Will the US lead on international development?

A collection of opinion pieces to mark the inauguration of President Obama

20 January 2009

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20 January 2009 marked an historic moment in American history, as the nation inaugurated its first African American President, Barack Obama.

But what does this mean for the rest of the world, and particularly for developing countries?

The expectations of the Obama Presidency across the North and South are huge. There is great hope for a renewed multilateral approach to climate change, foreign policy and international development. But during a global economic downturn, with the stated primary aim of the new administration to put the American economy back on track and secure American jobs, how will the new President respond to the wishes of the world and the leadership role it wants to place on his shoulders?

These opinions by ODI researchers set out key challenges for the incoming US President – challenges that are critical to the reduction of poverty and the reduction of suffering in the developing world.

All papers first appeared on the ODI Blog and can be viewed with links and comments at www.odi.org.uk/odi-on/obama-inaguration-2009

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Obama and the global development agenda

Simon Maxwell, Director, ODI

Like everyone else, I am inspired by the oratory of Barack Obama. I had tears in my eyes during his speech at the Democratic Convention, and again in Chicago the night of the election. No doubt, his inauguration speech will have the same effect. But, here is a list of things that won't happen the day after Barack Obama is inaugurated as the President of the United States: handing key decisions on foreign policy over to the UN; agreement to a Doha trade deal; a legal commitment to carbon reduction on the scale needed to limit global warming; an immediate lift in aid volume to 0.7% of GNP; and a complete reorganisation of the US aid machinery. The US was ranked 17th out of 22 in the Center for Global Development's Commitment to Development Index in 2008. It is unlikely to leapfrog into first place overnight. Oh well.

Actually, the real risk may be that the USA, like some other donors preoccupied with the global financial crisis, becomes focused entirely on domestic problems and turns away from the development 'project'. What price free trade or free movement of labour when General Motors is at risk and jobs are being lost across the country? The US administration will be struggling, like everyone else, with the problem of 'doing development in a downturn'. It will need to be reminded, forcefully, that poverty reduction is not only a moral imperative, but also in the long-term interests of the USA. Let us hear no more of the protectionist talk that came from candidate Obama during the campaign.

The point that development is mutually beneficial is not new. It was central to the analysis of the Brandt Commission in the 1980s, with the vivid image that rich and poor countries were on the same vessel: if the end containing developing countries were to sink, then inevitably the end containing developed countries would follow.

More recently, the idea has been central to US foreign and development policy. Andrew Natsios, former Administrator of USAID, writing in 2006 in Development Policy Review, expressed it forcefully, as follows:

''Pure' development, that is development abstracted from foreign policy concerns . . . is not likely to be sustainable over the long term.'

Today, the link between foreign policy and development is widely recognised. At ODI, for example, we work extensively on how foreign policy and development connect.

When it comes to the USA, overseas development assistance (ODA), to Africa at least, has historically increased as rapidly under Republican as under Democratic administrations. The country's record is not stellar by international standards, with the latest figures from the Development Assistance Committee of the OECD showing aid still at less than 0.2% of GNP. Nevertheless, US ODA doubled, roughly, in real terms during the eight years of the Bush Presidency, with increases in traditional programmes as well as new initiatives like the Millennium Challenge Corporation (MCC) and the President's Emergency Plan for AIDS Relief (PEPFAR), the HIV/AIDS funding window. With much still to do if Gleneagles and other pledges are to be met, as the DATA Report 2008 reminded us, development, and particularly the commitment to Africa, can be seen as a Bush success story.

In ideological and quantitative terms, this gives President Obama something to build on – and my guess would be that there will be changes in tone, but no major shift in strategic positioning, certainly in the short-term. It is pretty likely that development will be pursued in what Andrew Natsios termed 'transformational' terms, and that national self-interest will be balanced with humanitarian instincts.

The changes of tone will not be trivial, and certainly we can expect – and hope - that President Obama will work hard to build international consensus. There will also be an inevitable re-thinking of the relationship between military and developmental intervention, especially in Afghanistan and Iraq, with repercussions for countries such as Sudan or Zimbabwe. Indeed, this is already underway, under the auspices of Central Command, now led by General David Petraeus.
In terms of specific reforms, the US development community has its own wish-list, and the think tanks are on the case. There has been an extended debate about the need for a single agency to run overseas aid, along the lines of the UK's Department for International Development (DFID), and about how to reduce the extent of Congressional earmarking of funds for specific activities, and other political control of aid spending. I'm told that USAID is subject to something like 300 separate earmarks, effectively removing all room for manoeuvre on something like 98.5% of the budget.

In addition, we in Europe are often taken aback by the number of different agencies involved in US development cooperation, and by the number of different funds and programmes. Budget support is another issue, with Europe making greater progress than the USA in moving away from free-standing projects and chanelling aid money directly to developing country government budgets that aim to address national priorities. And don't ask about tied aid, especially food aid. In 2004, I gave a lecture at the Center for Global Development (CGD) in Washington, paraphrasing George Bernard Shaw to talk about 'Two Continents Divided By a Common Vision of International Development'. Not much has changed.

For the future, the CDG has produced a comprehensive agenda, in a book edited by Nancy Birdsall, entitled 'The White House and the World: A development agenda for the next US President'. It covers a wide range of issues, from health and education, to trade, engagement in fragile states and climate change. There are also proposals on how to reform the complex and over-managed machinery of development cooperation.

From our perspective in Europe, it is important that there be US engagement and leadership in international development, not only because of the size and weight of the US in the global economy and politics – but also because of our shared history and values. That is one reason why we in ODI have invested significantly in building strong links to our colleagues in the USA, for example through the German Marshall Fund's Transatlantic Task Force on Development. We hope engagement will intensify under a new administration. And, yes, multilateral reform, a trade deal, a climate deal, and more and more effective aid are all on the agenda for 2009.

Obama and trade policy: 'speak softly and carry a big…vision'

Chris Stevens, Senior Research Associate, ODI

If Barack Obama's trade policy is to avoid following Theodore Roosevelt's advice to the letter, which of his multiple personas would best serve – tough Chicago politician or president of the Harvard Law Review? A no-brainer, you might think. Everyone knows that the Great Depression was exacerbated by competitive protectionism championed by populist politicians. Those who urged the conclusion of the Doha Round before the end of 2008 added a contemporary twist. Without tighter rules, they warned, countries would use their existing World Trade Organization (WTO) flexibilities to raise tariffs. Low and middle-income countries could be the most adversely affected.

But as Sheila Page has pointed out, things are not so simple. The potential scale of WTO-legal tariff increases, whilst not negligible, will produce effects no greater than countries routinely experience as a result of exchange rate fluctuations. On the Richter scale of the current global crisis, traditional trade policy barely registers.

The trade policy challenge

Does this mean we need not fear the recession will be made worse by ill-conceived trade policies? No. Unhappily, these are always close to the surface at times of crisis. They *appear* to allow the imposing country to shift the pain on to others and their boomerang effect is easily obscured. The danger is that new, unforeseen ways of obstructing trade will be created – just the sort of thing that a clever ex-Harvard lawyer would be well placed to oversee.

The problem is not that Doha's failure has left open bolt holes for the traditional trade distorting policies such as tariffs and subsidies. It is that, because commercial practice changes rapidly, either the WTO rule book will become increasingly outdated or it will be updated in ways that test the resolve of the big trading states to accept multilateral disciplines.

Doha was touted as a 'Development Round'. What this meant in practice was never very clear, but the fact that for the past two years completion has become an objective in its own right – on almost any terms - illustrates how far the grand vision has been ditched. A Round that simply plugged some of the known bolt holes and further eroded the traditional protectionist instruments of tariffs and subsidies would, by definition, fail to get to grips with the new methods through which trade flows are distorted, often involving private sector regulation.

In the absence of new, negotiated provisions the WTO rulebook does not remain static – but it changes in a way that is always perceived as being zero-sum. And this is where the danger lies at a time of unprecedented global economic stress. Neither Chicago politician nor Harvard lawyer are adequate role models for a new President who will need to tread delicately around the pitfalls and booby traps.

There can only be agreement on a new Round if all WTO members agree, or at least acquiesce, to the terms. The danger that some countries may simply acquiesce in changes that are not in their interests is a continuing development concern as it is the poorer states that will tend to be less well informed about the implications of complex new rules – and most vulnerable to arm twisting. But this worry is mitigated by the fact that most sub-groups of developing countries in the WTO include some negotiation savvy states well able to uphold their own interests and, in so doing, protect those of their peers as well.

There is no such safety net for the other route through which new trade rules are created and bolt holes plugged: dispute settlement. When adjudicating on disputes brought by one WTO member against another the Appellate Body often clarifies vague phraseology and sometimes interprets provisions in unexpected ways. As with common law, this can provide a valuable way of making old rules relevant to new commercial realities. But it involves a danger that is now particularly acute; there is always a winner and a loser in dispute settlement. This is a gift to the populist politician and, if the loser happens to be rich and powerful, one that could have global consequences.

How to respond

This is not the time for any major new initiatives on trade policy. Trade policy is still nonessential to the crisis. Disruptions to commerce appear to be the consequence of the global financial crisis, rather than the knock-on impact of trade policy measures. The danger of any initiative being hijacked by protectionists is very high. If scope to do good is limited, the immediate emphasis must be to avoid doing harm. ‘Speak softly’…defuse pressure for new trade restrictions, react calmly to the foot dragging or worse by trade partners or adverse judgements, emphasise the immediate harm caused in an integrated global economy not only to consumers but to producers using imported inputs, and the generalised harm caused to all as trade partners respond.

But the policy environment will change, which is where the vision comes in. For all the lack of clarity and self-serving interpretations, labelling Doha as a Development Round emphasised the fact that ‘the market’ itself has moved rapidly (through globalisation), while the institutional framework through which the market operates has hardly moved. Few can now doubt this given the speed at which the US financial crisis became global and the myth of middle income states being somehow ‘delinked’ was punctured.

Radical change to trade policy is too important to be left to trade ministries, which inevitably aim for incremental change and are targets for protectionist lobbies. Vision, the mental agility to see new potential trade-offs and alliances, and implementing power is what is needed. That’s the task for the new President – ours is to prepare alternative route maps so that they are ready when the time is right.

Obama and the Millennium Development Goals

Andrew Shepherd, Director of Programmes, Rural Policy and Governance Group

Mr President,

The Millennium Development Goals (MDGs) are the world's major framework against absolute poverty and deprivation. They were set in 2000/1 based on trends to 1990, and so should not have been too hard to achieve. Nearly 20 years on, they are proving challenging – with some large countries doing well, and others struggling; with more progress on some goals than others. Achieving the goals would represent a very basic level of wellbeing. It would be good to see the US administration putting its weight behind the goals, working with others to see how their achievement by 2015 can be hastened, and how obstacles can be removed. In the past few years the US has punched below its weight on these issues in the international arena. I'm sure with you in charge that will change!

The countries that are struggling most are, obviously, in need of most help. This includes fragile and conflict-affected states, and the development community is waiting to see a joined up but positive developmental approach to this problem from the US administration. Clearly, ending and preventing conflict, and developing better post-conflict development strategies, devoting adequate resources and person power to recovery is critical, and an area where the lessons from the Balkans, Iraq and Afghanistan and elsewhere need to be urgently learned and acted on. I know you will be taking a different approach to your predecessor on these issues, and am confident that you will be more effective in finding political and developmental solutions for societies in deep difficulty.

There are also some goals which are hard to reach – especially those where political support is inadequate or where greater gender equality is required to make faster progress (for example sanitation, maternal mortality, hunger) . The US has a fine tradition of explicitly promoting political development as well as gender equality, both of which could be resuscitated in the service of the basic development the MDGs represents. I know that you believe in politics as the source for positive change, and look forward to seeing you work with difficult regimes and politicians in the service of the poorest in their societies.

There are significant financing gaps – for example in primary education and health, which the US could fill. You will inherit the recession, and severe limitations on public finances. However, the amount the rich world saves for the poor world is minute compared to the cost of bailing out the banks. I sincerely hope you will be able to expand the US's financial contributions towards achieving the MDGs, of course, it's not all or even mainly about money. Much more depends on having the right policies in place in developing countries themselves, and developing the tax base to see them through. Aid is only the icing on the cake, but nevertheless it's an important part of the cake, and even more important at a time of declining tax takes in developing countries.

You could also consider supporting some further development of the MDGs where there are clear gaps:

- Poor people are vulnerable to shocks, and others continue to become poor as a result of shocks against which they have no protection. They need systematic safety nets or social protection that can be relied on if they are to become less poor through their own efforts, and enhance their ability to participate in education, health services and save and invest in enterprise. There is a global movement for the provision of very basic social protection (at levels which will not generate dependency or welfare scrounging) which could be translated into an MDG target – motivating the necessary tax and aid based expenditure.

- Many poor households are unable to manage their fertility in the way they would like, and descents into poverty. The US has a fine history of promoting reproductive health services and choice: something else to resuscitate. There is now an MDG target to provide universal access to reproductive health services. This will be a very difficult target to achieve, as there are many opponents – strong support from the US is probably a *sine qua non*.

- Education is a way out of poverty. To escape from poverty households generally need one or two members who have gone beyond primary education – completion of primary is not enough. Finding ways of expanding post-primary education, and pathways for poor children to continue education beyond 6 years is critical. The multiplier effects will be many. The US could consider mobilising for and sponsoring a Jomtien-style conference on this issue. We all depend on the education we have – it should be easy to ensure that this resonates with the US public.

- The US was concerned in 2000/1 about the absence of commitments in MDG 8 on governance. Goal 8 has indeed proved a hold-all goal into which aspirations have been dumped. The key commitments needed to achieve goals 1-7 are good policies north and south, and adequate tax revenue, public expenditure and aid. The MDGs need to move from an aid- to a tax-based discourse, with aid topping up where poor countries cannot go the whole stretch. Countries will generally not make the long term financial commitments unless they can see that they can be met through tax revenues, since aid has proved too unreliable. So increasing the reliability of aid flows is an area where the Millennium Challenge Corporation (MCC) should be helping, and where the US can, and should, commit itself.

Obama and childhood poverty: Learning across the north-south divide is critical to tackle childhood poverty

Nicola Jones, Research Fellow, Research and Policy in Development Group and Caroline Harper, Research Fellow, Poverty and Public Policy Group

With the loss of thousands of jobs in the US and a marked downturn in the country's economic security in the wake of the current global financial crisis, there will be a strong temptation for the Obama administration to turn inwards and focus on domestic issues. A domestic focus is obviously important in areas of social protection and basic social services which were not only subject to serious cuts during the Bush administration, but which will also be in heightened demand as household livelihoods decline in the wake of the crisis. And it will be perhaps especially important for children, who not only suffer greater poverty rates than adults across all states, but whose vulnerability to poverty is greater than that of children in any other OECD country (22% living in poverty). Such welfare indicators are a clear wake up call to a country that typically prides itself on its role as a global leader, and there are already welcome signs that President Elect Obama intends to undertake policy action in this area, including tackling child undernutrition.

Nevertheless, as one of the leading international donors in terms of volume of aid, it will be essential that the Obama administration's focus takes a global perspective in tackling childhood poverty. Whilst significant improvements in global child poverty indicators have been witnessed in the last half century, more then 600 million children remain in poverty worldwide and progress remains lamentably slow. For this reason it is now imperative that we stop reinventing the wheel and rapidly learn across contexts about the best ways to help people weather shocks and stresses – across both geographical and historical divides appreciating that lessons from, for example, the Asian economic crisis of the late 1990s or from several centuries ago bear relevance for today's experience globally, including in the North, and can enable us to make faster and more effective progress. In particular, there is a need to better understand how policies and people's coping strategies impact differently on adults compared to children with both short and long term implications. We need to correct the imbalance to date in social protection analysis, which has focused largely on aggregate household effects or on the welfare of adults*)*, rather than on child-specific impacts to reflect children's distinct experience of poverty.

As recent policy innovations and their transfer across national borders suggests, there is much that could be gained from a more strategic north-south dialogue on tackling childhood poverty and vulnerability. Such exchange of knowledge and experience serves as a learning and heuristic tool. It helps us to crystallise what is important in a given context and what is different and needs to be modified accordingly. Equally importantly, it helps policy developers to imagine the possible. For instance, the US and the North more generally have much to learn from southern initiated efforts such as Latin America's experience with conditional cash transfers (now exported to New York as part of that city's new poverty alleviation drive or child budget monitoring initiatives in Brazil and South Africa which assess the extent to which governments are increasing their investment in child well-being over time in line with their resource base. Similarly, the South has been adapting integrated child development programmes such as the USA's Head Start and Sure Start in the UK in contexts such as India and Peru. Sharing experiences and teasing out ingredients of success can speed up our learning and help decide what to do for example in the Bronx as well as in West Africa.

Knowledge sharing north-south is also of utmost importance for ensuring international policy coherence and dialogue. For example, in areas such as migration, it is necessary to be thinking about the provision of education and basic services for all children whether they are from Mexico, Uzbekistan, the US or Europe.

So what should Obama be striving to do in the first 100 days in office and then beyond in order to improve child well-being?

First, we would urge that he honour his election promises to follow up on the US' non-ratification of the UN Convention on the Rights of the Child (UNCRC). As he recently recognised, the US shares the dubious honour of being the only country internationally to have failed to make public its commitments to children's rights alongside Somalia. The UNCRC serves not only as an important statement of commitment to improve services, care and children's opportunities for a voice in the community, but would also send an important signal to the world about the US' willingness to play a more collaborative role in addressing global challenges than it has of late. Similarly, Obama's call for a White House conference on children and youth in 2010 is much welcomed and we urge him to expand it beyond domestic policy.

Second, the Obama administration should ensure that funding for children in the US and in the South (through international donors and also through dialogues with Southern development partners – state and non-state) is not simply maintained during the crisis, but rather increased in order to prevent longer-term life-course and even inter-generational transfers of poverty. This is a challenge when populations from donor countries are suffering personally from the global crisis, but it is also critical that Obama uses his widespread appeal to shore up a commitment to global social justice –after all not only in the context of the financial, food price and fuel crisis but also in terms of climate change and threats to international security we are all inter-dependent global citizens.

Lastly, in promoting broader international commitment to children's rights, there should be a particular focus on how the international community is going to step up to the challenge and tackle the lamentable progress towards, in particular, Millennium Development Goal (MDG) 4 on child mortality and MDG 5 on maternal mortality, for which only a minority of developing countries are on track. There also needs to be more attention by individual donors as well as the OECD DAC to supporting longitudinal child budget monitoring efforts in order to assess the extent to which we are collectively abiding by the UNCRC's principle of 'progressive realisation'. This principle recognises that addressing rights deficits will be a gradual process and entail difficult decisions about priorities, but nevertheless those governments need to be held to account in demonstrating progress in achieving child well-being.

Obama and Latin America: Change we can believe in?

Alina Rocha Menocal, Research Fellow, Poverty and Public Policy Group

Barack Obama is taking office facing an extraordinary list of international challenges, ranging from the wars in Iraq and Afghanistan to relations with North Korea and Iran to the global financial meltdown. Expectations for change are enormous, and clearly Obama will need to make some hard choices about what issues to prioritise. Yet, he cannot afford to lose sight of Latin America as his predecessor did. Focusing on the 'war on terror' with single-minded determination since 9/11, the Bush administration displayed a strange – and misguided – indifference towards its neighbouring region to the South. Relations between Latin America and the United States today are at the lowest point they have been in years, and there is an acute need to mend fences.

Latin America matters – and it matters a lot – to the United States. Deteriorating governance in the region, affecting countries like Bolivia, Guatemala, Mexico, Nicaragua, and Venezuela, threatens the health of democratic institutions and the effectiveness and legitimacy of the state, and it is a source of growing instability and violence. A recent United States Joint Forces Command report, for example, lists Mexico alongside Pakistan as states whose sudden collapse would pose grave threats to world security. Latin America is also the source of one third of US oil imports, most of the country's foreign-born population (both legal and illegal), and it accounts for a fifth of the US's overseas trade. And oh yes, Latin America also provides virtually all of the cocaine entering the US. These are vital links that cannot be ignored.

Fortunately, Obama's election provides a unique opportunity to usher in a new era of improved cooperation with Latin America. Four areas in particular require urgent attention to work towards this task: immigration, the war on drugs, disillusionment with democratic structures and the market economy, and the future of trade.

Immigration is a thorny issue that stirs a lot of passions. Yet the way to manage this problem is not by building a massive wall across the border and criminalising illegal 'aliens'. Comprehensive immigration reform is needed, and the United States also needs to work more closely with governments in the region to support more robust and more equitable economic development. In addition, the incoming US administration must reconsider drug control policies that have simply not worked and have in fact been part of the problem of deteriorating governance and political violence in places like Mexico, Central America, and the Andes. It is essential for the US government to open a regional dialogue about the illegal drug trade and to acknowledge that drug-trafficking is not simply an issue of supply -- the demand-side of the equation needs to be tackled much more seriously than has so far been the case.

Latin America is also experiencing a profound disillusionment with the processes of democratisation and economic liberalisation that swept across the region from the 1980s onwards. This frustration has manifested itself in the resurgence of the left and the rise of populist leaders promising to do things differently. Yet, it is essential to keep in mind that this shift toward the left is not a homogeneous trend. There are significant differences in style and substance between Hugo Chávez in Venezuela or Evo Morales in Bolivia (with their fiery dreams of a 'Bolivarian revolution'), Daniel Ortega in Nicaragua (who does not seem to realise we live in a new century), Cristina Fernández de Kirchner (with her particular homegrown brand of economic nationalism in Argentina), and Lula Da Silva in Brazil and Michelle Bachelet in Chile (with their more pragmatic, social-democratic approaches to the market. The dilemma for the incoming Obama administration lies precisely in how to address the rift between these different lefts in a way that improves U.S.-Latin American relations, fortifies those moderate governments that are seeking to build a democratic solution to the tensions between society and market, and weakens more retrograde leftist currents without resorting to the failed interventionist policies of the past.

Finally, there is the issue of trade. Among other things, Obama has expressed doubts about approving the free trade agreement with Colombia (based on deteriorating human rights conditions in-country), and has called for the renegotiation of the North American Free Trade Agreement. The challenge here for the new president is how to transform himself from free-trade critic on the campaign trail to international policymaker in Washington. As the renowned scholar Jorge Castañeda has pointed out, the aim should be to deepen, rather than weaken, these and other trade agreements that are undeniably flawed. Lessons from the European Union in this area can come in handy – by insisting, for instance, on the inclusion of clear and more explicit human rights, democracy, labour, environmental, gender-rights, and indigenous-rights clauses as addenda. Agreements should also incorporate badly needed provisions for infrastructure and "social-cohesion" funds to maximise the potential benefits of free trade on a more levelled playing field.

This is an ambitious, and very challenging, agenda, and it will require considerable commitment from the incoming US President to see it through. However, through more creative, honest, mature, and sustained engagement with partners in the region, it may be possible for the Obama administration to bring about a palpable and much needed transformation in the nature of the relationship between Latin America and the United States in the years to come. Change we can believe in?

Obama and USAID: the need for genuine evaluation

Ajoy Datta, Research Officer, Research and Policy in Development Group

What comes first for USAID – evidence or policy?

Over the last decade, many would argue that the United States Agency for International Development (USAID) has increasingly focused on the US state department goal of transformational diplomacy, with an emphasis on countries that are politically important. It's top five recipients, for example, are Iraq, Afghanistan, Sudan, Colombia and Egypt. This is neither regressive, as governance is clearly a key issue on the development agenda, nor a new phenomenon: Andrew Natsios, former administrator of USAID argued that foreign aid has risen with the urgency of national security threats such as in Post-war Europe – the Marshall Plan; and during the Cold War in The Alliance for Progress. But with development implicitly, as many would believe, tied to foreign policy objectives programme evaluation has increasingly focused on the reporting of activities and outputs for budgeting and accountability purposes, rather than changes in welfare of the poor. For example, the USAID clearinghouse contained only 31 impact evaluations (which assess how an intervention affects final welfare outcomes of beneficiaries) a year between 2004-6. This is a small number considering the several hundred projects that USAID fund every year. Further, fear that negative evaluations would play into the hands of foreign aid critics in Congress and the State Department has meant that many evaluations have been hidden, limiting the chances of learning from either successes or failures. Global indicators under common objectives and cross cutting themes have been favoured over country specific monitoring frameworks enabling easier aggregation and accountability to US stakeholders, namely Congress. One could argue that this has been, in essence, less about evaluation and more about information systems management. There is fear amongst some that policy drives evidence, rather than evidence driving policy.

A big spender, but where and how?

In 2007, the USA spent almost $22 billion on development aid, 90% of which was channelled through its bilateral operations such as the Millennium Challenge Corporation (MCC) and the US President's Emergency Plan for AIDS Relief (PEPFAR). The latter – launched in 2003 and the largest international health initiative in history dedicated to a single disease – has committed $18.8 billion of which almost 60% was spent by 2007. And over $7 billion has been given to the MCC by the US Congress since 2004. These mammoth amounts often dwarf the national budgets of developing countries. Questions remain though, about whether the money spent achieved the hoped-for changes in people's lives. What impacts have HIV and AIDS control efforts had on the health of populations, for example? What has changed as a result of democracy and governance assistance? What are the underlying factors that determine success or failure? Is USAID improving its performance as a result of learning?

PEPFAR, for instance, was pioneered by the Bush administration in a perception of HIV and AIDS in sub-Saharan Africa as a threat to national security. According to mainstream public opinion, it has been a success, both at home and abroad. This success, however, is based mainly on statistics like the number of newly infected people receiving treatment, which tells us little about the quality of the treatment, or whether this treatment has reduced AIDS-related deaths. The Institute of Medicine has been critical of this approach as have several experts within USAID itself. Some within USAID feel that it is that it may be too early to document impact such as prevention, and that PEPFAR is, as its name suggests, an 'emergency' programme. Nevertheless, PEPFAR has been framed as a success story in a context in which US foreign policy, especially with regards to their efforts in Iraq and Afghanistan has been heavily criticised. A case then of 'policy-based evidence making'.

Promoting cooperation not fear

Things are beginning to change though. An Executive Order – a directive issued by the US president - was published shortly after Barack Obama was elected, after being held in draft for more than a year. It documents weaknesses over the last decade, and aims to strengthen evaluation in the interests of impact, transparency and learning.

So what does a learning culture look like? It is culture in which an organisation engages in self-examination and learning that is based on real evidence. It is a culture in which experimentation and change are encouraged.

To foster such a culture, first, senior management need to demonstrate leadership and commitment to create a management regime based on outcomes and impact using appropriate, and not necessarily experimental methods– in other words, results that respond to country needs. Second, organisational support structures need to be resurrected, including a responsive knowledge and documentation centre to meet the needs of USAID for information, analysis, evaluation and decision making, backed by proper incentives to ensure rigorous rather than positive evaluations. Third, capacity building, professional development and training guided by best practices in monitoring and evaluation (M&E) must be directed towards both programme and M&E staff with USAID and its partners. Finally, mechanisms should be established to help USAID absorb and disseminate the results of its work and evaluation, as well as its own research and the research of others. While many believe that a heavy focus on accountability in USAID may have promoted an evaluation culture of fear, it is hoped that the Obama administration can step forward to promote a culture of learning and cooperation.

Obama and climate change

Jessica Brown, Research Officer, Rural Policy and Governance Group

One of President Obama's most immediate challenges will be to formulate his domestic climate change policy – a challenge that will demand all the political skills the new administration can muster. This should not, however, distract him from the pressing needs on the international climate front, where action may have a lower political cost and generate greater goodwill. Above all, the USA needs to signal good intent by pledging a high level of support for climate change adaptation in the developing world.

The role of rich Countries in supporting climate change adaptation

One of the most urgent issues on the international climate agenda, now and until the United Nations Framework Convention on Climate Change (UNFCC) meeting in Copenhagen in December 2009, is the development of an international financial tool to help developing countries adapt to climate change. Given that most global warming is caused by rich countries with high emissions, and that the impact is felt most keenly by poor countries that not only have the lowest emissions, but are least able to deal with it, large scale funding from rich countries for adaptation is a moral imperative.

To date, however, fundraising efforts have been embarrassingly trivial and amount to, at best, no more than token political gesture. The USA has yet to make even that gesture, failing to contribute to *any* of the existing multilateral funds that support adaptation in poor countries.

Why the paltry focus on adaptation?

The international climate debate has primarily focused on mitigation (cutting emissions to *prevent* climate change) rather than adaptation (dealing with the consequences once the change in climate occurs). This may be because of the 'local' nature of adaptation, as opposed to the global scale of mitigation efforts; the difficulty in measuring the benefits of adaptation; the complexity of trying to separate adaptation funding from more conventional development assistance; and the valid logic that we should take preventive measures before reactive ones. Most importantly, perhaps, there is not much commercial capital to be made from funding adaptation in the least developed countries (LDCs). The reality is that many of these countries are already feeling the effects of climate change, through increased climate variability in storms, typhoons, droughts, flooding and so on – linked to climate change caused by the behavior of the rich world.

The role of adaptation finance in US policy

Despite failing, to date, to support multilateral adaptation funds, the USA took an important step in 2008 with the proposed Lieberman-Warner Climate Security Act. The bill would establish a country-wide cap-and-trade system, with 26.5% of emissions allowances 'auctioned' in 2012, steadily ramping up to 69.5% by 2031. Under this system the USA would receive a number of greenhouse gas units to release and/or trade. The funding principle of this scheme is to auction a certain share of these units to generate revenue, rather than giving them out free to domestic firms that have to comply with emission reductions. A portion of auction revenue (from 1% in 2012, increasing gradually to 7% by 2050) would be directed toward a newly-created fund to support climate change adaptation plans in LDCs. Unfortunately, the bill failed to pass the Senate in June 2008, and the proposed fund is dead in the water for the time being. However, the Lieberman-Warner Act can serve as a blueprint for future proposals and the USA has an unparalleled opportunity to lead the international effort to fundraise for adaptation.

How should funds for adaptation be created?

Should the funds come from taxpayers through domestic revenue streams (like most overseas development aid) or through action in the carbon market (such as the national-level auctioning of emissions allowances proposed in the Lieberman-Warner bill), or more broadly through carbon or international travel-related taxes or levies? A mechanism that avoids reliance on domestic revenue streams and instead uses the carbon market or international travel-related taxes or levies, can generate revenue for adaptation in a way that is truly international, automatic and autonomous, without relying on the political whims of donor countries. There have already been many proposals circulated around for such a mechanism, as summarized (in Section II) for the Africa Partnership Forum on Carbon Finance in Africa.

Is the time right to scale up adaptation finance?

With the US ringing alarm bells about the unparalleled prospect of a 'trillion-dollar deficit for years to come', is this the wrong time to request additional funding for developing countries? Certainly, opinion polls have shown that support for international development shifts according to how citizens in rich countries feel about their economy. Given that adaptation funding is closely aligned with international development aid, there is strong cause to predict a similar wax and wane of public opinion. Even if finance is created through autonomous sources like the carbon market, rather than through taxpayers, there is likely to be significant political pushback from industries that would bear the carbon tax burden. However, if political support can be raised, the US endorsement of such a financial mechanism would give developing countries access to billions of dollars that are badly needed to help them adapt to climate change.

Reframing our understanding of adaptation finance

As our director Simon Maxwell said in his piece Doing Development in a Downturn, it is important to reframe how we approach financial assistance to developing countries. There are very clear and real links to be made between adaptation needs in the developing world and the present and future concerns of people in rich nations. Ignoring international calamities, particularly those for which the rich world is responsible, will undoubtedly have direct ramifications for our own lives.

We need to shift the way we frame adaptation finance as a political issue. It is clear that we can no longer afford to view this as an altruistic effort but rather in an attempt to protect our own self interest. It is to be hoped that the new President of the USA will have the vision to recognise the mutual benefits of funding for climate change adaptation.

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