and critical discussion with any nominee for Secretary of State must include the elevation of development as a top foreign policy priority, including rebuilding and rationalizing organizational structures under a strong, independent development agency with a robust budget and staffing.
- Empower a single individual with broadened responsibility for USAID, MCC, and PEPFAR. The individual should have development experience and be respected by Congress. The individual could be confirmed as USAID Administrator, and named interim head of MCC and PEPFAR. This confirmation should occur in a time frame as close as possible to that for the Secretaries of State and Defense, in recognition of the key role for development in a national security framework. This will elevate development and make some initial sensible moves toward coherence without prejudging a decision of ultimate organizational structure and broader consolidation.

Over the longer term, the new President should work to support reformulation of the nearly half-century old Foreign Assistance Act of 1961 to redefine the mechanisms to deliver upon the above strategy. This will obviously link to a longer-term investment and will ultimately require a “Grand Bargain” on management authority and responsibilities. A new act would: outline key objectives of foreign assistance; consolidate decision making and implementation functions; and clarify, coordinate, and discourage political and bureaucratic constraints that have hindered the effectiveness of foreign assistance in the past.

These recommendations were created in coordination with the Modernizing Foreign Assistance Network.

Political Context

Many see the next 12 months as a critical opportunity to modernize U.S. foreign assistance not seen since the early days of the Kennedy Administration. Most believe that it is only during the early months of a new presidency that such change is possible. To seize opportunity, much groundwork was undertaken in 2008 to inject these issues into the Presidential campaigns and the transition process, to create a debate within Congress, and to formulate consensus within the NGO and development community.

- Already in 2008, Congress has held 10 hearings on foreign aid reform and on strengthening the civilian side of the U.S. national security operations.
- Chairman Berman has made rewriting the Foreign Assistance Act of 1961 a priority in 2009 and has formed a committee working group to begin drafting such legislation.
- The NGO development community and various think tanks have been active in 2008 to make the case for foreign aid reform and to set the groundwork for a comprehensive initiative in early 2009. While considerable consensus exists, divisions remain at several levels including whether to create a cabinet agency for global development or to strengthen and consolidate existing foreign aid agencies and programs into a single entity independent of the State Department and how to reduce the number of special interest earmarks and prioritize policy and resources around a smaller and more flexible set of core objectives. These are all the sort of questions a thorough strategy for development should address. Continued involvement and broad consensus will be critical in advancing efforts next year.

GOAL 4 SHORT TERM

Support African trade hubs

“Expand prosperity by increasing the capacity of developing countries to generate wealth.”

—Obama-Biden Strategy to Promote Global Development & Democracy

Policy Snapshot

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 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, therefore, 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.

Background

Increased trade and agricultural production can be a powerful tool in helping small businesses, entrepreneurs, and farmers in poor countries to fight their way out of poverty. This can be done through a combination of better trade policies, increased investments in agriculture, and aid for trade that will empower local producers and farmers to engage in local and global markets and earn their own resources to invest in development. Many of these efforts will require a longer-term engagement (as spelled out in the section starting on page X). But some immediate short-term efforts could be undertaken in the early days of the new Administration to signal their importance while longer-term efforts are planned.

The United States has created a successful trade-preference program, the African Growth and Opportunity Act (AGOA) that helps African countries to export to the U.S. market with lower tariffs. In order to help to better facilitate AGOA exports, the African Global Competitiveness Initiative (AGCI), a \$200 million, five-year program, was announced in 2005 by President Bush to provide technical assistance and capacity building to African businesses exporting to the United States.

The AGCI established four “trade hubs” designed to assist African exporters in accessing the U.S. market. This program provides direct funding to African firms to enable them to navigate and understand U.S. customs' laws, identify export financing, find buyers, and get assistance with pricing and marketing. The trade hubs, run by USAID, have been tremendously successful in helping businesses to introduce products such as clothing, fresh flowers, and fruit juice to the United States. In total, since 2005, the hubs have generated an additional \$60 million in exports to the U.S. However, despite their success, the hubs are at risk of losing funding from USAID, due to shifting priorities within USAID's programming of AGCI funds.

Recommended Actions

While truly building the capacity to link African producers to the global marketplace will require more significant and sustained commitments to improving infrastructure and building the capacity of African businesses to trade (see page 34), expanding the trade hubs model to extend the reach of direct U.S. assistance in linking small businesses to the American marketplace will scale up direct benefits and job creation quickly and for low cost.

In FY09, ONE proposes that the Administration provide an additional \$20 million (from \$45 million to \$65 million) and, in FY10, add another \$30 million so that USAID can continue to implement this program in Senegal, Ghana, Kenya, and Botswana and expand this model to another three countries.

Political Context

- There is currently no global leader in providing “aid for trade” that would build the necessary infrastructure and business climates to promote sustained economic growth and self-sustainability across Africa. Therefore, there is room for the U.S. to take this on as a signature effort within the global community.
- Although trade hubs have been successful, they have received little attention from Capitol Hill or from the Administration since their launch.
- Trade-hub programs are designed to help African businesses take advantage of the 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, therefore, there is little threat to U.S. small businesses.

GOAL 5 SHORT-TERM

Provide immediate assistance for agricultural development to address the food crisis

“Agriculture provides a livelihood for the majority of the world’s poor, and it is the sector that will be hardest hit by climate change. In order to increase the incomes of subsistence producers, decrease the pressure on shrinking arable lands, and minimize the vulnerability of commodity exports to global price shocks, an Obama administration will launch the AVTA [Add Value to Agriculture] Initiative.”

—Obama-Biden Strategy to Promote Global Development & Democracy

Policy Snapshot

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 U.S. 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.

Background

The sustained increase in food and fuel prices during the last year has affected the poorest people in the world hardest. Recently, the UN Food and Agriculture Organization estimated that an additional 75 million people are suffering from food insecurity, bringing the total number of hungry people in the world to 923 million.

More than half of the people in poor countries are reliant on agriculture for their livelihood. Uncertainty in global financial markets is making the situation even harder for farmers who are often reliant on credit for seeds and fertilizer to grow the year’s crop.

Solving this problem requires a combination of short- and long-term solutions to feed those most in need today while enabling them to provide enough food for their families in the future through increased agricultural productivity. Urgent short-term inputs are necessary to help African farmers take advantage of the upcoming rainy season.

Recommended Actions

A quick Administration program to provide short-term assistance on agriculture would set the stage for longer-term support that could be provided by passing the Lugar-Casey Bill (S.3529) introduced in the 110th

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Congress. (see page 44)

An FY09 request of \$613 million and an FY10 budget request of \$850 million for agriculture development funding would help provide a quick infusion of seeds, fertilizer, food, and micronutrients to countries facing food insecurity now, and would help to facilitate the activities described in the Lugar-Casey bill. Provision of U.S. food aid and other inputs should be flexible, allowing for local purchase and donations. This ensures that local markets are not disrupted by the influx of U.S. food aid.

Political Context

- Global attention to the need for agricultural development in poor countries is increasing. For example, Europe is considering a plan to direct €1 billion (\$1.5 billion) in unused CAP funds for agriculture. There is great potential for multilateral partnership and for the U.S. to work as a global leader on agriculture by taking immediate action.
- The G8 Summit in 2009 in Italy will likely focus on agricultural issues, providing a platform for the new President to discuss an immediate investment as well as a longer-term vision (see page XX).
- The recent introduction of bipartisan legislation in the 110th Congress on global food security (S. 3529 by Senators Casey and Lugar) also reinforces the case for action on agriculture.
- Despite support for such a quick influx of funding to deal with the food crisis and potential insecurity, the interests of nearly every state makes any agricultural issue challenging in Congress. A carefully crafted, short-term program that does not overlap with the jurisdiction of the Agriculture Committees or the Farm Bill legislation, particularly if it is focused on Africa, is easier to move through Congress and will receive broad support in the advocacy community.

Longer-term Actions

The early efforts detailed above can set the stage for longer-term development efforts that fit within President-elect Obama's commitment to double foreign assistance. The following five actions do not define the full Obama agenda on development. Instead, they are intended as a priority list of efforts that President-elect Obama could initiate during his first year in office that would be strategically important, leverage domestic and global partnerships, and round out a solid foundation for the full Obama platform. With these initiatives launched in 2009/2010, other critical elements of the longer-term agenda can also be added—all building towards the vision outlined by the Obama campaign:

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).
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.
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 get engaged in service. Global volunteerism programs should direct their efforts towards creating lasting infrastructure on the ground through training and capacity building.
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.
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 absent from U.S. development priorities.

GOAL 6 LONGER TERM

Urge passage of the Education for All Act (EFA) and request \$1.0 billion as a down payment in the FY2010 budget

“That’s why the third commitment I’ll make is working to erase the global primary education gap by 2015. Every child - every boy, and every girl - should have the ability to go to school. To ensure that our nation does its part to meet that goal, we need to establish a two billion dollar Global Education Fund. And I look forward to signing the bipartisan Education for All Act that was first introduced by Hillary Clinton - a true champion for children.”

—Barack Obama, at Clinton Global Initiative, September 25, 2008

Policy Snapshot

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 the fifth year. It has been a priority for Senator Hillary Clinton and Representative Nita 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 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.

Background

In FY08, the U.S. appropriated \$694 million for global education (primarily through the Development Assistance account and the Economic Support Fund). The largest portion of these resources was directed to Pakistan and for programs such as the African Education Initiative which provides teacher training, scholarships, textbooks, and other learning materials. In many countries, the recurrent budgetary costs like teacher salaries and administration are such that the country passes costs on to families through school fees or testing fees which prevent children of the poorest families from attending. However, the U.S. does not currently provide significant funding directly to country budgets to help countries alleviate these systemic costs.

The Education For All Act (EFA) was introduced in 2007 with bipartisan support in both the House and Senate. The act would authorize scaled up funding for basic education to meet the U.S. share of the \$9.8 billion needed annually to get all children in school. The bill, as drafted in the 110th Congress, would authorize \$1

billion in FY08, scaling up by \$500 million each year to a total of \$3 billion in FY12. Total funding over five years would reach \$10 billion.

The funding would support countries with rigorous and accountable education plans endorsed by the World Bank's Education for All-Fast Track Initiative, and also would channel resources to post conflict/fragile countries through non-governmental channels. The Fast-Track Initiative (FTI) was launched in 2002 in response to the pledge made by donors and developing countries at the World Education Forum that "no country seriously committed to Education for All will be thwarted in their achievement of this goal by lack of resources." FTI provides a framework through which developing countries produce national education plans and increase domestic education funding. These plans are technically vetted and made available for donors to engage directly with those countries. The legislation also creates an Education Coordinator to report to the Secretary of State, with the authority to direct resources to various U.S. government agencies for implementation.

Recommended Actions

The new President should support an increase of \$50 million in the FY09 budget to reach a total of \$750 million (in line with the House request level) and request a total \$1 billion investment in FY10 which is the initial year funding level called for in the EFA bill. At the same time, the next Administration should support passage of the bill through Congress during 2009.

Political Context

- The Education for All Act has broad bipartisan support in the 110th Congress, with 91 cosponsors in the House and 12 in the Senate. It is currently awaiting review by the Senate Foreign Relations and House Foreign Affairs committees.
- Delays were mainly a consequence of the presidential race (with Senator Hillary Clinton serving as the chief Democratic sponsor). One added challenge for 2009 in the House will be integrating this initiative with Chairman Berman's effort to rewrite the Foreign Assistance Act.
- There is growing global momentum on this issue. U.S. leadership would be well leveraged with other donors such as the UK which has already committed to a ten year scale up. Other donors are also expanding engagement. At an event in New York this September, the Global Campaign for Education mobilized public- and private-sector actors to celebrate \$4.5 billion in commitments on education. The UK and France recommitted to a partnership to get 16 million children in school and FIFA committed to make education the lasting legacy of the World Cup taking place in South Africa in 2010.
- The MDG goal of universal primary education is much more nuanced than the bill suggests. Universal primary education demands not only that all children are enrolled, but also that they receive a full course of quality primary education. The bill's lack of clear measurable targets (i.e. PEPFAR's 2 million people on treatment) and this nuance in measuring primary education progress may make this bill a bit more difficult to show quick results to the American public.
- In addition, investing in the priorities of the EFA Act will require a shift from the controlled investments currently preferred by the U.S. (textbook purchases, scholarship provisions) to a broader sector investment working with partner countries and their systems. The challenge of doing so especially in post-conflict countries will be significant.

GOAL 7 LONGER-TERM

Work to align trade policy with development goals and fund a significant new “aid for trade” initiative

“It is neither sustainable nor appropriate for developed countries to focus solely on reducing poverty in the developing world. The challenge is to build the capacity of communities and countries in the developing world to generate wealth on their own. Building on the growing evidence that micro finance works, an Obama administration will provide initial capital for an SME Fund.”

—Obama-Biden Strategy to Promote Global Development & Democracy

Policy Snapshot

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.

Background

Efforts to address global trade policies through the Doha Development Round of the WTO have largely failed. Despite its stated intention of focusing on this link between trade and development, there is little achievement to show. ONE believes that Africa’s trade needs are unique to those of other developing countries. Currently, Africa has the lowest share of global trade, at less than 2%, and is the region least likely to meet the Millennium Development Goals. Creating not only access to the U.S. market but also addressing Africa’s supply-side challenges requires a comprehensive approach to trade and development that allows products into the U.S. market and helps African farmers and producers to trade their way out of poverty. The United States has created a successful trade preference program, the African Growth and Opportunity Act (AGOA), but a more comprehensive approach to trade and development, including improved trade policies and aid

for trade, is needed to truly help African entrepreneurs help themselves and spark economic growth across Africa.

Such a comprehensive package would need to address the major barriers for African countries which include the impact of agricultural subsidies on global markets, access to global markets (currently limited by quotas and duties), and the resources needed to help supply goods that meet the demands of the global marketplace (aid for trade needs).

On market access, AGOA is already working to help African countries export to the U.S. market with lower tariff barriers. However, AGOA has its limitations: it is only set to run until 2015, making investors wary of participating for fear of not being able to recoup costs; the product list currently excludes such items as sugar, beef, and some footwear which could be of great benefit to African exporters; and it only addresses U.S. markets which means that exporters must meet an entirely different system of standards, forms, and bureaucratic hurdles to enter different markets. Extending AGOA and its third-country fabric provision (which allows African countries to import fabric from anywhere, make it into clothing, and still get duty-free access to the U.S. market) and expanding it to include all products will provide greater certainty to investors and companies doing business in Africa. Additional elements such as tax credits and incentives for U.S. companies to invest in Africa could also help to broaden the impact of AGOA. The U.S. could further enhance the benefit of AGOA by negotiating across other donors to ensure that preference programs for Africa were consistent. A “global AGOA” for Africa with a set list of standards and rules would allow more producers to not just access U.S. markets but markets in partner countries without having to fulfill complex and different set of standards.

Expansion and extension of AGOA will produce even better results if lower tariffs are coupled with development assistance funds focused on enhancing Africa’s supply of goods which includes things such as improving infrastructure, access to financial services, strengthening of regional trade entities, assistance in meeting U.S. standards and customs’ rules, and training in marketing and pricing for the U.S market. Since the majority of people in Africa work in the agricultural sector, targeted assistance that helps with long-term agricultural productivity and development, such as through the Lugar-Casey legislation, will also enhance Africa’s ability to participate more substantially in global markets. One of the greatest challenges facing small businesses in poor countries is access to capital to start and grow their operations. Many businesses cannot borrow from private banks due to high interest rates and a lack of collateral. A new effort launched through OPIC with USAID and/or ADF can not only provide the capital by creating a new \$100 million SME fund targeted at this sector of the private sector in developing countries, but also can partner with U.S. business schools and other technical assistance providers to get these entrepreneurs the assistance they need to start and grow their businesses.

Agricultural subsidies that impact global markets are perhaps the thorniest of all of the trade-related issues and will be tremendously difficult to address without a multilateral agreement such as that discussed through the Doha round of talks. U.S. farm subsidies, in place through 2012 as a result of the recently passed Farm Bill, are detrimental to African agricultural producers, particularly for specific products that hinder African farmers’ ability to compete (e.g. cotton). In lieu of a global deal negotiated through a revived Doha round, the U.S. should commit to setting up a plan to compensate for the impact of these subsidies on African producers. Such a plan would center on providing assistance for supply side constraints and agriculture in an amount equivalent to the revenue lost to Africa from subsidies annually. These resources should be added to the U.S. aid-for-trade efforts described above and should be specifically targeted to countries adversely impacted by U.S. agricultural subsidies. Specific costings or plans for this effort are not yet devised.² As

² As an illustrative benchmark, although the level of subsidies varies with commodity prices, the World Bank has estimated that the removal of U.S. subsidies for cotton would be worth an additional \$147 million to African cotton producers.

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part of this effort, the Administration could simply commit to costing out the effort and exploring fair ways to address this imbalance until such time as a revised subsidy scheme can be agreed.

Recommended Actions

- President-elect Obama should modify and improve the African Growth and Opportunity Act (AGOA) by covering all products and all African countries, including incentives for U.S. companies investing in Africa, an extension of the third-country fabric provision, and an extension of the overall program for 10 years. The U.S. also should work with other donors to explore the possibility of establishing a coordinated, single-preference program for Africa so that standards, benefits, and requirements are similar.
- President-elect Obama should establish a \$100 million SME fund administered by OPIC along with USAID and/or ADF to ensure access to capital and technical assistance for entrepreneurs and small businesses.
- Meaningful and targeted aid-for-trade assistance should include support for capacity-building, a fund for small businesses, an infrastructure fund, and special assistance for the agriculture sector (this program should be coordinated with the Lugar-Casey Global Food Security Act with regard to agricultural assistance). In total, ONE estimates that Africa alone needs between \$12-13 billion in aid-for-trade assistance. If the U.S. were to scale up to providing one third of this total it would reach \$4 billion in assistance. While the exact total of U.S. aid for trade is unclear as it is administered through a variety of agencies, ONE estimates that at least the funding for MCA should be deducted from this total. If MCA funding reaches \$2.2 billion, as recommended as a minimal level by ONE for FY13, then the U.S. could launch a new effort to scale up with an additional \$1.8 billion to fill the remaining gap by FY16. USAID should be the lead agency on the implementation of such capacity building.

Political Context

- U.S. policies on trade and development are currently delinked. While progress has been made on development, trade policies with the same set of countries often present a divergent message. As noted earlier in the aid reform recommendation (see page X), a new strategy that outlines the link between these functions will help to guide U.S. efforts that may remain implemented by different bodies with different accountability structures.
- Though critical to Africa's long-term development and stability, linking development assistance to subsidies would be politically tricky (however the EU is considering this same type of approach right now with the potential use of CAP funds, the European equivalent to the U.S. Farm Bill, to fund agricultural development).
- Extension of preference programs designated only for AGOA countries could run into challenges by groups advocating for duty-free, quota-free access for all least-developed countries, a preference that could adversely impact countries that are currently benefiting from AGOA. An AGOA initiative which is Africa-focused is easier to manage through the Executive Branch and Congress than is an initiative focused on all least-developed countries (LDCs). Balancing the interests of the two sides will be challenging.
- Extending AGOA to include all products would create a political challenge with traditionally sensitive agricultural sectors such as sugar that have opposed any sort of additional market opening, even to developing countries.

- Negotiating among other major markets for a “global AGOA” will be difficult given that the other major markets have their own existing preference programs, many of which have been established to focus on low-income countries globally rather than Africa. Programs that are focused solely on Africa are politically easier to justify because it is the region with the lowest share of global trade. Although still in need of improvement, AGOA has been one of the most successful preference programs due to the fact that it includes all African countries that meet a basic level of eligibility. This type of regional program can help to develop regional engines of growth such as those that have helped Asian countries to develop areas of comparative advantage and participate more fully in global supply chains.

GOAL 8 LONGER-TERM

Begin to build human capacity for development by channeling American activism

“Barack Obama and Joe Biden will double the Peace Corps to 16,000 by its 50th anniversary in 2011 and push Congress to fully fund this expansion.”

“A key part of this initiative will be an effort to address the health care brain drain from the world’s poorest countries by training new professionals who commit to sustained service in their home countries and by providing incentives for professionals already trained to stay in their home countries.”

—Obama-Biden Strategy to Promote Global Development & Democracy

Policy Snapshot

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 especially 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 is critical to success. With so many new 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 victory speech on Election Day. Linking this idea of service to a set of revamped opportunities that help accomplish the goals of building capacity will prepare the U.S. for success on broader efforts as well.

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 through a broad call to service in the Inaugural or State of the Union Address that includes mention of the President-elect’s commitments to incentivize service. 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.

Background:

Achieving the new Administration's overarching development goals will require increased finances and, equally as important, dedicated and trained human capacity with the skills needed to address varied and often complicated goals. For these efforts to be sustainable, it is critical that the capacity be local individuals committed to improving their own countries. Unfortunately, there is currently a dearth of skilled professionals in the fields of health, education, agriculture, management, and accounting to address the various needs. However, there is an abundance of energy and the potential commitment of Americans to improving the lives of those less fortunate. What is missing is a link between the two—appropriate channels to link skilled individuals in the U.S. with opportunities to train people in developing countries and provide them with the skills they need to drive their own successful and sustainable development efforts.

The idea of service is critical to the success of several of the short- and long-term objectives to which President-elect Obama has committed. Sending health care workers to Africa for assignments that focus on training new local health care workers and building the skills of local providers will contribute directly to achieving President-elect Obama's Health Infrastructure 2020 initiative. This model can support achieving his commitments on agriculture, trade-capacity building, education, and a variety of other development fields.

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 Peace Corps was originally envisioned by President Kennedy to be 100,000 volunteers each year; it is currently around 8,000. Most Peace Corps volunteers, though not all, are recent college graduates who do not have specific training relevant to a development field. In contrast, Volunteers for Prosperity was started by President Bush in 2003 to channel volunteers with advanced training (doctors, nurses, engineers, teachers, etc.) into organizations funded by U.S. government assistance programs including PEPFAR, PMI, and the African Global Competitiveness Initiative. This year, Volunteers for Prosperity placed nearly 43,000 volunteers.

ONE supports of President-elect Obama's commitment to double the Peace Corps. It offers tremendous public diplomacy for the United States and creates a group of young professionals who often become life-long champions of development. However, there still remains a gap in the U.S. government's global volunteer opportunities in terms of providing more highly trained individuals to build local capacity. This gap could be filled through President-elect Obama's commitment to create a Civilian Assistance Corps (CAC) which could work directly with developing country ministries to support both public and private needs and to train new local workers.

President-elect Obama has committed to a 25 percent increase in Foreign Service Officers (FSOs). These FSOs are critical not just for delivering the scaled up resources envisioned over the next few years, but they also can facilitate the training and skills development outlined above. Achieving this goal will impact both USAID operating expenses and the State Department budget.

Recommended Actions:

- Double funding for the Peace Corps by FY11;
- Set the stage for the creation of the Civilian Assistance Corps to focus on local capacity building and skills development through a broad call to service in the Inaugural or State of the Union Address. Establish the program to begin in FY11; and
- Include funding in the FY09 and FY10 budgets and beyond to begin training new Foreign Service Officers for USAID and the State Department.

Political Context:

- Building local human capacity, in and of itself, is not an exciting topic but is critical to success. With so many new young and well educated Americans participating in this election, there are great development benefits that could be garnered by channeling this energy toward our development goals.
- Service was a theme of both presidential campaigns this cycle. Every four years, there is a spike in civic engagement around the presidential election; this excitement should be harnessed effectively into long-term engagement.
- President-elect Obama laid the groundwork for a broader engagement in service both through his campaign and his victory speech on Election Day. Linking this idea of service to a set of revamped opportunities that help to accomplish the goals of building capacity will prepare the U.S. for success on broader development efforts.
- Recently passed legislation in the Senate Foreign Relations Committee called the Global Service Fellowship Act to fund stipends for global volunteerism through NGOs and faith-based groups indicates that there is support for such initiatives in the Congress.

GOAL 9 LONGER-TERM

Introduce a global health infrastructure initiative that will leverage G8 support—Health Infrastructure 2020

“Barack Obama and Joe Biden will take the lead at the G-8, working with and leveraging the engagement of the private sector and private philanthropy, to launch Health Infrastructure 2020 – a global effort to work with developing countries to invest in the full range of infrastructure needed to improve and protect both American and global health.”

—Obama-Biden Strategy to Promote Global Development & Democracy

Policy Snapshot

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 donors 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.

Background

Recent efforts to fight individual infectious diseases, such as HIV/AIDS, TB and malaria, have yielded impressive results. However, much less funding has been invested in building the health systems that are necessary to address basic child and maternal health needs. The lack of strong systems—including staff, equipment, and management—contributes to the fact that 9.2 million children still die from preventable illnesses each year and nearly 500,000 women die in childbirth every year. Furthermore, this gap limits potential progress in reinvigorated efforts to fight infectious diseases. Where efforts have been launched, they are not always coordinated among all donors and integrated with developing countries’ own efforts.

Building health systems is a long-term and sizeable commitment. It is also one that should be well coordinated with other donors and particularly with recipient countries. The United States is a leader in global health programs and could lay the foundation for a major investment by the G8 and other donor nations by making

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a long-term investment in health systems. There is already broad global interest in health systems and several efforts have been launched to address the issue. These include the International Health Partnership (IHP), Norway's Global Business Plan for Maternal, Newborn and Child Health, the H8³, PEPFAR, the World Bank's Health Development Strategy, and Canada's Catalytic Initiative to Save a Million Lives. The idea of scaling up efforts has received traction with the G8, but no single idea has been able to seize the issue. A Global Health Care Partnership (GHCP) could fill this gap by outlining a health systems plan that is well equipped, staffed, and managed and by offering a single platform from which existing efforts could operate.

Getting the variety of donors and mechanisms discussed above to coordinate their health systems building activities and funding through GHCP would reduce the burden on developing countries of reporting to multiple donors, of having to monitor and coordinate donors in country to prevent overlapping investments and would ensure a more effective use of limited aid dollars. Though donors would have to relinquish some direct oversight over compacts with recipient countries in favor of a global coordination effort, the GHCP could create a tiered endorsement process (analogous to the staged progression framework of the HIPC Initiative) whereby all countries that are off track to meet the health MDGs and that meet a minimum number of basic financial management and health governance standards would be eligible for some level of GHCP-coordinated support. Countries without a national health sector strategic plan, or the capacity to develop one, would receive an "interim endorsement" that would secure them technical assistance to more fully develop their plan. Another requirement for these health compacts will be that recipient governments continue to make progress towards their own commitments to increase domestic spending on health (for example African governments committed to spend 15% of their budgets on health) and that no country that receives funding from one of these compacts can reduce the percent of their federal budget spent on health.

Countries with rigorous health systems plans would receive "full endorsement," whereby donors agree to provide long-term external financing sufficient to carry out plans to reach the health MDGs by 2015. Support for country plans would address both "hard" system constraints (physical infrastructure, laboratory equipment, medical supplies, personnel, etc) and "soft" constraints (planning, management, information systems, incentive structures, etc.). All signed compacts would include a time-bound, donor-by-donor breakdown of the financing agreements. They also would include annual output and outcome targets which could be monitored in annual GHCP Report Cards. For example, the Report Card would measure donor delivery of promised financing, progress against health care worker hiring and retention targets, and improvements in maternal and child health (benchmarking with MDGs 4 and 5).

The last piece of a long-term and sustainable health systems initiative will be to support so-called "innovative financing mechanisms (IFMs)" that direct external financing to the initiative. There are several programs currently using this approach, such as UNITAID which generates resources through a tax on airplane tickets purchased in participating countries to support development activities. The World Health Organization (WHO) has created a high-level taskforce led by Prime Minister Gordon Brown and World Bank President Robert Zoellick that is developing new innovative financing mechanisms to support building health systems. U.S. support for this taskforce (set to publish its findings at the 2009 G8 Summit) and for the mechanisms it endorses as outcomes will help to create sustainable new ways to raise money for development in a tough economic environment. Though the United States has not historically participated in innovative financing mechanisms, US support for them and the possibility of participation could help provide a significant influx of money to support the building of long-term health systems.

³ The H8 is an informal group of eight health-related organizations: WHO, UNICEF, UNAIDS, UNFPA, GFATM, GAVI, Bill and Melinda Gates Foundation, and the World Bank that works towards reaching the health MDGs.

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.
- Support the creation of the GHCP which would fully fund national health system plans in at least 19 countries by 2010. Given the large number of countries with weak health systems and inadequate health workforces, the GHCP should aim to endorse plans for at least one-third (19) of the 57 countries facing a severe health workforce crisis by mid-2010. The IHP has fully inaugurated ten countries (eight in Africa). The GHCP could subsume these compacts and use its broader participation to greatly expand the number of compact countries.
- Support the WHO's taskforce on innovative financing for health and the implementation of its recommendations. This will help to fund a large initiative like Health Infrastructure 2020.

Political Context

- Successes achieved through specific infectious diseases such as PEPFAR have yielded high-profile results. While existing efforts have included some capacity building in the form of training, these efforts have been limited strictly to capacity for those specific diseases and generally have not trained new health care workers who can benefit the systems overall.
- Maintaining those individuals on ARV coverage and continuing to scale-up prevention and treatment efforts for people with other diseases will continue to become more costly unless the U.S. helps countries to develop their own capacities to take over these programs.
- The size and complexity of the 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, an international effort 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.

GOAL 10 LONG-TERM

Create and support a global partnership for agriculture that focuses on short-, medium-, and long-term solutions to the global food crisis

“Barack Obama and Joe Biden are committed to spurring research and innovation aimed at bringing about a Green Revolution for Africa, by partnering with land grant institutions, private philanthropies and business to support agricultural processing through increased investment in research and development for improved seeds, irrigation methods, and affordable and safe fertilizers. They will also make critical investments in providing the package of tools needed to allow poor farmers to succeed in the agricultural market, including by providing training in regulation and quality control standards and by increasing finance and financing instruments for rural enterprises as well as access to markets.”

—Obama-Biden Strategy to Promote Global Development & Democracy

Policy Snapshot

Background: The global food crisis is 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 a 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.

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.

Background

The short-term recommendations noted the need to immediately engage on agriculture in order to help Africa take advantage of the forthcoming rainy season. Beyond such emergency assistance, a visionary but practical plan to scale up investments in agricultural productivity is needed to catalyze an agricultural renaissance in Africa. Warming climate trends and the global food price crisis are demonstrating how gains in poverty reduction can be quickly erased and how climatically vulnerable regions can become destabilized. These

interventions should be undertaken in partnership with other donors and with African countries as well as the NEPAD Comprehensive African Agricultural Development Plan (CAADP) and the Alliance for a Green Revolution in Africa (AGRA).⁴

2008 marked a year when prices of staple foods prices rose by 80 percent. A June 2008 UN summit on the global food crisis and the annual G8 Summit in Hokkaido signaled the urgency of fulfilling both short- and long-term needs for food and investments in agricultural productivity in the developing world. The UN and World Bank developed a Comprehensive Framework for Action that laid out a set of short-, medium-, and long-term actions for donors and international financial institutions to consider and act upon. Although this document provides some helpful guidelines for how these needs could be addressed, real political leadership and resource commitments are needed to facilitate an agricultural transformation in Africa.

Currently, global 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. African governments have committed to spending 10 percent of their national budgets on agriculture, which could yield an additional \$5 billion to this effort, leaving an external financing gap of at least \$4-8 billion per year.

The recently introduced Lugar-Casey Global Food Security legislation proposes that the United States invest \$10 billion over five years into long-term agricultural development assistance to poor countries. The proposed scale up would provide assistance with agricultural extension, research and development, and new technologies, particularly to the poorest countries. Assistance would be governed by a new USAID strategy on how the United States should promote agricultural development in poor countries. The legislation also includes \$500 million for emergency, short-term food aid.

Recommended Actions

As described in the short-term actions section of this transition document, there should be an immediate and aggressive focus on providing food aid to those in need as well as increasing the availability of inputs like fertilizer, seeds, and tools. Provision of U.S. food aid and other inputs should be flexible, allowing for local purchase and donations. This ensures that local markets are not disrupted by the influx of U.S. food aid. At the same time, the U.S. should develop a long-term approach to improve agricultural sustainability through bilateral and multilateral efforts based on the Lugar-Casey bill. As Congress works to pass this legislation in 2009, the Administration should urge Congress to include the following elements:

- Funding for strategies to address the needs of small farmer populations, improved access to local, regional, and global markets for farmers in poor countries, and expansion of value-added agro-processing industries;
- Investment in appropriate research on staple crops (particularly in drought- and flood-resistant crop varieties), soil health, and livestock;
- Coordinate assistance with and adhere to the principles of the NEPAD Comprehensive Plan for African Agriculture (CAADP);
- Coordinate with complementary additional investments in rural infrastructure, feeder roads, and

⁴ The New Partnership for African Development (NEPAD) is a strategic framework focused on finding African solutions to the issues of underdevelopment and poverty in Africa. The Comprehensive African Agricultural Development Plan (CAADP) was developed through NEPAD and commits African governments to prioritize agriculture and commit domestic budget resources to agricultural development. The Alliance for a Green Revolution in Africa (the Alliance, or AGRA) was established by The Rockefeller Foundation and the Bill and Melinda Gates Foundation in 2006. The Alliance is currently working with African governments, other donors, non-governmental organizations (NGOs), the private sector, and African farmers to improve the productivity and incomes of resource-poor farmers in Africa.

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rural electrification, in order to improve access to domestic, regional, and global markets;

- Develop and strengthen irrigation systems, natural resource and watershed management, climate change adaptation, and agricultural extension capacity;
- Increase access to improved inputs (including fertilizers), through donations, subsidies and voucher schemes especially for small farmers; and
- Invest in effective social safety net programs that focus on the poorest people (especially mothers and children) and include effective local procurement for food aid.

In addition, the United States can leverage this legislation to spark a broader, multilateral response in partnership with other G8 and other DAC donors at upcoming summits. In particular, the 2009 G8 Summit will likely focus on these issues. While a new piece of legislation may not yet be ready for presentation, the U.S. could signal its commitment via its short-term investments in the FY09 budget and FY10 budget request and can reach out to other donors to coordinate their engagement along similar lines. In particular, a strong signal of commitment from the U.S. could be utilized to leverage G8 donors to commit to provide all African countries that have developed sound, costed, and transparent plans to scale up agricultural productivity with the necessary resources to implement these plans. At the same time, African countries should be encouraged to further refine their own plans to link agriculture to overall poverty reduction strategies. These efforts to scale up funding for African agriculture could be centralized and coordinated through a central mechanism that not only coordinates activities but also provides a funding mechanism for both short- and long-term needs.

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. Although the U.S. has been a leader on food aid, funding for long-term agricultural development has been lacking for a number of years.
- With a new Administration and Congress, other bilateral and multilateral donors will look to the United States to lead in new directions. Engaging on this issue in a leadership role, particularly since policy issues like domestic agricultural subsidies will not be taken up again until 2013, will help to build good will toward the U.S. on agricultural issues.
- The EU is currently considering the allocation of €1 billion (\$1.5 billion) in unused budget money (much of which is from unused farm subsidy accounts) to be directed to agricultural development in poor countries. This funding decision may be taken as early as December 2008 but likely not until early 2009. The U.S. could tie its own efforts to those of the EU to ensure they work in concert.
- A broad range of both advocacy and food aid NGOs are in support of greater funding for agriculture. However, the issue of local purchase for food aid can be divisive in the development community, as some groups are reliant on monetized food aid for development funding.

Summing It Up: The \$25 billion Framework

The broad framework for all of the above commitments on development assistance is also President-elect Obama's most ambitious commitment—the commitment to double foreign assistance. President-elect Obama's other, more specific commitments—such as those on education, health, and agriculture—will only be achievable if this primary foreign assistance commitment is upheld. Originally, he committed to do so by FY12, but, given the recent financial crisis, acknowledged that he may need to delay this scale up. For the purposes of this analysis, we have assumed that the scale up would take until FY13.

At the time this commitment was originally made, the last passed budget was the FY08 budget which included approximately \$25 billion in foreign assistance (the combination of foreign operations and PL480 food aid). Obviously, the FY09 appropriations have largely been set and the financial crisis will make large increases in the FY10 budget difficult. However, in order to meet the stated goal of increasing foreign assistance by \$25 billion (which represents less than 1 percent of the total federal budget), some increases must begin in FY10, or the required increases in FY11 and beyond will grow exponentially. This analysis, therefore, focuses increases in FY09 and FY10 on those investments that are especially time sensitive. Larger increases are recommended in FY11-FY13.

The tables below outline how a scale up is possible and how it corresponds with both the commitments highlighted in this document and the President-elect's other commitments that would require budgetary provisions in foreign assistance. The first table is a summary that shows the share of the additional \$25 billion that could be applied to individual goals/commitments and highlights whether it requires short or long term attention. The second table proposes a five-year increase that will take appropriations from the FY08 baseline to the FY13 goal.

It is important to note that the material below is not a comprehensive list that encompasses either all commitments or all policy priorities—simply those that ONE thinks will and/or should impact the foreign assistance budget as part of the \$25 billion scale up. For example, the Obama Administration's commitment to elevate and modernize foreign assistance is not costed in the below tables but is highlighted in the attached set of priority actions. Also, necessary policy engagement on issues such as those surrounding conflict and security as well as humanitarian emergencies that may come up are not addressed. Lastly, while some commitments such as that on the Global Energy and the Environment initiative are listed, it was both difficult to cost at this stage and its inclusion as a foreign assistance cost does not reflect the totality of actions that may be required on the commitment. On the Global Energy and Environment initiative, for example, there may be additional opportunities to leverage carbon financing to generate additional resources for climate adaptation so that those hurt first and worst by climate change can better prepare for the impact.

Anatomy of a Doubling

| Existing Obama Commitments | Annual Increase by FY13 over FY08 baseline | Timeframe for Action |
|---|--|---|
| <p>PEPFAR and malaria— President-elect Obama cosponsored the reauthorization of \$48 billion for PEPFAR and made additional comments about a new commitment to eliminate deaths from malaria. The malaria goal can be achieved within the \$48 billion total but will require frontloaded spending in FY09 and FY10.</p> | <p>\$5.12b increase</p> | <p>FY09-FY13: Short term appropriations and malaria push—continued appropriations over longer term. See page 21 for proposed malaria scale up</p> |
| <p>Agriculture/Food Security— President-elect Obama committed to a new effort to be called "Add Value to Agriculture." Though no figures were attached to this commitment, the Lugar-Casey Bill (which Vice-President Elect Biden was involved in developing) proposes that beginning in 2010 the U.S. spend an additional \$10 billion over five years on agriculture and emergency food assistance. The U.S. currently spends approximately \$413 million on agriculture. Due to the impact of the current food crisis on poor countries, which is expected to continue into 2009, an additional \$200 million should be spent on short term food and agriculture assistance (this includes food as well as seeds, tools, and fertilizer) in FY09. Beginning in FY10, following the Lugar-Casey bill's proposed scale up, the U.S. would spend a total of \$2.48 billion by FY13, a \$2.07 billion increase over FY08.</p> | <p>\$2.07b increase</p> | <p>FY09-FY13: Short term emergency assistance to leverage global community while working towards larger, long term legislation and appropriations. See page 29 for short term agriculture investment and page 44 for longer term scale up proposal.</p> |
| <p>Double the Peace Corps— President-elect Obama committed to double the size of the Peace Corps by the time of the 50th anniversary of the Peace Corps in 2011. For the purpose of this analysis, we assumed he would double the appropriations by FY11 and then would increase funding in line with inflation through FY13.</p> | <p>\$359m increase</p> | <p>FY09-FY11: Short term investments required to meet FY11 target. See page 38 for proposed packaging of commitment.</p> |
| <p>FSO increase in the USAID budget— President-elect Obama committed to a 25% increase in foreign service officers which will impact both the USAID operating expenses line and the State Dept budget. For inclusion against the \$25 billion goal, this analysis only includes a share attributable to USAID.</p> | <p>\$472m increase</p> | <p>FY09-FY11: Short term investments required. See page 38 for proposed packaging of commitment.</p> |
| <p>Civilian Assistance Corps— President-elect Obama called for the creation of a civilian assistance corps. Though few details are yet available, we have used cost estimates produced by the Center for Global Development for a proposed Global Health Corps to suggest a cost of this commitment. Extrapolating this data, we get to a \$5 billion program over seven years in order to scale up to a 25,000 member corps, the ultimate target of the campaign pledge. This corps could be started in 2011 with \$100 million in start-up funding, scaling up with an additional \$200 million each year over seven years. To reach the ultimate goal, the effort would require \$1.3 billion annually by FY17.</p> | <p>\$500m increase</p> | <p>FY11-FY17: Longer term investment. See page 38 for proposed packaging of commitment.</p> |
| <p>Rapid response for transition societies—Though no concrete financing targets were set for this goal, ONE has assumed that the Obama Administration would double spending through the transition initiative account by FY13.</p> | <p>\$45m increase</p> | <p>FY09-FY13: Though there is no set timetable for this commitment, ONE recommends even incremental increases to reach FY13 goal.</p> |
| <p>Global education— President-elect Obama committed to \$2 billion for global education (unclear timeframe) but also committed to "signing the bipartisan Education for All Act." For the purposes of this analysis, ONE has followed the proposed scale up in funding in the legislation which totals roughly \$2 billion per year (\$10 billion over five years).</p> | <p>\$1.8b increase</p> | <p>FY10-FY13: Longer term effort to push legislation over FY09; FY10 up front appropriations increase recommended. See page 32 for global education proposal.</p> |
| <p>Small and Medium Sized Enterprises— President-elect Obama committed to a small USG investment to be largely matched by private funds. For the purposes of this analysis, ONE has assumed a \$100 million investment though ONE proposes these funds not only be allocated to OPIC but to some combination of OPIC, USAID or ADF beginning in FY11.</p> | <p>\$100m increase</p> | <p>FY11-FY13: Longer term effort that can be wrapped into broader trade capacity building initiative. See page 34 for proposal for SME as part of broader trade capacity effort.</p> |
| <p>Health Infrastructure— President-elect Obama committed to launch a new effort focused on global health infrastructure needs. The effort would leverage other G8 donors and likely scale up efforts to 2020. A U.S. share of total costs is \$1.6 billion which, adjusted for inflation, would reach \$2.15 billion by 2020. The U.S. has already authorized an estimated \$500 million per year for AIDS-related infrastructure needs under PEPFAR. If the U.S. launched a new effort to supplement these AIDS-related health infrastructure needs with broader health infrastructure needs and started with a \$250 million investment in FY11 and added \$350 million per year, then by FY15 the U.S. would be providing an additional \$1.6 billion on top of the \$500 million already authorized under PEPFAR.</p> | <p>\$950m increase</p> | <p>FY11-FY15: Longer term effort. See page 41 for proposed health infrastructure scale up.</p> |
| <p>Bilateral Debt Cancellation— President-elect Obama has committed to passage of the Jubilee Act to extend debt cancellation for an additional 24 low income countries. Jubilee estimates that the total cost for bilateral debt cancellation for these 24 countries would be \$106 million per year for nine years (which is added below in the bilateral debt cancellation line item starting in FY12). Jubilee also estimates a total need for IDA appropriations to rise to an additional \$235 million per year for three years (added in the IDA line item below starting in FY12). For the purposes of this analysis we have increased the FY09 bilateral debt cancellation request for inflation in FY10 and FY11 and then added scaled up resources beginning in FY12 as Jubilee assumes 2-3 years for negotiation.</p> | <p>\$224m increase</p> | <p>FY12-: Longer-term effort.</p> |
| <p>Afghanistan non-military aid— President-elect Obama committed to a \$1 billion increase over current spending. For the purposes of this analysis, ONE has initiated a scale up through the Economic Support Fund (ESF) line item in FY11 reaching an additional \$1 billion by FY13</p> | <p>\$1b increase</p> | <p>FY11-FY13: Though there is no set timetable for this commitment, ONE recommends even incremental increases to reach FY13 goal starting in FY11.</p> |

| | | |
|--|--------------------------|---|
| Pakistan non-military aid —President-elect Obama committed to triple assistance. A tripling of FY08 spending would reach a total of \$1.3 billion. The commitment also referenced legislation which would authorize up to \$1.5 billion annually. However, for the purposes of this analysis, ONE has assumed a scale up starting in FY11 to reach a tripling by FY13. | \$871m increase | FY11-FY13: Though there is no set timetable for this commitment, ONE recommends even incremental increases to reach FY13 goal starting in FY11. |
| Iraq Refugees and IDPs — President-elect Obama committed to increase pending on Iraqi refugee and internally displaced persons by \$2 billion. In making this commitment, President-elect Obama referenced the FY07 baseline of \$183 million and therefore reaching \$2 billion would require an increase of \$1.8 billion. For the purposes of this analysis, ONE has initiated a scale up in FY11 reaching the total of \$2 billion by FY13. | \$1.8b increase | FY11-FY13: Though there is no set timetable for this commitment, ONE recommends even incremental increases to reach FY13 goal starting in FY11. |
| Global Energy and Environment Initiative — President-elect Obama's Global Energy and Environment Initiative should mobilize funding to help developing countries adapt to climate change and reduce carbon emissions. After launching the Initiative in FY11 at a starting level of \$500 million, funding should increase to \$1.25 billion in FY12 to reach \$2 billion by FY13. These funds should support the United Nations Framework Convention on Climate Change, which established three multilateral funds for adaptation as well as a Clean Development Mechanism to mobilize investment for projects that reduce emissions in developing countries. The UN framework has been chronically underfunded since its inception- estimates suggest that while \$86 billion is needed annually for adaptation, as of mid-2007 only \$26 million had been delivered through the framework. A significant new contribution would signal the U.S.'s commitment to supporting the framework and leverage other donors to do the same. | \$2b increase | FY11-FY13: Though there is no set timetable for this commitment, ONE recommends even incremental increases to reach FY13 goal starting in FY11. |
| National Endowment for Democracy — President-elect Obama committed to "significantly" increase funding for NED and other NGOs working on democracy. For the purposes of this analysis we have adjusted the account for inflation in FY09 and FY10 and then initiated a 50% increase in funding from \$80 million to \$120 million in FY11. | \$40m increase | FY11-FY13: Though there is no set timetable for this commitment, ONE recommends even incremental increases to reach FY13 goal starting in FY11. |
| IAEA - President-elect Obama committed to double funding for IAEA. For the purposes of this analysis, we have adjusted the account for inflation in FY09 and FY10 and then initiated a doubling in funding from \$50 million to \$100 million in FY11. | \$50m increase | FY11-FY13: Though there is no set timetable for this commitment, ONE recommends even incremental increases to reach FY13 goal starting in FY11. |
| Subtotal | \$17.40b increase | |

Additional Commitments that could be made as part of doubling

| | | |
|---|-------------------------|--|
| Trade Capacity Building —In order for developing countries to truly engage in global trade world and earn their own resources for development, they need assistance to access markets. Aid for trade or trade capacity building funds would help connect small businesses with such opportunities and would thus create jobs and contribute to economic growth. A ONE analysis reveals that between \$12-13 billion in trade capacity building funds is needed for Africa alone. A U.S. one-third share of this total would be at least \$4 billion. This analysis assumes that MCA and SME funding would also work towards this target but that additional trade capacity funding would need to scale up as well. Such a scale up could start with \$20 million in FY09 and another \$30 million increase in FY10 to expand the trade hubs; then beginning in FY11 the U.S. could begin a more rapid scale up with the intention of reaching the total \$4 billion by approximately FY16. | \$650m increase | FY09-FY16: Small increases in FY09 and FY10; Longer term engagement to develop a comprehensive plan over FY10 with scaled up funding starting in FY11. See page 27 for short term trade capacity down payment and page 34 for longer term trade capacity proposal. |
| Maternal and Child Health — President-elect Obama has committed to global health infrastructure but closely linked to those needs are the needs of basic child and maternal health. The Child Survival Bill provides a proxy starting point and would scale up starting with \$650 million in the first year of authorization up to \$1.6 billion. In addition to the needs outlined in the Child Survival Bill, maternal health efforts could be scaled up through a more robust reproductive health account as well as by allowing funding for UNFPA to be transferred. During the Bush Administration, the President has blocked funding appropriated by Congress for UNFPA totaling \$235 million. | \$1.25b increase | FY10-FY13: Longer term effort to push legislation over FY09; FY10 appropriations increase recommended. See page 41 for proposed maternal/child health effort as part of broader health infrastructure initiative. |
| Millennium Challenge Account —The Millennium Challenge Account represents a new model in U.S. foreign assistance that incentivizes good governance by offering greater country ownership over compacts signed with the U.S. for that country's development priorities. To ensure that this new effort is able to realize its potential, ONE believes the MCA needs to be level funded at \$1.5 billion in FY09 and scale up to at least \$2 billion per year starting in FY10. Thereafter this amount should be increased gradually as new countries graduate from threshold to compact status and recurring compacts are signed with good performing MCC countries. The new Administration should also work to facilitate improved authorizing policy for the MCA which would allow it to sign multiple compacts and compacts with regions as opposed to only individual countries. | \$610m increase | FY10-FY13: Longer term effort to enhance legislation: ONE recommends holding FY09 appropriations at the FY08 level of \$1.54b and increasing appropriations in FY10 |
| International Development Association (IDA) of the World Bank —In addition to the resources required to cancel debts of an additional 24 countries (an additional \$235 million per year for three years starting in FY12 as described above), the U.S. has negotiated an IDA 15 contribution of \$1.235 billion per year in FY09, FY10 and FY11. Further, the U.S. has a total of \$386 million in arrears to IDA. This analysis assumes that the U.S. pays its full negotiated contribution in FY09-FY11, and assumes that IDA-16 (which covers 2012-2014) will be negotiated at a 20% increase (following the 30% increase negotiated in IDA-15). In addition, the figures reflect a plan to pay down U.S. arrears by adding one fifth its total arrears in each of FY10-FY13 and include adequate financing for additional debt cancellation as proposed under the Jubilee Act. | \$871m increase | FY09-FY13: Ongoing appropriations requirements to meet negotiated commitments to IDA |

| | | |
|--|--------------------------|------------------------------|
| Water and Sanitation - In line with the Paul Simon Water for the Poor Act, which authorizes appropriations to make access to safe water and sanitation a policy objective of foreign assistance, the U.S. should ensure that assistance to water and sanitation is scaled up in line with increases in total ODA. If the U.S. were to adjust the account for inflation in FY09 and FY10 and then in FY11 begin an effort to double assistance to the sector over 5 years, then by FY2015 the U.S. would direct \$596 million to the sector. | \$185m increase | FY11: Longer term engagement |
| All other foreign assistance accounts adjusted for inflation | \$1.790m increase | |
| Subtotal Increase without PL480 | \$22.77b increase | |
| PL 480 held at FY08 baseline plus supplemental level adjusted for inflation | \$1.2b increase | |
| Total | \$23.96b increase | |

As can be seen in the above table, several commitments will require immediate investments but several can be pushed to FY11 or beyond without compromising the goals. The following table lays out proposed appropriations scale up for each of the initiatives outlined above. The analysis proposes incrementally larger increases over time. By FY13, the U.S. would have added the full \$25 billion in increased appropriations. This could obviously be adapted if the target year for delivering upon the doubling commitment is altered.

Account by Account Scale Up FY09-FY13

| Existing Commitments | | | | | | | | |
|----------------------------|---|---|---|---|---|--|---|-------------------------|
| COMMITMENT | SECTORS AND ACCOUNTS | FY08 BASELINE | FY09 | FY10 | FY11 | FY12 | FY13 | INCREASE FY13 OVER FY08 |
| PEPFAR; Malaria Commitment | HIV/AIDS, TB and Malaria Funding | \$6.33b (\$5.54b / \$787m) For. Ops / Labor HHS | \$7.07b (\$6.28b / \$794m) For. Ops / Labor HHS | \$9.10b (\$8.27b / \$794m) For. Ops / Labor HHS | \$9.79b (\$9.00b / \$794m) For. Ops / Labor HHS | \$10.62b (\$9.83b / \$794m) For. Ops / Labor HHS | \$11.46b (\$10.66b / \$794m) For. Ops / Labor HHS | \$5.12b |
| | of which Bilateral HIV/AIDS including NIH AIDS research and Health Care Workers | \$4.98b (\$4.50 / \$483m) For. Ops / Labor HHS | \$5.41b (\$4.92b / \$486m) For. Ops / Labor HHS | \$6.07b (\$5.59b / \$486m) For. Ops / Labor HHS | \$6.74b (\$6.25b / \$486m) For. Ops / Labor HHS | \$7.40b (\$6.92b / \$486m) For. Ops / Labor HHS | \$8.07b (\$7.58b / \$486m) For. Ops / Labor HHS | \$3.08b |
| | of which Bilateral TB | \$152m | \$165m | \$332m | \$499m | \$666m | \$833m | \$681m |
| | of which Bilateral Malaria | \$356m (\$347m/\$9m) For.Ops / Labor HHS | \$600m (\$591m/\$9m) For.Ops / Labor HHS | \$655m (\$646m/\$9m) For.Ops / Labor HHS | \$553m (\$544m/\$9m) For.Ops / Labor HHS | \$553m (\$544m/\$9m) For.Ops / Labor HHS | \$553m (\$544m/\$9m) For.Ops / Labor HHS | \$197m |
| | of which GFATM | \$840m (\$545m / \$295m) For.Ops / Labor HHS | \$900m (\$600m / \$300m) For.Ops / Labor HHS | \$2b (\$1.7b / \$300m) For.Ops / Labor HHS | \$2b (\$1.7b / \$300m) For.Ops / Labor HHS | \$2b (\$1.7b / \$300m) For.Ops / Labor HHS | \$2b (\$1.7b / \$300m) For.Ops / Labor HHS | \$1.155b |
| | Agriculture | Agriculture/ Food Security (via DA, ESF, Food Sec) | \$413m | \$613m | \$850m | \$1.28b | \$1.88b | \$2.48b |
| Service Scale Up | Peace Corps | \$331m | \$344m | \$480m | \$650m | \$670m | \$690m | \$359m |
| | USAID Operating Expenses | \$630m | \$750m | \$945m | \$1.038b | \$1.069b | \$1.102b | \$472m |
| | Civilian Assistance Corps | | | | \$100m | \$300m | \$500m | \$500m |
| | Transition Initiatives | \$45m | \$54m | \$63m | \$72m | \$81m | \$90m | \$45m |
| Global Education | Basic Education | \$694m (\$397m in DA/\$297m in ESF) | \$744m (\$457m in DA/\$297m in ESF) | \$1b (\$703m in DA/\$297m in ESF) | \$1.5b (\$1.203b in DA/\$297m in ESF) | \$2b (\$1.703b in DA/\$297m in ESF) | \$2.5b (\$2.203b in DA/\$297m in ESF) | \$1.8b |

| COMMITMENT | SECTORS AND ACCOUNTS | FY08 BASELINE | FY09 | FY10 | FY11 | FY12 | FY13 | INCREASE FY13 OVER FY08 |
|--|---|---------------|----------|-----------|-----------|-----------|-----------|-------------------------|
| Trade Capacity | Trade Capacity (via DA, ESF,) | \$325m | \$345m | \$375m | \$525m | \$725m | \$975m | \$650m |
| | SMEs | | | | \$100m | \$100m | \$100m | \$100m |
| | Millennium Challenge Account | \$1.54b | \$1.54b | \$2b | \$2.05b | \$2.101b | \$2.154b | \$610m |
| Health 2020 | Health Infrastructure | | | | \$250m | \$600m | \$950m | \$950m |
| Debt Cancellation/ Jubilee | Bilateral Debt Cancellation | \$30m | \$141m | \$145m | \$148m | \$254m | \$254m | \$224m |
| Afghanistan and Pakistan non military assistance | Economic Support Fund (though this funding could also be channeled through INCLE, DA etc) | \$2.414b | \$2.414b | \$2.474b | \$3.078b | \$3.682b | \$4.285b | \$1.871b |
| Iraq Refugees and IDPs | Refugees Assistance (MRA plus ERMA) | \$868m | \$869m | \$874m | \$1.479b | \$2.085b | \$2.691b | \$1.8b |
| Global Env and Energy | | | | | \$500m | \$1.25b | \$2b | \$2b |
| National Endowment for Democracy | | \$80m | \$82m | \$84m | \$96m | \$108m | \$120m | \$40m |
| IAEA | | \$50m | \$51m | \$53m | \$69m | \$85m | \$100m | \$50m |
| SUBTOTAL | | | | | | | | \$17.4b |
| Potential New/Supplemental Commitments | | | | | | | | |
| | Maternal & Child Health | \$347m | \$500m | \$650m | \$900m | \$1.2b | \$1.6b | \$1.25b |
| | World Bank's IDA | \$942m | \$1.235b | \$1.332b | \$1.332b | \$1.814b | \$1.81 | \$871m |
| | Clean Water | \$298m | \$305m | \$313m | \$369m | \$426m | \$483m | \$185m |
| | Remainder of Foreign Operations Accounts | \$9.153b | \$9.503b | \$10.147b | \$10.521b | \$10.753b | \$10.942b | \$1.79b |
| Scale Up Summary | | | | | | | | |
| Subtotal Foreign Ops | | \$23.7b | \$25.77b | \$30.06 | \$35.06b | \$40.57b | \$46.49b | \$22.77b |
| Subtotal Increase Foreign Ops (excl PL480) | | | +\$2.07b | +\$4.29b | +\$5.0b | +\$5.51b | +\$5.92b | +\$22.77b |
| PL 480 | | \$1.3b | \$2.26b | \$2.31b | \$2.37b | \$2.43b | \$2.49b | \$1.19b |
| Total Foreign Assistance | | \$25.0b | \$28.03b | \$32.37b | \$37.43b | \$43.0b | \$48.98b | \$23.96b |
| Total Annual Increase | | | +\$3.03b | +\$4.34b | +\$5.06b | +\$5.57b | +\$5.99b | +\$23.96b |

The G8 and Commitments to Africa

The G8 Summit has consistently dealt with macroeconomic issues as well as global trade and have also focused on issues such as energy and terrorism. Increasingly in recent years, members have turned their attention to transnational issues such as relations with developing countries.

Development and G8 Summits

The history of G8 Summits focusing on matters of development stems back to 1989 when 15 developing countries' leaders met with the G7 leaders on the eve of the 1989 Paris Summit. The below offers a rough timeline marking major topics of discussion and/or turning points in the relationship between the G8 and the developing world.

Through the early and late 1990s, donors acknowledged the need for increases in development assistance and also pushed forward the idea of debt cancellation for the poorest:

- **1994 Naples, Italy:** G8 leaders encouraged wider cancellation of bilateral debt for the poorest countries.
- **1996 Lyons, France:** G8 leaders helped launch the Highly Indebted Poor Countries Initiative (HIPC) to include debts owed to the World Bank and the International Monetary Fund.
- **1997 Denver, U.S.:** The G8 communiqué acknowledged the need for “substantial” development assistance for sub-Saharan Africa. Leaders first called for expanded efforts to combat HIV/AIDS and other infectious diseases and also expressed support for expanded African peacekeeping capacities.
- **1998 Birmingham, U.K.:** G8 leaders agreed that there was a need to enhance the heavily indebted poor countries (HIPC) initiative to provide more relief to more poor countries.
- **1999 Cologne, Italy:** The G8 agreed on an expanded HIPC program to offer “deeper, broader, and faster” debt relief and thus the enhanced HIPC program emerged.

In the new millennium, attention began to focus more intently on Africa specifically.

- **2000 Okinawa, Japan:** The 2000 Summit was the first to invite African leaders to dialogue. It also began the process that led to the establishment of the Global Fund for AIDS, TB and Malaria in Genoa in 2001.
- **2001 Genoa, Italy:** Three sub-Saharan African presidents were invited to Genoa to report on African efforts to promote development. African leaders have been invited to attend every summit since then. The first pledges to the Global Fund were highlighted in Genoa.
- **2002 Kananaskis, Canada:** This Summit was considered the high water mark on African commitments by the G8 up until the Gleneagles Summit. In Kananaskis, the G8 agreed an Africa Action Plan (AAP) which at the time was described as a new partnership between the G8 and Africa intended to help ensure that no country committed to poverty reduction, good governance and economic reform would be denied the chance to achieve the Millennium Goals through lack of finance. The AAP, which was designed in response to and in support of the New Partnership for Africa's Development (NEPAD), included commitments on promoting peace and security;

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strengthening institutions and governance; fostering trade, economic growth and sustainable development; implementing debt relief; expanding knowledge; improving health and confronting HIV/AIDS; increasing agricultural productivity; and improving water resource management. The Kananaskis Summit came just months after the Monterrey Financing for Development conference where several donors affirmed new commitments to financing including an EU commitment to boost ODA to 0.39% of GNI by 2006 and the U.S. announcement to increase assistance by \$5 billion in three years time which coincided with the announcement of the Millennium Challenge Account.

- **2003 Evian, France:** At Evian in 2003, the G8 announced a Water action plan and a new G8/Africa plan to enhance African capabilities to undertake peace support operations. They also created the Africa Partnership Forum for dialogue between Africans and development partners beyond the G8 and announced a G8 Action Plan against Famine, especially in Africa.
- **2004 Sea Island, U.S.:** The outcomes document from Sea Island documented Africa's needs including those on stopping polio and HIV/AIDS, fighting corruption and ending the cycle of famine in the Horn of Africa. Sea Island also called for an enhanced role of the private sector in development as well as training and, where appropriate, equipping 75,000 peace support troops worldwide by 2010, with a focus on Africa.

2005 once again marked a turning point in the G8 relationship with Africa. In the lead up to the Gleneagles Summit hosted by the U.K., a Commission for Africa was drafted to outline Africa's needs for development. Advocates and the host of the Summit declared 2005 "the Year of Africa."

- **2005 Gleneagles, UK:** At the 2005 Summit in Gleneagles, the G8 made a series of commitments highlighted by a commitment to double ODA to Africa by 2010 (defined as an additional \$25 billion in assistance). Each G8 country made a specific commitment within that broader commitment. Additional landmark commitments were to provide 100% multilateral debt cancellation to qualified countries, to work towards universal access to HIV/AIDS treatment (later extended to include prevention and care as well), to fully scale up efforts to fight TB; to reach 85% of those in need of malaria prevention and treatment; to fulfill the financing needs to eradicate polio; and to build health systems so as to fulfill basic child and maternal health access. The G8 also committed to meet the financing needs of the Global Fund to Fight AIDS, Tuberculosis and Malaria, to "make trade work for Africa", to work with African governments to ensure that all children receive an education, and to increase aid to the water and sanitation sector. Lastly, the G8 agreed a number of things related to supporting governance, peace and security including specific commitments to train and support 75,000 troops and to support the effort in Sudan.
- **2006 St. Petersburg, Russia:** St. Petersburg marked the first time Russia hosted the G8 Summit since becoming a member of the group. Donors reported on progress against the 2005 commitments and reiterated several of them but no major new commitments were made with respect to development.
- **2007 Heiligendamm, Germany:** High hopes for further specificity of the Gleneagles commitments at Heiligendamm were largely not met. The G8 committed to \$60 billion in funding for HIV/AIDS, tb and malaria but did not specify a timeframe for this funding, so holding the G8 accountable to this commitment was difficult.
- **2008 Hokkaido, Japan:** During the Hokkaido Summit, the G8 put a five year timeframe to their \$60 billion commitment to health spending. Additionally, the Japanese, having accomplished their very weak ODA commitment, made a new weak commitment to double bilateral ODA from a few low baseline.

Monitoring Progress on the G8 Commitments

Since the 2005 Summit, ONE has undertaken the responsibility of monitoring progress towards the top line G8 commitment on ODA as well as towards the sectoral commitments in trade, health, education, debt, water, governance and security. Each year we publish the results of this monitoring in our DATA Report and share with the world the results. Below is a summary progress to date.

Overall, how have the G8 done in total since the commitments were made?

Contributions have been slow to be delivered. At the end of 2007, we were halfway to the 2010 deadline, but so far only 14% of the promised increases have come through (\$3 billion of \$22.8 billion).

Overall, how did the G8 do in 2007?

In 2007, total ODA for Africa only increased by \$837 million. Three countries actually cut ODA to Africa in 2007 (Canada, Japan and France). NOTE: Our figures for ODA come from the OECD's Development Assistance Committee (DAC). The data there lag a year behind because of the time it takes for countries to close their books and report to the DAC. The preliminary figures for 2008 will be released from the DAC in April 2009.

How are individual countries doing on ODA?

It is important to note that some countries made very ambitious commitments in 2005 while others' were more modest in scale. Perhaps not surprisingly some of the countries with the biggest commitments are doing the worst meeting them, but even countries with smaller commitments have been slow to deliver. ONE can provide very detailed information on the commitments made and progress towards them if that would be helpful.

The United States has been slow to deliver on its commitment, but our projections of ODA flows for 2008 and 2009 show that the U.S. is highly likely to meet its commitment. If this proves to be true, it will give the U.S. leverage at future G8 discussions on development.

Progress on G8 Commitments

ONE monitors progress on both the broad ODA commitments and the sectoral commitments through our annual DATA Report. We can provide in-depth information on both the commitments and progress on them. The report is available in full at www.one.org/report.

Appendix: Statistics & Success Stories

Foreign Assistance Reform

Quick Statistics

- The current legislative basis for foreign aid – the Foreign Assistance Act of 1961 (FAA) – is nearly 50 years old, grounded largely in Cold War threats and outdated challenges. Congress has not reviewed the Act comprehensively since 1985.
- Some estimates have shown that our nation’s current foreign assistance policy is guided by approximately 33 different goals, 75 priority areas, and 247 directives
- Foreign assistance is managed by about 25 U.S. government agencies, channeled through over 50 programs. No single individual in the Executive branch is responsible or held accountable for outcomes and results of the roughly \$25 billion spent by the United States on foreign aid.
- Despite being elevated as one of the three pillars of National Security in the 2002 National Security Strategy, along with Defense and Diplomacy, Development receives about one-20th of the resources provided for the Department of Defense.

Global Education

International donors and funding mechanisms:

- The **United Kingdom** has led the way in providing a predictable flow of resources by announcing \$15 billion for universal primary education over the ten years up to 2015. It recently announced a partnership with France to put 16 million children into school in Africa by 2010 and to improve the quality of education. The UK will support 8 million of these children and intends to spend \$1 billion in support of education in Africa by 2010/11. It has also launched a 'Beyond Borders' education initiative that will deliver education in emergency, conflict and post-crisis countries, utilizing education experts from UNICEF and Save the Children. As part of the plan, the UK will provide additional support for education in Sierra Leone, Burundi, Somalia, Afghanistan, Nepal, the Democratic Republic of Congo and Liberia.
- The **Education for All-Fast Track Initiative (FTI)** is the central funding mechanism for global education. Countries submit national education plans to FTI; these plans are then technically vetted so that bilateral and multilateral donors have greater security to invest. Established in 2002, FTI is centered on the idea of mutual commitments between donor and developing countries that was agreed at the World Education Forum in Dakar: Donors agree to provide increased funding and technical know-how if developing countries prioritize primary education, produce national education plans, and increase domestic education funding and as a result "No country seriously committed to Education for All will be thwarted in their achievement of this goal by lack of resources" . Since 2002, 33 countries have been endorsed, 21 of which are in Africa. FTI-endorsed countries currently face a financing gap of \$727 million and this gap is projected to increase to nearly \$1.5 billion by the end of 2008 as more countries are endorsed. If all the countries that are expected to receive endorsement do so, total external funding requirements will grow to as much as \$5.3 billion by 2010.
- The World Bank's **International Development Association (IDA)** IDA is the largest source of education assistance for low-income countries, with over \$8.5 billion in support channeled to 71 countries since 2000. IDA funding for education has averaged about \$878 million per year since 1995 (equal to 11 percent of total IDA commitments). The Africa and South Asia regions have each represented about 40 percent of IDA education lending since 1995—about \$4.5 billion each.

Key Facts and Successes

The global education deficit

- Worldwide, 72 million children are not enrolled in primary school (57% of whom are girls). In sub-Saharan Africa, 33 million children are not enrolled in primary school (54% of whom are girls).
- Worldwide, 87% of primary school-aged children are enrolled in school (85% of primary school-aged girls are enrolled). In sub-Saharan Africa, 70% of primary school-aged children are enrolled (67% of primary school aged-girls are enrolled).
- Only 61% of African children who enroll in first grade go on to complete primary school, compared to 87% globally.
- The world will need 2.7 million more teachers (1.6 million in Africa) to achieve universal primary education by 2015.

Evidence for Action

- Higher wages: In low-income countries, a young woman's average earnings increase by 10%-20% with each additional year of education; 5%-15% for a young man.
- Faster economic growth: Increasing the share of women with a secondary education by 1% boosts annual per capita income by 0.3% on average.
- Healthier children: Educating girls for five years could boost child survival by up to 40%. For example, educated mothers are 50% more likely to immunize their children than are uneducated mothers.
- Better, stronger governments: A study of 100 countries has found that educating girls and reducing the gender gap can promote democracy.

Successes

- Debt cancellation has saved African countries \$87 billion, which along with targeted aid for education helped send an additional 29 million more African children to school for the first time between 1999 and 2005.
- In Tanzania, savings from debt cancellation helped the government abolish primary school fees in 2001, leading to a doubling of enrollments (from 1.4 million to 3 million). Similar results have played out in Mozambique, Kenya, Malawi, Uganda, Rwanda and Ethiopia.
- Since 2001, Mali has directed 48% of savings from debt relief to the education sector each year. As a result, expenditure on education increased by 14% over the five-year period.
- Between 1999 and 2005, the region's net primary enrolment rate increased from 57% to 70%, the largest increase in any region.

The Fast Track-Initiative: Key Results

- Globally, 12 million more children enrolled in primary school in FTI-endorsed countries between 2000 and 2005, a 26% increase in five years.
- If recent trends are maintained, all but three FTI countries will achieve the goal of gender parity in primary education by 2015.
- Six countries FTI countries – Benin, Ethiopia, Guinea, Madagascar, Mozambique and Rwanda – have increased primary completion rates by at least three percentage points per year over the past five years.
- Seven FTI countries have participated in one of the major international education tests. Prior to 2003, no low income countries had participated in such testing.

Malaria

Key facts

- Every year, an estimated 247 million people are infected with malaria and 881,000 people die from the disease. 85% of all malaria deaths are among children under the age of five. Africa accounts for 90% global malaria deaths, with 801,000 recorded in 2006.
- Malaria accounts for 40% of public health expenditure, 30-50% of inpatient admissions, and up to 50% of outpatient visits in areas with high malaria transmission.
- Malaria causes an average loss of 1.3% annual economic growth in countries with intense transmission.
- Malaria costs Africa an estimated \$12 billion a year in economic productivity, foreign investment, tourism and trade.
- At the household level, malaria can be a serious economic burden, accounting for over 10% of yearly spending. Direct costs range from 41 cents in Malawi to \$7.38 in Ghana. Outpatient costs can be as high as \$154 for cerebral malaria in Senegal.

Successes

- 16 of the 20 African countries for which data is available have at least tripled their coverage of insecticide-treated nets for children. Global bed net production has more than tripled since 2004, from 30 million to 95 million in 2007, with further increases expected in 2008.
- Worldwide, the Global Fund has delivered 59 million bed nets to protect families from malaria.
- Many countries have seen significant reductions in malaria incidence thanks to the dramatic scale up of bed net delivery and expanded access to effective antimalarial drugs.
 - In Ethiopia, the amount of childhood malaria cases reported at clinics fell by 60% and the death rate was halved within two years.
 - In Rwanda, deaths and cases of malaria in children under-five fell by over two-thirds in two years.
 - In Zanzibar, the prevalence rate went from 30% in 2004 to 1% in 2007.

Trade, Agriculture, Economic Development

Key Statistics

- The World Bank estimates that growth in the agricultural sector is twice as effective in reducing poverty as growth in other sectors. But the growth of agricultural incomes in Africa has averaged less than 1% over the last 25 years, the lowest rate in the world and less than half that of any other region.
- A key component for increasing trade among African countries means that African countries must also lower trade barriers among each other. Four African economic entities (SADC, COMESA, ECOWAS, and EAC) have created free trade areas that aim to lower these barriers among their members.
- The UN recently increased its estimate of the number of hungry people in the world, from 848 million last year to 923 million this year. That means that nearly 1 billion people around the world go to bed hungry every day.
- In 2007, the UN reported that 6 million children died of hunger-related illnesses before their 5th birthday. And according to the World Bank, the current food crisis could drive 100 million more people deeper into poverty.
- The world only spends an abysmal \$2 billion per year on agriculture in Africa and \$4 billion for all poor countries. International assistance to agriculture in poor countries almost halved between 1980 and 2005.
- The majority of Africans are reliant on agriculture for their livelihoods. And African countries are trying to do their part – countries like Mozambique, Rwanda, and Tanzania have come up with specific, costed plans for scaling up their agricultural sector. And 24 African governments have committed to spend 10% of their budgets on agriculture.

Successes

- 2006 foreign direct investment (FDI) into sub-Saharan Africa was approximately \$13 billion. In 1995, FDI inflows to SSA were only about \$4 billion.
- One third of all Africans live in countries that have been growing at an average of 5.5% per year for the past 10 years.
- The 2009 doing business report (from the IFC) lists Senegal, Burkina Faso, and Botswana in the list of top ten business climate reformers for the period between 2007-2008.
- Today, twenty African countries individually are growing at 5% or more, the most sustained economic growth in decades– Africa's star economic performers are now on par with fast-growing Asian economies like Vietnam and India.
- Statistics indicate that imports from AGOA-eligible countries have increased each year since enactment of the law, most recently rising by 15 percent in 2007 over 2006, however, the majority of AGOA exports to the U.S. are oil and petroleum products.
- Total two-way trade between the U.S. and sub-Saharan Africa has more than tripled since 2001 as a result of AGOA. AGOA exports to the United States reached \$51.1 billion in 2007, more than six

times the amount in 2001. Apparel has been particularly successful, accounting for 40 percent of non-oil trade, due to a special provision of AGOA that allows 27 of the 40 AGOA countries to use inexpensive fabric from anywhere in the world to make clothing, that can be exported to the U.S. duty-free.

- **Lesotho** has become the leading sub-Saharan African exporter of apparel to the U.S. with AGOA exports in 2007 more than \$300 million. The government projects a GDP growth rate of 6.5 percent in 2008-2009.
- **Kenya** is one of the top exporters of cut flowers under AGOA and is a significant contributor to a doubling of fresh flower exports to the U.S. from sub-Saharan Africa between 2001 and 2007. Overall, Kenya's 2007 AGOA exports were valued at \$255 million and also included apparel, nuts, sporting equipment, plastic goods, and jewelry.
- **Mauritius** is a leader in the prepared seafood sector which has experienced significant growth in recent years, with AGOA exports growing from \$754,000 in 2001 to \$15.8 million in 2007. Mauritius' total AGOA exports in 2007 were valued at \$120 million and included apparel, sugar, sunglasses, and jewelry.
- Non-oil AGOA exports of footwear, toys, sportswear, fruits, nuts, cut flowers, prepared seafood, and essential oils all increased during 2007.

G8 Sectoral Commitments and Progress

Gleneagles, St. Petersburg, and Hokkaido

Debt: The 2005 commitment on debt was to cancel 100% of the multilateral debts owed to the IMF, World Bank and the African Development Bank (ADB) by Highly Indebted Poor Countries (HIPCs). The G8 are still on track to deliver the commitment they made in 2005 on debt.

Trade: In 2005 the G8 committed to ‘make trade work for Africa’. ONE interprets this commitment to mean that the G8 would work through the Doha development round, or other vehicles if necessary, to ensure that African countries can better access local, regional and global markets and that they would have the capacity necessary to produce goods for those markets. The package required to do this includes the reduction of agricultural subsidies so as to regularize the price of goods on the market; enhanced access to rich country markets through reduced tariffs, with simpler rules of origin for preference programs; aid for trade to help countries produce and deliver goods; and, last but not least, the policy space to ensure that trade agreements are handled through each country’s due democratic process and that they fit each country’s economic development agenda. The G8 are off track on this goal.

Health: The G8 committed to provide universal access to HIV/AIDS treatment, prevention and care; to fully scale up efforts to fight TB; to reach 85% of those in need of malaria prevention and treatment; to fulfill the financing needs to eradicate polio; and to build health systems so as to fulfill basic child and maternal health access. The G8 also committed to meet the financing needs of the Global Fund to Fight AIDS, Tuberculosis and Malaria. Though it is difficult to monitor progress of each donor towards these commitments, the United States has clearly been a leader in funding for these health goals.

Education: Education is another sector in which the G8 committed to work with African governments towards a lofty but achievable goal – to ensure that all children complete a full course of primary schooling. No specific financing targets were committed to in 2005 by G8 leaders, but ONE has tracked G8 progress using the best estimates available for the cost of achieving global universal primary education, and has found that the G8 collectively have not delivered their proportionate share of the resources needed to achieve this goal. Individually, only two countries (Canada and the UK) are on track with this commitment.

Water: The commitments made to water and sanitation at the Gleneagles Summit were not as robust as commitments made to other sectors. In the Gleneagles Communiqué, the G8 committed to increasing aid to the sector and referenced a 2003 pledge to prioritize water and sanitation as part of their overall ODA allocation. Interpreting these commitments, while attempting to honor the original intent of the G8’s pledges, led ONE to determine that, at a minimum, the proportion of development assistance dedicated to water and sanitation should be held constant as overall development assistance increases. As a whole, the G8 are off track in keeping this commitment. Germany and the UK have remained close to on track with this commitment.

Governance & Security: At Gleneagles, the G8 made a number of governance commitments to sign international conventions and treaties, such as the UN Convention Against Corruption (UNCAC), and to support African-owned initiatives such as the African Peer Review Mechanism (APRM). On peace and security, the G8 made a range of commitments; this report measures progress on promises surrounding peacekeeper training, supporting the African Standby Force and addressing the crisis in Sudan. The 2008 Report finds that donors have largely delivered on their commitments to sign and ratify the UN Convention against Corruption (UNCAC) and the OECD Convention Against Bribery, and that they are also supporting the Extractive Industries Transparency Initiative (EITI) and the APRM. On peace and security, G8 donors committed to train 75,000 peacekeepers and to support the AU mission in Sudan and the African Standby Force (ASF).

G8 donors are on track to meet the commitment to train 75,000 peacekeepers, but support to the AU mission in Sudan has been inadequate and efforts to support the ASF have been uneven across different donors. The Peacebuilding Commission and Central Emergency Response Fund (CERF) have been established since Gleneagles and, though there are some funding shortfalls, both have made important progress in their first few years of operation.