

*Toward*

# A BRIGHTER FUTURE:

A TRANSATLANTIC CALL FOR RENEWED LEADERSHIP AND PARTNERSHIPS IN GLOBAL DEVELOPMENT



TRANSATLANTIC TASKFORCE ON DEVELOPMENT

CO-CHAIRS

**Gunilla Carlsson and Jim Kolbe**

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The Transatlantic Taskforce on Development represents research, key messages, and policy recommendations on four transatlantic challenges by staff, fellows, and partners of the German Marshall Fund of the United States. The views expressed here are those of the authors and Taskforce members and do not necessarily represent the view of GMF. Comments from readers are welcome; reply to the mailing address above or by e-mail to [info@gmfus.org](mailto:info@gmfus.org).

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A Transatlantic Call for Renewed Leadership and Partnerships in Global Development

TRANSATLANTIC TASKFORCE ON DEVELOPMENT

CO-CHAIRS

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## Note from the GMF President



**T**he German Marshall Fund of the United States (GMF) is the proud host of the Transatlantic Taskforce on Development and is delighted that our primary partner in this venture is the Swedish Ministry for Foreign Affairs. I also thank the William and Flora Hewlett Foundation and the Connect U.S. Fund for their generous support. Several years ago, GMF identified development as a field that would benefit from strong cooperation across the Atlantic. This Taskforce is living proof of that philosophy. The Taskforce co-chairs, Swedish Minister for International Development Cooperation Gunilla Carlsson and GMF Senior Transatlantic Fellow Jim Kolbe, have displayed a strong commitment to development and trade, and I am proud to have the weight of their experience behind this project. Minister Carlsson, a longtime champion of development assistance, is responsible for Swedish Official Development Assistance (ODA), which is one of the highest in the world as a percentage of Gross National Income (GNI). From 2002 to 2006, Minister Carlsson served in the Riksdag, the Swedish Parliament, in several capacities, notably as Deputy Chair of the Committee on Foreign Affairs and as Deputy Member of the

Committee on EU Affairs. Congressman Kolbe served on the Appropriations Committee of the United States House of Representatives and chaired its Foreign Operations subcommittee for six years, where he oversaw allocation of one of the largest sums of ODA in the world. The other Taskforce members have generously given their time and contributed their impressive development expertise. The Taskforce also leveraged the wealth of knowledge within GMF, including on biofuels, agriculture, trade, democracy, and security. My sincere thanks go to Jim and Gunilla, the Taskforce members, Transatlantic Fellow Alice Poole who has managed the initiative, and many GMF staff and fellows for their invaluable input. I anticipate that this report will generate substantial discussions internationally and reiterate the importance of development in these uncertain times.

Craig Kennedy  
President

The German Marshall Fund of the United States





## Foreword



In a globalized world undergoing rapid transformation, transatlantic relations are of central importance. However, the transatlantic cooperation needs to be renewed and the common agenda reformulated in the light of current global challenges. Since the end of the Cold War and the emergence of democratic and economic freedom in Eastern Europe, new global threats and development challenges have appeared. This has forced transatlantic democracies to rethink both their security arrangements and their relationship to developing countries. The acceleration of climate change has further focused attention on the need for coordinated action to counter global threats and development challenges. And most recently, economic turmoil and slowing or even negative growth on a scale not seen globally in the last 70 years is forcing a fundamental re-examination of the driving forces behind development and strategies to combat poverty.

All of this lends an air of urgency to this report of the **Transatlantic Taskforce on Development**. Trade and investment flows are declining precipitously worldwide. Critical investments in health, education and infrastructure are threatened in the world's poorest countries and regions. Elsewhere, vulnerabilities are exposed in countries dependent on exports and remittances, as well as those exhibiting high current account deficits, and in addition, countries exposed to effects of climate change. In

this environment, the growing fragility of some nation-states could be compounded by rising social tensions, violence, and political instability. At the same time, budget makers in developed countries are forced to reexamine their own public spending priorities, including development budgets, as they face heightened anxiety among their publics, rising unemployment, tight credit markets, and a difficult period of sluggish growth and industrial adjustment.

In its report—the first, to our knowledge, that has examined development cooperation on a transatlantic basis with government, private sector and NGO input—the Taskforce takes a hard, but honest, look at the questions surrounding development assistance, questions often asked, but infrequently answered: What is the relationship between democracy, development and security, and can donors contribute to meaningful development in the absence of either real democracy or real security? As the world tackles the challenge of climate change, how can the efforts of the development community contribute to a comprehensive solution? How can agricultural and trade policies of transatlantic nations contribute to sustainable global development? As the world struggles through an economic downturn and financial crisis, how can we achieve even more effective support for development? There is no simple and no single answer to these questions. But in all cases, the suggested answers demand a greater

degree of multilateral cooperation and a bolder approach to the problems. Developed and developing countries alike simply cannot assume that development will go forward as it has in the past. A much greater degree of cooperation among donor countries and increased host country ownership of the development process will be needed in this economic downturn.

At the same time, the economic recession should be seen at least as much as an opportunity as it is viewed nervously as a challenge for development assistance. Donor countries should see this as an incentive to coordinate their assistance and work multilaterally to assure that greater value is delivered. Developing countries should also see this as a greater incentive to undertake often postponed, but very important, reforms that can

sustain growth. If we are committed, the economic decline can therefore offer an opportunity for greater value received for each dollar or euro delivered in assistance, deeper integration and convergence of development streams, larger and more sustained growth in developing countries, and greater public support for assistance.

It is our ambition that this report will help provide a roadmap for transatlantic partners in development. There is no panacea for finding a way forward in the challenging economic environment the world faces today. It will require boldness, courage, and vision on the part of leaders in both developing and developed countries. If the courage and the boldness and the vision are there, we believe the recommendations found here will be helpful in putting the world on a path toward sustainable development for all.



Gunilla Carlsson



Jim Kolbe



## Taskforce Membership



**A**s members of the Taskforce, we served in our personal capacities rather than as representatives of our organizations. Together, we were able to generate substantial, although not absolute, agreement on our recommendations. Members of the Taskforce and its Secretariat consulted widely with experts across Europe, Canada and the United States, including representatives

from developing countries, international organizations, environmentalists, military officers, trade specialists and many others. We commit to enlarge that exchange of ideas, through the launches of this report and the outreach work we will build around it throughout 2009 and beyond. We strive to act together in advocating for a renewed vision for and approach to international development. The Taskforce urges you to join us.

### Co-Chairs

Gunilla Carlsson  
Sweden

Jim Kolbe  
United States of America

## Taskforce Members



Brian Atwood  
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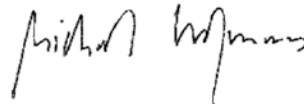
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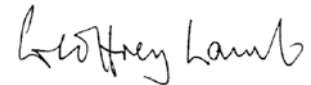
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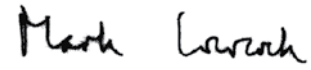
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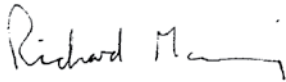
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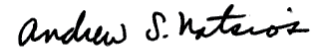
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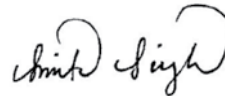
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# Overview



*“It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health to the world, without which there can be no political stability and no assured peace.”*

—U.S. Secretary of State George Marshall,  
Harvard University, June 5, 1947



## The need for North American-European leadership in 2009

**T**his year the world must make important decisions in the middle of the most difficult economic situation we have faced in many decades. 2009 is, moreover, a year of reform and renewal, with a new U.S. administration, a new European Union (EU) Commission, and elections across a number of European countries. The Transatlantic Taskforce on Development is seizing this chance to call for North America and Europe to work more closely together—with the involvement of all other parts of the world—to strengthen global commitments on poverty reduction and economic growth.

We are North Americans and Europeans, from different political perspectives and backgrounds, including the public and private sectors, politics, research, business, and civil society. Together, our

countries have a joint population of 740 million people, account for around half of all global trade, and provide more than 85 percent of Official Development Assistance (ODA). We believe that the combined leadership of North America and Europe can help to accelerate the pace of human development. We understand that only by working together will we be successful in realizing these goals that are so important for peace and prosperity—rather than working alone, or worse, in separate directions. And we should do so in a spirit of engagement and partnership with all other countries that seek sustainable progress.

Where we disagree, we must find ways to cooperate so that our efforts, as well as those efforts of international institutions, can be effective and efficient in helping to raise the poor out of poverty. Moreover, developing countries are encouraging us to harmonize and align our foreign assistance policies so we are a help, not a hindrance, to their efforts to develop. All of these motivations contributed to the creation of the Taskforce.

The Taskforce itself is a unique and valuable initiative. We are unaware of any other similar taskforce undertaking in the area of development. In spirit, the Taskforce also draws inspiration from the Marshall Plan in the decade following World War II. In those bleak days of post-war poverty and despair, the world faced tough times that required courageous decisions. Yet the leaders of the

United States and Europe launched a plan that would help rebuild the countries of Western Europe.

Once again, the world faces hard times, with the global financial and economic crises threatening to set back the economic and social progress made in the last decade. And once again, it is time for hard decisions from strong leaders who believe, as we do, that development *matters*. It matters because, beyond the basic moral imperative to aid others, our world is increasingly integrated. Development entails more than providing foreign aid to developing countries; it includes fostering an environment in which the gains from, among other things, trade, technology, migration, and investment are shared by people across the world. We sink or we swim together.

The North Americans and Europeans involved in this project found an extraordinary degree of common ground and agreement on the way forward. Because of the important role of both in the world economy

### The Taskforce's four challenges

When reviewing international development, the Taskforce set out to identify priority areas. The aim was to consider major development areas that are policy relevant and where more transatlantic collaboration is challenging and feasible. A key criterion was to identify issues on which a bridge could be built between North American and European viewpoints.

Following detailed discussions, the four priority challenges selected were:

- Development, Democracy, and Security
- Climate Change
- Food Security
- Effective Support for Development

These are wide issues, none of which fit neatly into the mandate of any single ministry, agency, or organization. All are multi-dimensional. All involve multiple players. All are interconnected. Given the breadth of these priorities, it is clear that multilateral approaches and policy coherence are critical.

*“To the people of poor nations, we pledge to work alongside you to make your farms flourish and let clean waters flow; to nourish starved bodies and feed hungry minds. And to those nations like ours that enjoy relative plenty, we say we can no longer afford indifference to suffering outside our borders; nor can we consume the world’s resources without regard to effect.”*

—President Barack Obama, Inaugural speech, Washington DC, January 20, 2009

and in promoting development in poor countries, our agreement, reflected in this document, can help inform our future policies.

The new U.S. president, Barack Obama, is emphasizing the need to relieve suffering and promote development worldwide, pledging to double U.S. aid to \$50 billion by 2012. This builds upon the substantial expansion of aid under President Bush—an example of strategic continuity at its best. In December 2008, a record number of members of Congress signed letters to President-elect Obama expressing bipartisan support for a robust international affairs budget, an initiative backed by a broad spectrum of U.S. organizations.

Meanwhile, Europe remains the largest provider of aid in the world. EU members lead the world in aid spending measured as a percentage of gross domestic product. In 2007, the European Commission and the member states together provided 60 percent of total development assistance to more than 160 countries worldwide.

Even before the current crisis, the Taskforce was seeking to forge greater understanding and cooperation. We were already exploring new ways to work in partnership, share successes, and address challenges on four key priorities: development, democracy, and security; climate change; food security; and how to support development effectively. Then three crises—food prices, fuel prices, and now the financial crisis—have compelled us, like everyone else, to recalibrate our thinking to adapt to the depth and scale of these challenges. This report describes the results of our thinking.

The three challenges demand strong and creative leadership. In the short term, the financial crisis is turning

*“In testing times for the global economy, which hit hardest those who are already the most deprived, our determination to act must be clear.”*

—European Commission President José Manuel Barroso,  
G8 Summit, Japan, July 7, 2008

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into a global recession that could affect all countries and deepen the risks already faced by the world’s poor. In the medium term, progress on many of the United Nations Millennium Development Goals (MDGs) falls far short of what is needed to reach the 2015 targets, and this was true even before the current crisis. And, in the long term, we should look beyond 2015, to a post-MDG agenda that must respond to growing urbanization, population growth, and, of course, climate change.

These three crises affect not only our countries. Already evident is a profound ripple effect that will be felt in the developing world. If the financial crisis dries up private sector investments and other sources of funds, it will start to reverse the real progress made in poverty reduction. It is also likely to exacerbate the more negative and dangerous elements of globalization, including trafficking of humans and drugs, excessive pressure on limited resources, and a potential increase in the number of failed states.

Developed and developing countries are, in essence, aboard the same ship. If that part of the vessel carrying developing countries is damaged, the survival of the whole ship can be put at risk. The chances of avoiding catastrophe are the greatest if we work in partnership with developing countries.

We fully support the consensus reached at Monterrey in 2002 and reaffirmed at the Doha Financing for Development Conference in December 2008 that developing countries have the prime responsibility for their own development. Developed countries should support them by encouraging an international policy environment that gives these countries the opportunity to develop through trade and investment and by providing concessional assistance in support of nationally-owned development strategies. The 2005 Paris Declaration on Aid Effectiveness also represents an important donor commitment to make sure that ODA is an even more effective tool in support of national poverty reduction efforts.

This means that governments North and South need

to make bold decisions about how to confront global problems, and how to deliver effective assistance to people striving for their own development. Leadership is never easy, but it is most challenging – and most needed – when times are difficult. Now is the time for powerful leadership to preserve and defend courageously the hard-won gains of recent decades. Now is the time for both sides of the Atlantic to strengthen and deepen their partnership with the developing world.

### Where the world stands on international development

The world has seen extraordinary progress since World War II, with public health triumphs improving health worldwide and reducing mortality rates; more children now in school than at any time in history; growing gender equality as women have exercised their rights to equal pay, to vote, and to express themselves; and the fall of autocracies and rise of democracies, as shown in Figure 1. The world’s people have increasingly taken control of their own destinies. These great strides, however, leave no room for complacency, particularly during a global financial crisis.

International development has many facets, including the MDGs with their social focus and the economic growth that drives development.

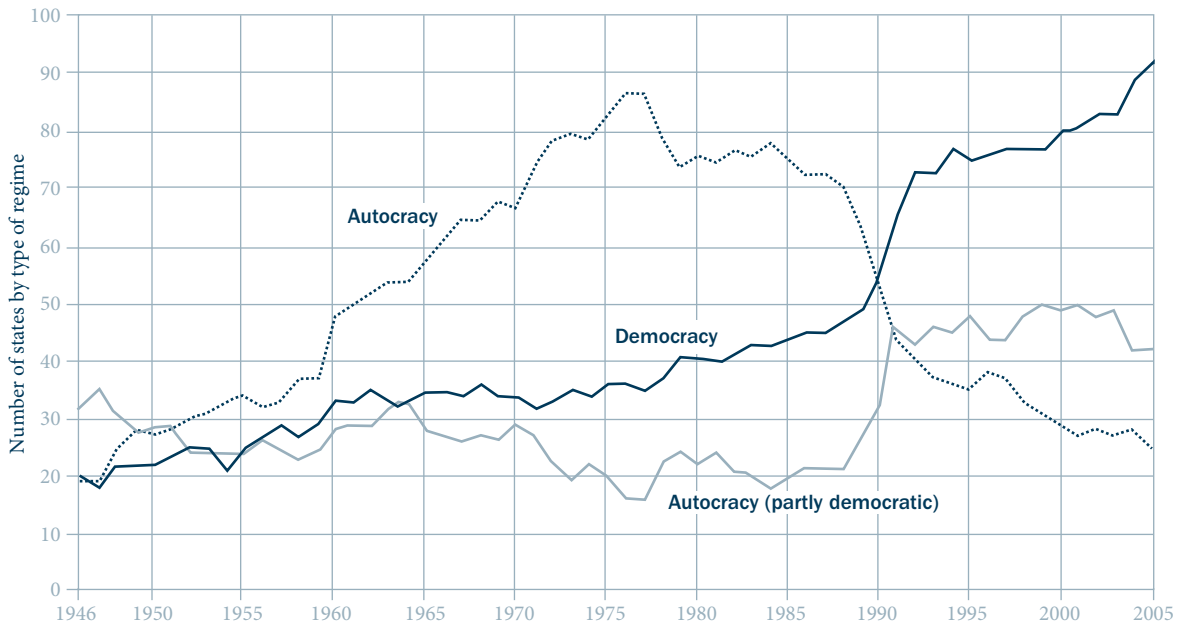
### Ingredients for Success: The Millennium Development Goals

In 2000, the leaders of the world made an historic commitment: *to eradicate extreme poverty and improve the health and welfare of the world’s poorest people within 15 years*. The commitment, adopted at the Millennium Summit in September 2000, was set out in the United Nations Millennium Declaration. This vision was expressed in eight time-bound goals (shown in Box 1): The Millennium Development Goals to be reached by 2015.

The MDGs have helped to galvanize international action around a common set of development objectives. Significant progress on some of the goals has been achieved recently, especially in countries where high-level commitment has been backed by strong policies and adequate resources. Above all, absolute poverty has been reduced. The downward trend in poverty continued

Figure 1

### THE RISE OF DEMOCRACY



In 1975, only 26% of states were democracies. By 2005, the figure was 58%. Democracy is characterized by constraints on the exercise of executive power, free elections, and guaranteed civil liberties.

Source: Mini Atlas of Human Security, 2008

#### BOX 1: The Millennium Development Goals

**Goal 1:** Eradicate extreme poverty and hunger

**Goal 2:** Achieve universal primary education

**Goal 3:** Promote gender equality and empower women

**Goal 4:** Reduce child mortality

**Goal 5:** Improve maternal health

**Goal 6:** Combat HIV/AIDS, malaria, and other diseases

**Goal 7:** Ensure environmental sustainability

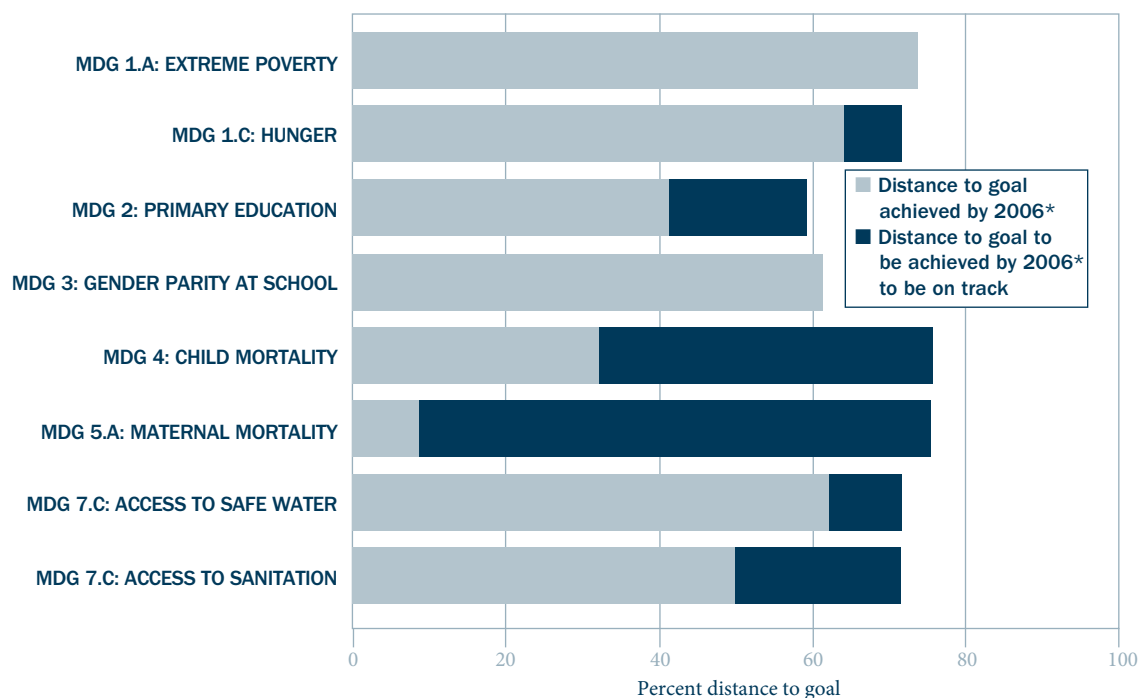
**Goal 8:** Develop a global partnership for development

through 2007, largely as a result of extraordinary economic expansion across Asia (particularly in China). In another success story, in all but two regions, primary school enrollment is at least 90 percent, and the gap in the enrollment of boys and girls is closing. The challenge is now to defend these gains in the wake of an economic downturn and to address the shortfalls where gains have not been sufficient or swift.

Despite this progress, the MDGs will not be met if current trends continue. As Figure 2 demonstrates, performance against the individual goals is very mixed, and we are likely to miss all but one, the halving of extreme poverty. It indicates the progress that was made toward the goal by 2006, and the progress that would be required to stay on course for 2015. A target that is close to being on track is that for access to safe water under MDG7. When it comes to the MDG5 of reducing maternal deaths by three-quarters, the progress is halting, if not stalled. Sub-Saharan Africa will be furthest behind against the MDGs, and so efforts to improve progress in this region are particularly important.

Figure 2

**PROGRESS ON THE MILLENNIUM DEVELOPMENT GOALS**



\*Most recent year for which data are available.

Notes: MDG 1.A: Poverty headcount ratio (PPP93 \$1.08 a day); MDG 1.C: Underweight under-five children (U.S. child growth standards); MDG 2: Primary education completion rate; MDG 3: Gender parity in primary and secondary education; MDG 4: Under-five mortality rate; MDG 5.A: Maternal mortality rate (modeled estimates); MDG 7.C Access to improved water sources; MDG 7.C Access to improved sanitation facilities.

Source: World Bank—Global Monitoring Report, 2008

### Ingredients for Success: Economic Growth

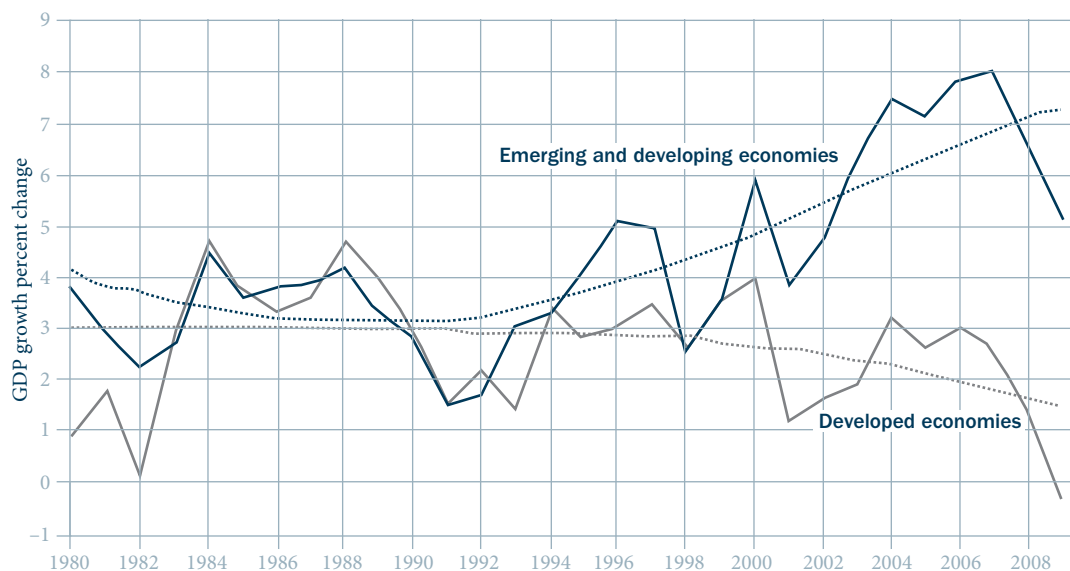
Strong, sustained economic growth in the developing world is a prerequisite for the achievement of the MDGs. It is not only a question of aid. Poverty is a reflection of the lack of effective wealth creation and distribution—a result of a failure to generate the broad-based economic growth that has a positive impact on the incomes of the vast majority of people in the developing world. Economic growth also enables countries to reduce poverty and to generate the resources necessary to address infrastructure needs, combat illiteracy, improve public health, and overcome other development challenges. Without a viable economic fabric, developing countries may be unable to sustain progress. This is even more crucial as the world grapples with the scale of the downturn shown in Figure 3.

### Ingredients for Success: Delivering on Commitments

As the world becomes increasingly interdependent, it becomes imperative that the global community work together to solve challenges that afflict our common humanity. At times it has been difficult to establish a consensus on appropriate means for addressing the greatest global development challenges; nevertheless there are many instances in which the global community has arrived at a consensus and made sound commitments with real potential to affect change. These instances are reflected in the establishment of the MDGs and the plenitude of international agreements addressing a range of critical issues including environment, technology, public health, and education policy. While international consensus on means for addressing these problems is a necessary step, true progress does not occur until govern-

Figure 3

REAL GDP GROWTH AND TRENDS (PERCENT CHANGE)



Source: IMF's World Economic Outlook, November 2008

ments and international actors both establish and deliver on their commitments. The following are two examples that highlight the need to ensure that sound commitments are made and kept.

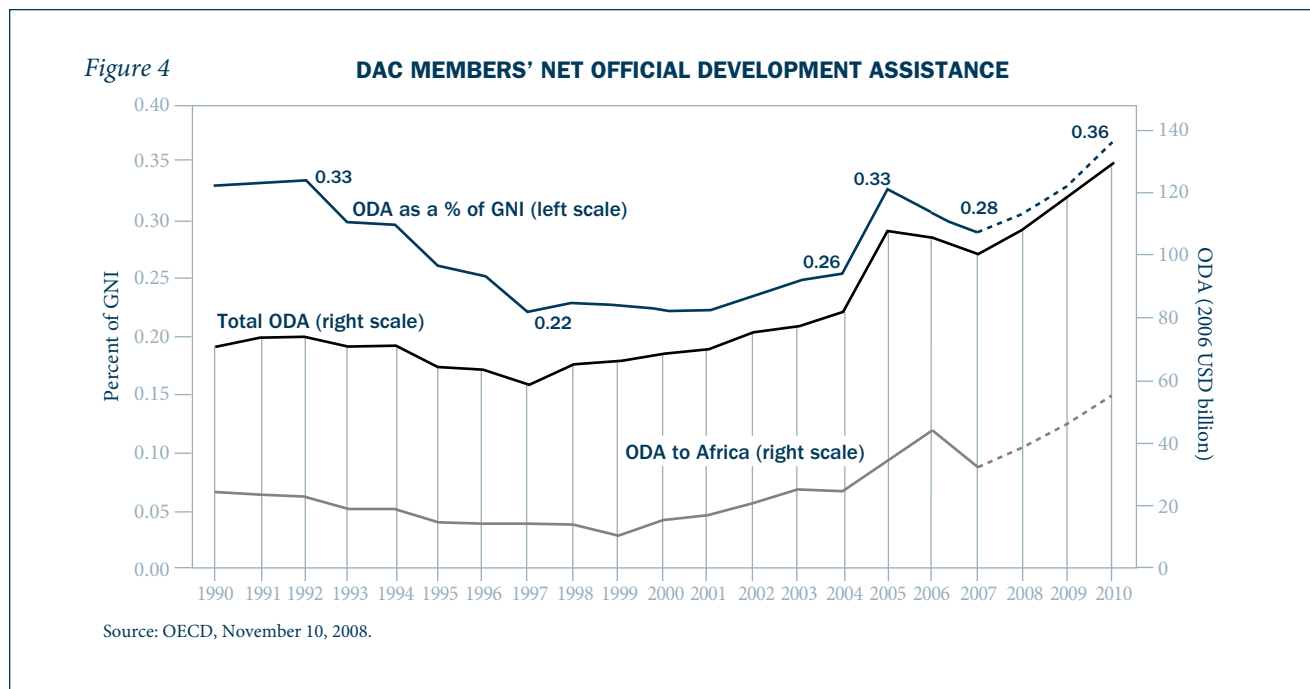
- **Aid.** In recent years, both developed and developing countries have made substantial progress in building a shared vision and set of policies for the years ahead. From Monterrey in 2002, to Paris and Gleneagles in 2005, and to Accra in 2008, there have been commitments to more and better aid. In October 2008, the Organisation for Economic Co-operation and Development (OECD) asked member states to join an “Aid pledge” to reaffirm existing aid commitments and avoid cuts in aid budgets—a pledge accepted by donors in November and again in Doha in December.<sup>1</sup> Even so, global levels of official development assistance are wavering. If debt relief to Iraq and Nigeria are taken out of the equation, world aid fell in absolute terms in both 2006 and 2007. In total, the world community is falling close to \$30 billion a year behind the pledges it

has made.<sup>2</sup> Some rich nations have a mountain to climb by 2010 if they are to regain lost ground. As Figure 4 shows, the trend in ODA, once allowance is made for the exceptional debt write-off for Iraq and Nigeria in 2004–2006, is well below the implied commitments made by donors in 2005. Hence, a new momentum and resolve is indispensable. With foreign direct investment (FDI) and trade in decline in the short term, ODA assumes a more important role.

- **Trade liberalization.** The collapse of the Doha Round in 2008 undermined the chances of a far-reaching agreement to liberalize multilateral trade regimes. Worse, there are disturbing signs of growing protectionism, particularly since the onset of the global financial crisis. Without a conclusion to a trade round, and without ensuring that it does indeed focus on development, an opportunity to level the playing field is being missed. The G20 major economies had hoped to conclude the Round by the end of 2008. Their failure only points to the critical need for a broader consensus to conclude the Round.

<sup>1</sup> Letter to Heads of State dated October 28, 2008 from Angel Gurría, Secretary General of the OECD and Eckhard Deutscher, Chair of the OECD DAC: <http://www.oecd.org/dataoecd/31/34/41613742.pdf>.

<sup>2</sup> “Scaling up: Aid Fragmentation, Aid Allocation, and Aid Predictability.” Report of 2008 Survey of Aid Allocation Policies and Indicative Spending Plans. OECD Development Assistance Committee, May 2008.



In 2009, Doha needs to be back on track. A successful Round is in every country's interest, as an agreement now also could act as a bulwark against continued deterioration of the global economy. To date, political leaders have voiced commitment, but this needs to be reflected into an actual Doha agreement. Meanwhile, the rate of trade growth is decreasing in the face of the financial crisis, as shown in Figure 5, which reinforces the urgency of an agreement.

### The current financial crisis and its impact on developing countries

Much of the reaction to the global economic and financial crisis has focused on the impact of recession in the developed world, with valid fears that people will lose their jobs and their homes. However, let us not forget that the global financial crisis will also have a major impact on the world's poorest countries, and that many are ill-prepared for the likely fallout.

While no one knows precisely how the crisis will play out, forecasts to date have tended to underestimate the severity of its impact. In the worst-case scenario, we could well face the worst economic downturn since the 1930s. Whatever happens, one thing is clear: political leadership in the North and the South is critical to monitor and respond to the evolution of the crisis, particularly as it

relates to the poorest countries least able to respond. Experience from the food and fuel price crisis in 2008 demonstrates that these events can trigger political and social repercussions. Last year's food price shock, for example, resulted in riots in more than 30 countries.

The recession that began in the developed world could be transmitted to developing countries in many ways: through falls in FDI and portfolio investment, falling volume and prices of exports (including services), and levels of aid. Some countries are more vulnerable than others. Those that have a strong, sound fiscal situation may weather the storm better than others.

The International Monetary Fund (IMF) expects world economic growth to come to a virtual halt in 2009, falling to just 0.5 percent, compared with 5 percent in 2007.<sup>3</sup> Financial markets are expected to remain under stress, with the global economy taking a sharp turn for the worse, and a drop in both global output and trade.<sup>4</sup>

Economic growth in emerging and developing economies is expected to slow sharply from 6.25 percent in 2008 to 3.25 percent in 2009—a result of falling export

<sup>3</sup> IMF online magazine item: [www.imf.org/external/pubs/ft/survey/so/2009/RES012809A.htm](http://www.imf.org/external/pubs/ft/survey/so/2009/RES012809A.htm)

<sup>4</sup> World Economic Outlook Update: Global Economic Slump Challenges Policies, January 28, 2009: [www.imf.org/external/pubs/ft/weo/2009/update/01/index.htm](http://www.imf.org/external/pubs/ft/weo/2009/update/01/index.htm).

Figure 5

### RATE OF GROWTH IN WORLD TRADE VOLUME



Source: World Economic Situation and Prospect, 2009

demand and financing, lower commodity prices, and stronger constraints on external financing. And economic growth in developed countries—one of the key drivers of the flows of foreign direct investment in recent years—has slowed markedly since the end of 2007. As a result, FDI flows in 2008 were 10 percent down on the previous year. There will be significant effects on international financial flows, with private financial flows to developing countries expected to fall rapidly from record highs in 2007. There are suggestions that net financial flows to developing countries may fall by as much as \$300 billion over 2007–2009, a 25 percent decrease, as shown in Table 1.

The World Bank estimates that a 1 percent decline in developing country growth rates creates an additional 20 million people in poverty. The Bank expects developing country growth to decline from 7.9 percent in 2007 to 4.5 percent in 2009.<sup>5</sup> If so, this could result in around 70 million falling into poverty, which, in context, is more than the population of France.

<sup>5</sup>World Bank Press Release, Doha, December 1, 2008, third paragraph, last line: <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21996518~menuPK:34465~pagePK:34370~piPK:34424~theSitePK:4607,00.html>.

### Potential Impact on Attitudes to Development and Aid

Public support for development spending in our countries has, in general, escalated over recent years. But there are fears that this support may be undermined by the financial crisis. Opinion polls show that support for international development is influenced by how people feel about their own prospects at home. Specifically, political support for the MDGs and for existing aid commitments in developed countries could be eroded by the domestic pressures created by the crisis. It will be increasingly vital to continue to demonstrate that aid actually works, and to show results and impact. A clear message of how the development agenda is linked to the interests of those in developed countries must be repeated and reinforced.

### Development, Democracy, and Security

Rather than focusing on the view of development in poor countries as a route primarily for the security of the developed world, the Taskforce focused on the relationship between development, democracy, and security in devel-

| Table 1: Gross financial resources to developing countries, last year available, \$billion |   |   |  |
|--|---|---|--|
|  | Baseline financial flows in 2007            | Possible new estimate for 2008/9 (assuming a 2% drop in GDP over 2008–2009 due to the crisis) | Expected fall  |
| <i>Foreign Direct Investment (gross)</i>   | US \$499 billion (UNCTAD)                   | US \$350 billion (own estimate)   | a third  |
| <i>International bank lending (net)</i>  | US \$400 billion (IIF)                      | US \$250 billion (estimate for 2008 by IIF)   | a third to two-fifths  |
| <i>Portfolio equity flows (net)</i>  | US \$-6 billion                             | Zero or negative net flows  |  |
| <i>Remittances (gross)</i>   | US \$251 billion                            | US \$210 billion  | a fifth  |
| <i>Aid (gross)</i>   | US \$100 billion                            | US \$100 billion  | No change (assumption, but acknowledge pressures on aid and other budgets) |
| <i>Development Finance Institutions (gross)</i>  | US \$50 billion (2005/6), not including IMF | US \$75 billion (in 2008, assuming trend growth)  | Increase (assumption)  |
| Sum of above   | Around US \$1.3 trillion                    | Around US \$1000 billion  | Decrease of US \$300 billion (fall by 25%)                                 |

Source: Overseas Development Institute, 2008

oping countries themselves. Security goes far beyond issues of war or peace to encompass the “human security” that protects the poor against violence and conflict, ill health and disability, natural disasters, and economic shocks. It is also strongly linked to economic growth.

Developed countries also have a vital stake in improving the security, stability and prosperity of developing countries, both because it is likely to reduce potential causes of conflict, criminality and terrorism, as well as create increased demand for legitimate economic goods and services from developed countries.

The Taskforce reviewed the situation of various security challenges, such as fragile states, pre- and post-conflict states, and potential conflict over resources. The intention was to review the interactions between security and development and to propose policy options. One estimate of the cost of a single failing state to itself and its neighbors is around \$100 billion in economic terms.<sup>6</sup> Fragile states contain 14 percent of the world’s population but account for nearly 30 percent of people living on less

<sup>6</sup>Source: Collier, P. *The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done About it*. Oxford University Press, May 24, 2007.

than \$1 a day. Unable to deliver what their citizens need, they reduce the likelihood of the world meeting the MDGs by 2015, as shown in Figure 6.

The Taskforce also addressed the relationship between democracy and development. A focus on improved governance, long-term direct support for democracy, and multinational approaches were all considered. Robust institutions, active civil society, checks and balances, and the rule of law are all favorable factors to achieve sustainable economic growth and establish functioning democracies.

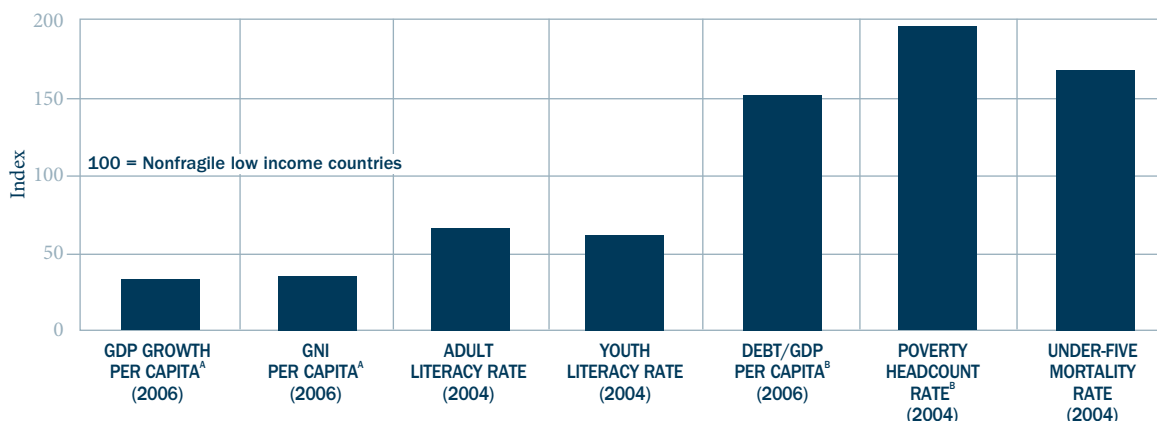
### Climate Change

As one of the most daunting challenges to humanity, climate change threatens poverty reduction, economic development, and the destruction of our way of life. At the same time, reducing North American and European dependency on hydrocarbons from geopolitically unstable regions would lessen security risks. Although both developed and developing countries will be affected, poor people in developing countries will bear a disproportionate share of the negative impacts from climate change.

Therefore, development needs to be a much more integral element in climate change debates. Tackling

Figure 6

**FRAGILE STATES LAGGING BEHIND ON KEY INDICATORS**



<sup>A</sup>Excludes oil exporters.

<sup>B</sup>Comparator group includes IDA and blend countries.

Source: *Meeting the Challenges of Global Development*, World Bank Group, 2007

climate change involves both how to reduce carbon emissions in the atmosphere and the oceans and how to adapt to its realities. Development experts have a particular role to focus on the ways in which developing countries and their peoples can respond to climate change (adaptation). As shown in Figure 7, natural disasters, such as floods and droughts, are on the rise—a phenomenon closely linked to the accelerating climate change that is, inevitably, hitting the poor the hardest.

However, the Taskforce is also concerned with the global negotiations on mitigation and how best to incorporate development considerations. The Taskforce believes that there is great potential for transatlantic cooperation in delivering a global deal for a post-Kyoto regime at the UN Framework Convention on Climate Change meeting in Copenhagen in December 2009. This implies the creation of a goal, such as a reduction in global carbon emissions by at least 50 percent by 2050. G8 leaders, meeting in Japan in 2008, agreed to work with nearly 200 states in the United Nations climate change talks to adopt this goal. However, a great deal remains to be done if this is to be achieved. Important steps were taken at the climate change conference in Poznań, Poland, in December 2008, including progress on establishing an adaptation fund on which developing countries will be able to draw.

### Food Security

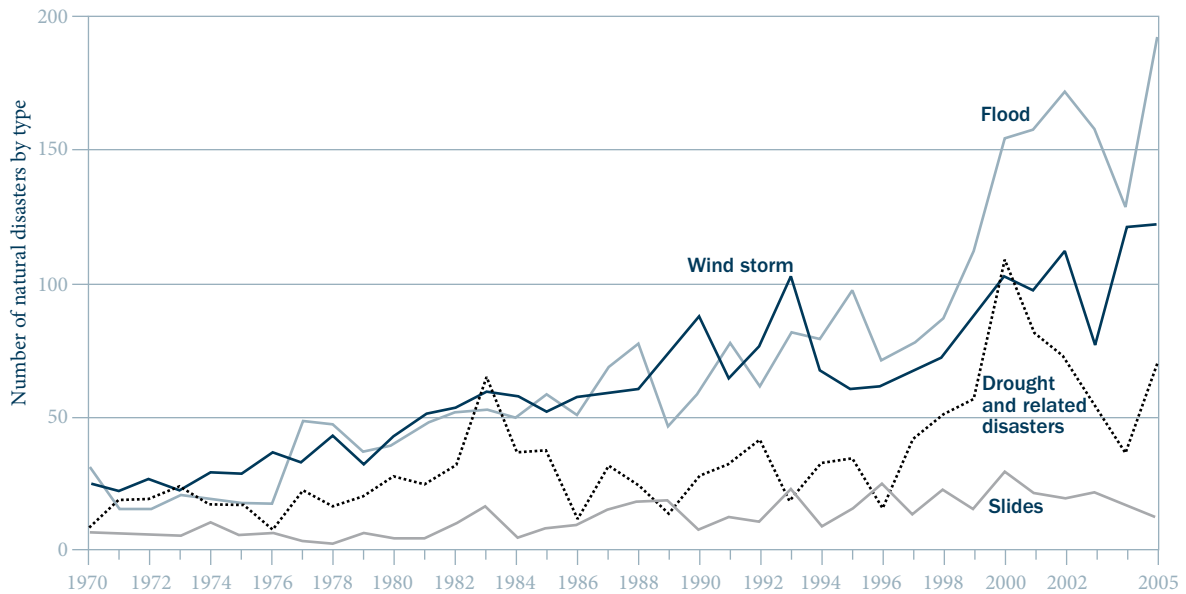
The ability of people to feed themselves and their children is a true challenge and a proxy for many other aspects of human development. It is self-evident that, without adequate food, few, if any, development goals—such as those for education and health—are achievable. Malnutrition is also a major barrier to economic growth as well as limiting individual human potential.

The Taskforce has focused on the ability of the poor to access sufficient food and is deeply concerned that, in the plentiful world of the 21<sup>ST</sup> Century, there are still so many millions without adequate access. As Figure 8 shows, not only are the absolute numbers of undernourished people going up, but, for the first time in many years, the proportion is also rising.

While food prices have fallen since their highs of early 2008, they still rest above the 2007 level, and may remain high for the foreseeable future. The world's poor spend as much as 70 percent of their income on food. The surge in food prices has served to highlight longstanding failures in the food system that need to be addressed. Price increases mean they consume less food or they put off their education needs. Volatile prices mean they cannot plan to address these needs adequately. Problems on the supply side have seen stocks of food dwindling to dangerously low levels while, on

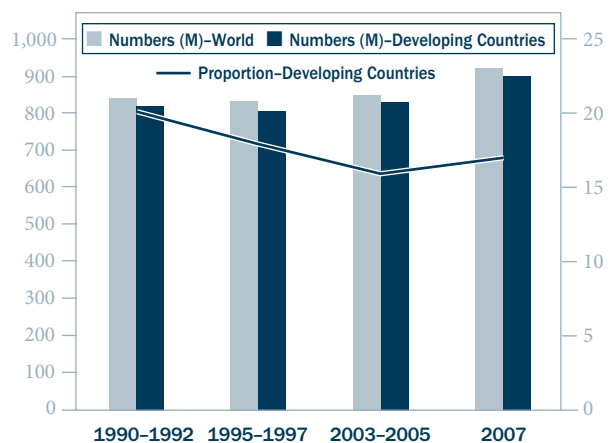
Figure 7

**NATURAL DISASTERS ON THE RISE 1970–2005**



Source: Occurrence: Trends-Century, Centre for Research on the Epidemiology of Disasters, 2006

Figure 8 **UNDERNOURISHMENT SINCE 1990**



Source: FAO State of Food Insecurity, 2008

the demand side, the challenges include population growth and increasing prosperity in Asia, which in turn increases demand for meat and places huge pressure on feedstock and agricultural land.

**Effective Support for Development**

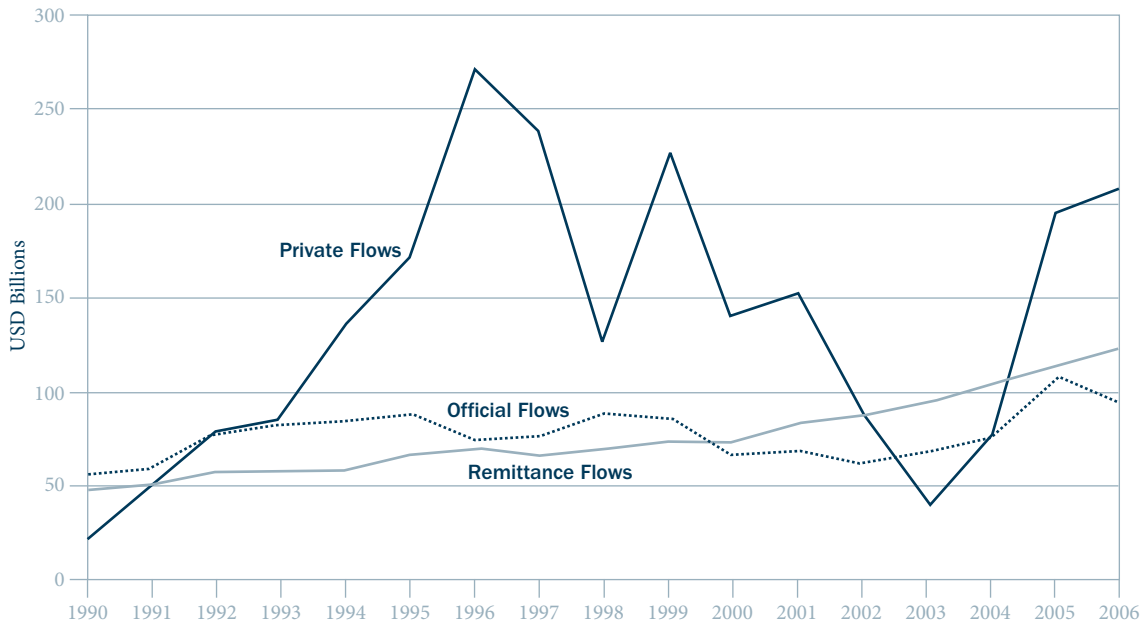
Progress in development relies on domestic policies in developing countries, but donors can do much to stimulate development. Over the last few decades, the aid system has increased in complexity and fragmentation, with the average number of bilateral donors per aid recipient almost tripling, from around 12 in the 1960s, to around 33 in 2005.

At the same time, while ODA remains an important source of funding, it has declined in relative terms when compared with other financial flows to the developing world, in particular those from private—including philanthropic—sources, as Figure 9 demonstrates. Even in this crisis, aid is unlikely to overtake private flows.

The substantial increases in ODA agreed by the G8 and the European Union in 2005 for the year 2010 were off-track long before the economic crisis began.

Figure 9

**FINANCIAL FLOWS FROM OECD COUNTRIES TO DEVELOPING COUNTRIES**



Source: The Center for Global Prosperity, The Index of Global Philanthropy, 2008

The Taskforce views ODA as an essential ingredient in development progress, even though such progress is driven, primarily, by developing countries themselves. Therefore, governments need to deliver on the promises they have made.

**What needs to be done:  
Maintain Progress & Partnership with  
Developing Countries**

The Taskforce makes specific recommendations for action on each of the four priority themes. These recommendations rely on the creation of a policy climate based on trust and inclusion, a commitment to multilateralism, and greater donor policy coherence.

- **Trust and inclusion.** Without trust across the Atlantic and between the developed and developing world, there can be no collaborative action on the scale required. Without trust, it will be impossible to build the inclusive partnerships, based on mutual accountability, that are needed with those most directly affected.
- **Multilateral solutions.** No single country, agency, or organization has any hope of marshalling the resources or support that is needed to achieve change

on the scale required. From Monterrey in 2002, to Paris and Gleneagles in 2005, and to Accra and Doha in 2008, international commitments among developed and developing countries should be maintained and implemented.

- **Policy coherence.** Harmonization, alignment, and greater local ownership of development strategies must be combined with a drive for coherence across other policy areas such as trade, immigration, and agriculture. Policies need to be mutually reinforcing to be effective, recognizing the interplay between different issues and areas.

**Summary of Key Recommendations**

Each chapter contains detailed explanations of the context of the challenge, followed by a number of proposed recommendations which address both policy and practical issues. The text below provides the overall tenets of many, but not all, of the recommendations. The Taskforce, therefore, encourages readers to go to the chapters to find out more about the recommendations in more detail, including their context and nuances.

What needs to be done:  
Development, Democracy, and Security

- **Commit to greater focus on security.** Center on the prevention of conflict in vulnerable societies, and be realistic and transparent about how fast progress can be made in post-conflict settings. Ensure that women are active in the process. All players need to monitor and address any simmering issues that may lead to violence or criminality as a nation develops.
- **Deliver support throughout the stages of post-conflict development.** Development needs to be a priority, with a distinct mandate and rationale. Buttress donor technical expertise. Funding should escalate rather than reduce over time. Multinational and multilateral approaches should be used wherever possible.
- **Bridge the security-development “divide,” and be clear on roles and responsibilities.** Better collaboration is needed between those working on security issues and those involved in long-term development, preferably through “whole of government” approaches. The military should focus on generating security, supporting development experts and local institutions to take the lead on development. The new U.S. administration should improve the autonomy and vitality of USAID.
- **Reduce the risk of conflict over resources.** All countries should develop strategies and plans to lower the likelihood of conflict as a result of scarce natural resources, including building institutional and human capacity and greater analysis of population movements.
- **Support good governance.** Our values make it important to nurture democracy in developing countries. However, democracy should not be an ultimate precondition for providing all forms of aid. Priority should be given to good institutions, checks and balances, tackling criminality, and the rule of law. Direct support for democracy should be long-term and strategic.
- **A focus on multilateral support and new partners.** Multinational and regional approaches are needed to support improved human security and good governance. Western aid agencies should seek greater partnership with emerging donors, particularly China.

What needs to be done:  
Climate Change

- **Funding for climate change programs** should be in addition to, not instead of, existing development budgets, and should follow the Paris principles on aid effectiveness. Apportioning a share of revenue from carbon pricing schemes is a potential way to generate predictable financial flows to developing countries on the scale required.
- **A new global post-Kyoto deal is needed** and must link the development and climate change agendas to be effective. Urgent, sustained action to facilitate economic growth alongside strong action on climate change is necessary. A global price of carbon that reflects its externalities should be established. U.S./EU mandates and subsidies for biofuels should be phased out.
- **Developed countries should** adopt binding national emissions targets, show that they can achieve low carbon growth, and transfer resources and technologies to developing countries.
- **Developing countries should** adopt binding national emissions actions and find ways to grow without enormous increases in their carbon emissions.
- **Policies to adapt to climate change** must be part of national development plans and supported by donors. Policies and support should be based upon the different circumstances of developing countries.
- **Plan for disaster risk reduction.** The Hyogo Framework for Action should be more broadly reviewed, adopted, and supported by developing countries and donors.
- **Regional and national climate approaches are recommended:** for research, information dissemination, risk-sharing and collaboration. Partnerships are also needed with indigenous people on deforestation and biodiversity, and with the private and public sectors on transformational technologies.

## What needs to be done: Food Security

- **Prioritize agriculture and rural development.** Production and productivity should be boosted through investment in infrastructure, research and development, sustainable agricultural practices, access to credit and markets, secure land tenure, improved market institutions, and extension services.
- **Invest to prevent food insecurity.** More investment is needed in drought-, flood-, and insect-resistant crops, backed by efforts to build the resilience of individuals and communities. Increase research efforts and minimize the gap between research and improved crops in the field. More microcredit, micro-insurance, and social protection initiatives are needed.
- **Open the doors to trade.** The Doha Development Round should be concluded, and developed countries should deliver on their commitments to duty-free, quota-free access for all 49 Least Developed Countries (LDCs). Agricultural subsidies in the United States and the European Union should be eliminated or reduced. Developing countries should eliminate their own barriers to trade.
- **Feed an extra three billion people.** All possible options should be considered: Eradicate biofuel subsidies and mandates. Focus on crop-specific solutions to improve yields, by exploring genetically modified organisms (GMOs) and other biotechnical solutions as well as improving indigenous and hybrid varieties.
- **Prepare to respond to food insecurity.** Global, regional, and national capabilities to prepare and respond need strengthening. Donors should provide support in ways that work, including local sourcing, untying of aid, and the reduction of the specificity of their earmarking. Allow the World Food Programme (WFP) a flexible financing mechanism. Maintain a good margin of safety between grain stocks and demand.

## What needs to be done: Effective Support for Development

- **Transparency at local level.** Citizens need information on what funds are being received, for what purpose, and what progress is being made. This requires a transparent state budget, the capacity to analyze it, and the ability to track expenditure by sector and to communicate the results.
- **Transparency at national and international level.** Donors should demonstrate support for and progress on aid delivery transparency and collaborate in this area with other official donors, such as China and the Gulf States, as well as NGOs and private foundations.
- **Focus on results.** Development assistance should be managed for results and promote country ownership. Innovations in this area should be independently evaluated and the results shared.
- **Building accountability.** Local people, through their parliament and civil society organizations, need to be empowered to hold governments and donors accountable, and have the channels through which to do so. Donors should agree on common procurement standards and support local procurement committees.
- **Work together, but encourage leadership.** Approaches that aim to do more than deliver the minimum should be welcomed, and those aiming to go far beyond the minimum should be encouraged.
- **Stimulate growth through the private sector.** This requires support to good governance, with governments creating the conditions for effective investments and encouraging the growth of the formal economy. Small-to-medium enterprises should be supported and best practices shared, with a focus on bottom-up growth. Investors should continue to support micro-finance initiatives. Aid to infrastructure should be increased, particularly in Sub-Saharan Africa.
- **Provide incentives for diaspora** to support investments in their home countries at a scale larger than support for families or friends.

## Conclusion

Global poverty is a challenge to us all, because it affects us all. In our interdependent world, we must act together to address this global challenge. Development *matters*. The Taskforce urges leadership on and commitment to development even in the midst of other serious challenges.

For collaboration to succeed, trust and belief have to flourish between countries. This can only happen if all countries live up to their existing development commitments and hold each other mutually accountable. These commitments go beyond aid from richer countries to include development policies in rich and poor countries alike. It is vital to emphasize the interconnections between our policies and actions.

The combined leadership of North America and Europe could create a new global momentum for lasting human development based on an equal and accountable partnership with the developing world.

Taskforce members wish to offer up the recommendations in this report for consideration by policymakers and a broad and large audience of stakeholders including

development, defense, diplomatic, and environmental communities. While the Taskforce envisages that the report will be particularly relevant for these communities within the United States, Canada, and the European Union, it also hopes that the report will resonate with other donors as well as with developing countries.

The publication of the report should be seen as a part of the process, rather than its end. Our next steps include discussing our findings across a series of outreach or dialogue events in U.S. and European cities over February and March. In 2009, the Taskforce will act to convene discussions and exchanges on the themes and ideas addressed within the report. This could preferably be done in fora such as the OECD-DAC, the United Nations, the World Bank, and in the European Union as well as in bilateral relationships between Taskforce countries in cooperation with developing partner countries.

We hope that dialogue and exchange will be followed by focused actions and that these actions will lead to a developing world with far more opportunity, a world free from poverty and from fear.





# Development, Democracy, and Security



## KEY MESSAGE

In the poorest countries, security, responsive institutions, and economic growth must be addressed together to achieve sustained social and economic progress. As each country becomes more secure and prosperous, global security and prosperity is enhanced.

## The Context

**D**evelopment cannot thrive without fertile ground; its seeds fall on rocky ground in the absence of security. Development and security are mutually dependent, with development, including economic growth, supporting the creation and maintenance of security, while lasting security helps to fuel development. Security and development must, therefore, be fostered at the same time.

The Taskforce has focused on the relationship between development, democracy, and security *within* developing countries. There have been differences of opinion, but, despite those differences, the Taskforce has found much common ground. It is clear, for example, that the causes of

poverty are complex and interlinked and that only holistic approaches can confront them. It is also clear that poor people want jobs, credit, roads, markets, electricity, water, sanitation, and health services. But they also give a high priority to accessible, accountable state and social institutions, and to human rights and to freedom from crime and violence, including rape.

In this context, security is not just a military term reflecting physical safety from the violence of war or internal conflicts. It is a broader concept of having the personal security to pursue a better quality of life. As the Taskforce sought more transatlantic cooperation in the areas of security and development, it adopted this broad objective: “human security” for the poor that includes protection from disease, economic shocks, corrupt officials, and natural disasters *as well as* violence, conflict, and lawlessness.

Developed countries also have a vital stake in improving the security, stability, and prosperity of developing countries. As the poor become more secure, stable, and prosperous, some of the deeper causes of crime, civil conflict, or terrorism, such as lack of economic opportunity and a sense of injustice, will be reduced. At the same time, economic growth in the developing world will create demand for goods and services from developed nations. A broad focus on human security is, therefore,

the most sustainable way to benefit both developing and developed countries. It should not, however, be confused with shorter-term tactical commitments—such as providing increased aid to countries where Western armies are based—that are designed primarily with Western security interests in mind.

## The Current Situation

Development is clearly most difficult in nations riven by current conflicts or struggling with post-conflict problems, as well as in fragile states, and in countries where resources are limited and population is rapidly increasing. Tailored methods and approaches to include development, democracy, good governance, and security, are needed.

### Fragile States

The devastating terrorist attacks on the United States on September 11, 2001, and subsequent assaults in European countries such as Spain and the United Kingdom, and many other states worldwide including Indonesia, India, Jordan, and Pakistan, have spurred urgent and intense activity. The international community turned its attention to the roots of terrorism as well as deterrence and prevention with a new focus on conditions that encourage or enable individuals to pursue violent behavior. Fragile and failed states (or regions within states), it was clear, could become “ungoverned spaces,” lacking effective institutions or the rule of law, suffering from substandard education systems and insufficient investment—all of which can be exploited by terrorists seeking sanctuary. This realization rightly provoked engagement and policy deliberation among the defense, foreign policy, and development communities. For example, the prolonged development and security crises in Somalia have led to acts of piracy that recently came to global attention.

### Poverty and Conflict-Prone, Post-Conflict, and Crime-Ridden States

Poverty intertwines with conflict and crime. Lack of economic opportunity reinforces the likelihood of discontent, which can erupt into violence or leads to illegal economic activities, such as narcotics. Likewise, states that have experienced conflict are highly likely to return to

conflict, which keeps them poor. Fragile states contain 14 percent of the world’s population but account for nearly 30 percent of people living on less than \$1 a day. From the Taskforce’s perspective, Paul Collier’s argument in *The Bottom Billion* is helpful in clarifying the need to connect development (especially economic growth), strong political and social institutions, and security. For example, he estimated that the cost of a single failing state to itself and its neighbors is around \$100 billion in economic terms.<sup>7</sup> The cost of fighting large-scale criminality is also huge and links with conflict, as shown by the cases of Afghanistan or Colombia. Conflict or crime-ridden states prevent or reverse growth in neighboring countries. Yet, economic growth is one of the surest and only routes for states to avoid spiraling back into conflict or criminality. Collier also noted that, where democratic institutions are weak and exploited by corrupt individuals, democracy does not fare better in preventing return to conflict than autocracies. Checks and balances on the use of power are extremely important to prevent conflict, regardless of the form of government.

### Conflict Risk, Climate Change, and Scarcity of Natural Resources

Some development experts argue that climate change will exacerbate the number and intensity of conflicts, while others are more optimistic. The German Advisory Council on Global Change suggests that climate change may amplify the underlying causes of insecurity and violence by leading to increased storms, flooding, and migration, as well as conflicts over freshwater and food production. These tensions could magnify the problems facing regional hotspots such as the Sahel, Southern Africa, Central Asia, India/Pakistan/Bangladesh, China, the Caribbean, and Amazonia, and even create new hotspots in the future.

Ecologic, an environmental NGO in Germany, and the Stockholm International Water Institute, however, counter that scarce resources provide an opportunity to establish resource-sharing agreements, particularly over water. Such agreements are not always even-handed, as they reflect imbalances of power, but they can at least ensure

<sup>7</sup> Collier, Paul. *The Bottom Billion*. Oxford University Press, Inc., 2007.

consistent access to resources and can promote greater peace. This hopeful view draws on the history of the European Union, the most advanced regional mechanism in the world, which was formed initially to share scarce coal resources after the devastation of World War II.

#### KEY MESSAGE

The development community should aim for comprehensive “human security,” work with all relevant parts of developed and developing country governments, and increase its ability and authority to deliver in crime-ridden, conflict, and post-conflict situations and in fragile states.

### Development And Security

The development and defense communities have made some recent progress in addressing the lack of understanding and respect that have long characterized their relationship. In the past, the development community was often unwilling to concede that security was essential for development. However, the military was similarly reluctant to recognize that development was critical to security. Today, both are increasingly aware that, just as conflict cannot be solved merely by superior military might, a civilian-led framework must be implemented after military intervention. This has been borne out in many parts of the world over the past few decades, including in Kosovo, Cambodia, Haiti, Liberia, and other flashpoints. There have also been lessons learned in Afghanistan and Iraq about effective peacekeeping and post-conflict reconstruction. European nations, as well as the United States, have learned from all of these experiences. Britain’s intervention in Sierra Leone and France’s involvement in Côte d’Ivoire are cases in point.

These experiences have led to a prevailing view in both the development and defense communities in favor of an approach that accepts some role for defense and security forces at certain stages. This is seen as a prerequisite for creating the conditions needed for a secure enough environment for development to take place. There is an

increased recognition of the relationship between development, security, and sound political institutions, and of the need to address all elements in concert.

The Taskforce notes that this prevailing view is not without continued tension and uneasiness. Defense communities have taken on vastly increased responsibilities and have, in some cases, received large amounts of funding to carry out “development,” primarily in the form of providing basic services to civilians in areas where there are foreign troops. Many in the development community question the suitability and effectiveness of such delivery. Yet military authorities have often acted because they believed development agencies were taking too long to do so. The problem is particularly acute for the United States because of the unusually large difference in the resources, funding, and logistical capacity available to its defense forces relative to civilian implementers.

Within the development community there is broad agreement that international stability could be threatened not just by war and localized conflicts, but also by a host of less direct threats, including climate change, disease pandemics, and population growth. Loss of arable land—due to spreading droughts, floods, and natural disasters, and new pressures on limited food, and energy resources—have the potential to exacerbate tensions among ethnic groups or developing countries, contributing to war or civil conflict. In fragile, conflict-prone, or post-conflict states, the Taskforce sees opportunity for greater collaboration among development and defense professionals. Planning and implementing responses to these challenges must be a high priority for government agencies and private organizations dealing with development. The approaches should be coordinated by several different branches of government working collectively, preferably led by development professionals.

Women have a major role to play in tackling the challenges around security and growth and in making and maintaining peace. Women are an extremely valuable but under-used resource in peacemaking. Very often, they are the keepers and conveyors of family and community history, and they can provide the kind of information that is needed to resolve conflict and rebuild trust. As the glue that binds families together, they play essential roles

in early reconstruction and income generation. Likewise, their social and political empowerment is linked to national economic and developmental progress.

International institutions are increasingly called upon to solve global and regional issues relating to conflict. Their legitimacy is, however, based upon post-World War II power structures and is now being challenged by countries that are emerging as world players, such as India, Brazil, and China, because such countries tend not to have major decision-making authority in international structures.

### What should be done to build understanding and support for security?

#### TASKFORCE RECOMMENDATIONS

##### Commit to greater understanding and sustained support to security:

- **Greater focus is needed to prevent conflicts in vulnerable societies.** This includes funding regular political and social analysis and implementing measures to limit the possibilities of conflict. Development activities are essential to building confidence and discussion between different groups, developing respect for human rights, creating institutions, providing economic alternatives to conflict, restricting criminal activities, and building parallel security structures. Official development assistance (ODA) is an appropriate funding mechanism for the prevention of conflict, but criminality and conflict must be better taken into account in shaping donors' country strategies. This implies better understanding of the impacts of development projects on crime and conflict, and the incorporation of this knowledge in the project design phase.
- **Better development coordination** in post-conflict settings, led by specially adapted methods and approaches. Post-conflict donor activities are often sequenced in three overlapping phases: first, short-term humanitarian approaches, followed by development projects to restore basic services and generate economic growth, supplemented by the long-term building of stronger institutions and civil society capacity. It is essential to have much more effective collaboration between people working on these three stages, including humanitarian emergency projects, disaster risk reduction, climate change, diplomacy, defense, peacemaking, and more traditional development. This could be delivered, in part, through "whole of government" approaches, with different departments within donor governments following through on agreed joint strategies and planning. The same holds true in developing countries, where whole of government approaches help to maximize the impact of interventions. There also needs to be much greater collaboration between different parts of the United Nations and between donor activities more broadly. It is not remotely easy. These efforts should lead the international community to place greater focus on economic alternatives to criminal activities than on pure repression, particularly when fighting narcotics production and trade, or illegal mining. This should also lead to greater collective efforts to understand some of the structural determinants of conflict: addressing the very economic roots of conflicts and criminality can lead to structural and long-lasting gains.
- **Be realistic about what can be achieved.** Elected officials in North America and Europe should manage the expectations of their citizens about what is achievable at each stage, and the gaps between stages should be carefully managed and, if possible, minimized. Usually, it takes at least a decade to reconstruct post-conflict/fragile states, and often it takes longer. Donor governments need to be transparent from the outset in communicating with domestic audiences and the countries affected. Political commitment over the long-term is a core element in success, requiring effective engagement and communication with electorates.
- **Monitor and address inequality.** As a nation develops, there may be losers as well as winners. Progress can increase economic inequality, creating new grievances that interact with old fissures in societies. These may erupt violently around elections, even if several previous rounds of elections have been peaceful. The development community should explicitly monitor such situations and address inequality much more

thoroughly. This means balancing the opportunities for different groups in society throughout the process of planning and implementing of development initiatives, and carrying out regular political and social analysis. Support for improved governance is a complementary way of increasing local ownership and strengthening capacity to tackle national inequalities. It also requires the creation of incentives so that different groups have more to gain from a lawful peace and sustained development than from continued aggression or illegal activities.

- **Give women a voice in peace processes.** Women are a greatly underutilized resource in peacemaking, generally absent from the negotiating table, and relegated to behind-the-scenes influence. However, where they have been directly involved, such as in helping to end the bitter conflict in Northern Ireland, they have been invaluable. Women should have a larger voice in negotiating peace treaties, rehabilitating soldiers, and in setting development priorities. United Nations Resolution 1325 on women, peace, and security should be implemented as a matter of course. The sexual violence that is often systemic in conflicts is a crime against international law and should be confronted, and it is essential that conflict resolution, peace treaties, reconciliation, and rehabilitation are planned and implemented in a gender-sensitive way.
- **Work out the practical details** on *how* to deliver support throughout the stages of post-conflict development.
  - **Personnel and organizational aspects:** There may be clashing missions and cultures, management systems, and time horizons among donor countries and organizations, but development should be a priority, with a distinct mandate and rationale. Given the complexity of today's conflicts and peacemaking, far more people need to be employed in development and diplomacy. Development agencies need more post-conflict specialists and can learn from each other through secondments and other kinds of exchanges. In-house technical expertise should be buttressed by employing engineers, agricultural experts, environmental experts, and accountants in

significant numbers. Development agencies should be granted greater programmatic flexibility (both at headquarters and in the field) and maintain or restore organizational links to their legislatures and executives. The new U.S. administration, in particular, should improve the autonomy and vitality of USAID, backed by an increased congressional mandate for development.

- **Funding:** The Taskforce does not recommend changing the definition of ODA in any fundamental way. Military spending should continue to be kept separate from ODA, but a mechanism should be created by the Development Assistance Committee (DAC) to recognize contributions that improve civilian-controlled military systems in developing countries.

New funding is recommended to increase the number of development and diplomacy jobs. In terms of budget cycles, donors should commit to multi-year budgeting for post-conflict situations to ensure long-term, predictable funding throughout the long process of rebuilding. Development professionals and the governments of developing countries need more financial certainty in post-conflict planning. And, against common practice, funding should escalate rather than reduce over time, wasting less in the immediate aftermath of conflict but building funding in step with the ability of local institutions to make good use of that funding. Operational overheads in conflict, crisis, or disaster situations will, legitimately, be higher than in more stable development project activities and should not be subjected to the same rules as normal development operations.

- **Multinational and multilateral approaches** should be used wherever possible to promote greater legitimacy and effectiveness. Multilateral organizations (such as the World Bank and the United Nations Development Programme) are encouraged to take more of a coordinating role and help different donors on the ground to pool their funding and efforts to best effect. The United Nations has a bank of expertise in peacekeeping and post-conflict environments and, despite continuing challenges, has become increasingly

effective at keeping the peace in tough places, such as Haiti, Mozambique, and Kosovo. It needs to be encouraged to do more and equipped with the political and financial resources to improve still further. International agencies, including the UN Security Council, the International Criminal Court, and humanitarian agencies, need reform or modernization to fulfill their important roles. Stronger efforts need to be made through the Security Council or the General Assembly to fulfill UN members' "responsibility to protect" to prevent suffering from genocide, war crimes, and crimes against humanity.

Europeans and Canadians should continue their commitment to security work and peacekeeping in hazardous situations and continue building their capacity in this area. The United States could act more collaboratively with multilateral organizations and commit to security work and peacekeeping in critical areas outside Afghanistan and Iraq. It may also be able to provide a larger proportion of its assistance to fragile states without specific restrictions on how the money is spent, which would enable its funding to be used more flexibly, for example to support joint approaches. Regional willingness to take on security elements—for example, the engagement of the African Union in peacekeeping—should be encouraged with greater support for international peacekeeping training centres like those in Ghana and Mali.

#### Clarify the roles and responsibilities of development and security actors:

- **The military should generate security**, which is of itself a dividend of enormous value. Defense organizations do not want to lead on development and should not do so even if they have the resources. Instead, they should support local institutions and development experts to take the lead. The military may have a logical role in providing security to allow the building of core infrastructure for basic services, such as roads and electricity and, in some cases, to implement such programs itself. But such a role should be coordinated closely with developing-

country governments and citizens, often through the development community, to help ensure a sustainable outcome.

The process of development should support the dividends of peace by providing basic services and jobs. The innovations and creativity already evident in this area should be encouraged, and development experts should recognize and publicize their successes in difficult circumstances. The Health Ministry in Afghanistan, for example, has contracted NGOs to supply basic services over the last six years. As a result, child mortality has fallen by 26 percent. Six million students are now in school, the highest level ever, and more than 35 percent of them are girls, up from less than 5 percent in 2001.

#### Example of innovative security, democracy, and development policy:

A government has adopted a unifying approach for its engagement in Afghanistan. Rather than using different goals and standards for individual departments, it established a single overarching set of benchmarks, which are used to measure specific progress in six key priorities. These include strengthening Afghan National Security Forces, promoting economic growth, and advancing Afghanistan's democratic governance. A "Communities of Practice" was established: interdepartmental officials meet monthly to monitor work against each benchmark and priority and produce a quarterly report for Parliament. This report is available to the public and so forms a transparent accounting of progress. The process also changes the incentives for different organizations to work closely together in a complex and fast-changing environment.

Involve the private sector strongly to support growth as part of security:

- **Civilian non-military sector expertise and risk-taking can be vital to restoring economic growth in post-conflict situations.** The most effective private sector actors are often local businesses or international businesses that have strong understanding of the local context. As long as they are working within the spirit of such guidelines as those for best practice for engagement in development under the UN Global Compact, private sector activities should be encouraged to: promote small enterprise and microcredit initiatives; develop insurance for land, property, and health; deliver services; and stimulate employment. However, given the high levels of risk in more unstable post-conflict countries, there may need to be additional public policies to provide incentives for action from the private sector, such as additional guarantee schemes, increased and more rapid support for infrastructure, and the restructuring of the financial sector to create an improved environment for investment.
- **Promote mechanisms to minimize corruption.** The Taskforce also urges greater use of, and support for, mechanisms such as the Extractive Industries Transparency Initiative to track the revenues from oil and gas.

Reduce the risk of conflict over natural resources:

- **All countries should develop strategies and plans to lower the likelihood of conflict** as a result of scarce natural resources, or at least to reduce its impact. The impact of climate change, combined with the growing insufficiency of natural resources, such as water, could exacerbate the potential of conflict. Countries need to build institutional and human capacity at local, national, regional, and international levels in a range of areas including trade, migration, and adapting to climate change. For example, the Taskforce endorses the call from the G20 Washington meeting for reform of the Bretton Woods institutions.<sup>8</sup> The private sector has a role in providing technical solutions such as clean

<sup>8</sup>This will be discussed further at the G20's next meeting in London on April 1–2, 2009.

## KEY MESSAGE

Natural resources such as water and energy sources are diminishing even as demand for them grows. The resulting tension may erupt into violence. Stronger institutions in poor countries and at the global level would generate more effective and legitimate ways to share resources.

energy, more efficient usage of water for household and industry (especially in agriculture), and support infrastructure and technical development.

- **It is important to analyze the underlying causes of climate-induced conflict.** Investment is needed in population studies, particularly research into births, deaths, and migration patterns. High fertility rates, for example, can contribute to resource conflicts in fragile states. It is especially important to analyze movements from rural to urban areas in developing countries, and the impact on urban resources. For example, the food price crisis hit the poor in overcrowded cities the hardest. These and other volatile areas need careful monitoring and analysis.

## Democracy and Development

While there may be differences of opinion about the role of democracy in promoting economic growth, there is no doubt that democracy is a core value, which also underpins long-term, generally sustainable economic growth, personal freedom, and opportunity. It is hard to prove that democracy in the *short term* contributes to economic growth and stability, but there are examples of good governance, democracy, and economic growth in Africa over the last decade that are creating mutually re-enforcing beneficial results, such as in Ghana and Tanzania. Many young democracies are, however, very vulnerable, while China and Vietnam have had success in lifting many of their people out of material poverty without the benefits of full democracy.

Without proper checks and balances, democracies

## KEY MESSAGE

Our values make it important to nurture democracy in developing countries. Moreover, good institutions, checks and balances, and the rule of law are favourable factors to achieve sustainable economic growth and establish functioning democracies.

can actually increase the opportunity for rent-seeking and the squandering of resources.<sup>9</sup> Young democracies often backslide, especially in countries with high ethnic diversity, inequality, and poverty rates, or that lack robust political institutions. But democracy also developed slowly in our own countries and with widely varying features.

Progress is hard to recognize in the short term and goes beyond the immediacy of the ballot box. While free and fair elections are important, they represent only one part of a functioning democracy. Voice, capacity, accountability, and responsiveness—especially the need for checks and balances—are equally important, particularly in the early stages of creating a legitimate system.

The first priority is to support a form of legitimate government. Good governance includes the capacity of government, political parties, parliament, the judiciary, the media, and civil society to perform certain functions, take account of citizens' aspirations and needs, and ensure that decision-makers are answerable for what is done.<sup>10</sup> In addition, the Taskforce believes that the drive for democracy must come from within countries and, without that, external support and funding for democracy promotion is of limited value. Where groups of internal change agents, such as civil society groups, can be supported at critical junctures, there is an opportunity for the international donor community to support them. Support includes promoting the ability of civil societies to support more democratic, just, and secure societies over the longer term.

<sup>9</sup> Rent seeking occurs when an individual, organization, or firm seeks to make money by manipulating the economic and/or legal environment rather than by trade and production of wealth.

<sup>10</sup> United Kingdom Department for International Development. "Eliminating World Poverty: Making Governance Work for the Poor." White Paper on International Development, 2006.

What should be done to provide long-term and committed support for good governance?

## TASKFORCE RECOMMENDATIONS

The focus on good governance should and must continue to support stable and sustainable development and human security.

- **Democracy should not be an ultimate precondition for providing all forms of aid.** The Taskforce recommends a greater donor focus on the rule of law, institutions, and the criminal justice system as a whole, including the police, judiciary, legislatures, lawyers, and prison services. The Taskforce also recommends more support to improve revenue and tax administration and public expenditure management. Technical work on land and property rights has, rightly, been recognized as important. There is also an imperative to tackle corruption and criminality. Criminal elements often prolong conflict because they prosper in the absence of the rule of law through, for example, smuggling or dealing in diamonds, oil, opium, or even human beings.
- **People need functioning mechanisms to raise and resolve grievances peacefully and equitably.** Legitimacy of the government is paramount, and that cannot be imposed from the outside. To embed local voice and demand for accountability for all members of society, donors need to support indigenous civil society organizations over the long term so that they can be empowered to create local demand for accountability and human rights. This implies allocating funding to countries without it being directly channeled through central governments. Local and international NGOs are especially important in creating the checks and balances that are so necessary for democracies to thrive but need monitoring to ensure that they have not been captured by corrupt elites.
- **Where there is direct support for democracy, its primary focus should be long-term and strategic.** It is important that donors provide election monitors and security support for elections in fragile democracies over many electoral cycles, not only the first democratic election. There is a great deal of available evidence on election support and lessons learned, including the

need for flexibility in the sequencing and timing of elections. Donor communities need to work actively together to share this knowledge and incorporate such information in planning and implementation at international, national, and local levels. External support to democracy should not be limited to elections, but rather enlarged to the numerous elements of the democratic progress, such as a free press and civil liberties institutions including police and justice.

#### Commit to multinational and regional approaches:

- **Multinational and, where possible, regional approaches should be deployed to support fragile democracies**, recognizing that this is not always desirable where local actors have their own interests to protect. The European Union may have a comparative advantage in supporting this approach given its appreciation of the challenges in operating

a regional structure and the trade-offs that it entails. EU membership already acts as a major incentive for reform in potential applicants such as the Balkan countries.

#### Engage China in partnership for governance initiatives:

- **Western donors are advised to seek greater partnership with Chinese public sector officials.** China and the West have long-term common interests in Africa. However, they have taken different approaches toward the role of good governance. Different agencies, and at different levels, could cooperate to promote a transparent and equitable platform for growth in Africa. Such an approach could include attracting international investment from multiple sources and implementing checks and balances to minimize fraud and criminality. This endeavor will not be short term, and any resolution and consequent results may take years to achieve. Similar partnerships with other non-DAC donors are also called for.





# Climate Change



## KEY MESSAGE

The Copenhagen climate change meeting in December 2009 needs to deliver a global post-Kyoto deal. However, it must link the development and climate change agendas to be effective.

## The Current Situation

**D**evelopment strategies must be a core component of addressing the threat of climate change. Climate change is a direct threat to the economic growth of developing countries, to poverty reduction and, above all, to human life. Natural disasters, such as floods and droughts, are on the rise – phenomena closely linked to accelerating climate change and, inevitably, hitting the poor first and hardest. Even slight changes in climate have a dramatic impact on productive land and food security. Without urgent action, the impact of billions of development dollars spent over the years to build schools, roll back disease, and empower communities will be diminished. We must avoid such waste. A global effort is needed to avert the potentially severe effect on lives, infrastructure, and economies.

Discussions on climate change are evolving, and any divisions that once existed are less entrenched. Development issues are now on the table, as they should be, and are increasingly seen as essential in efforts to address climate change. Development itself is part of the solution. Population growth slows, for example, with advances in human development such as increased child survival and better health, which would, in the long term, ease the pressure on the environment. The climate change debate itself tests basic development values around the kind of sustainable society many wish to build: environmentally sound, fair, and offering opportunities for social progress and economic growth around the world. The Taskforce looks to current initiatives, such as the International Commission on Climate Change and Development, to help articulate these values.

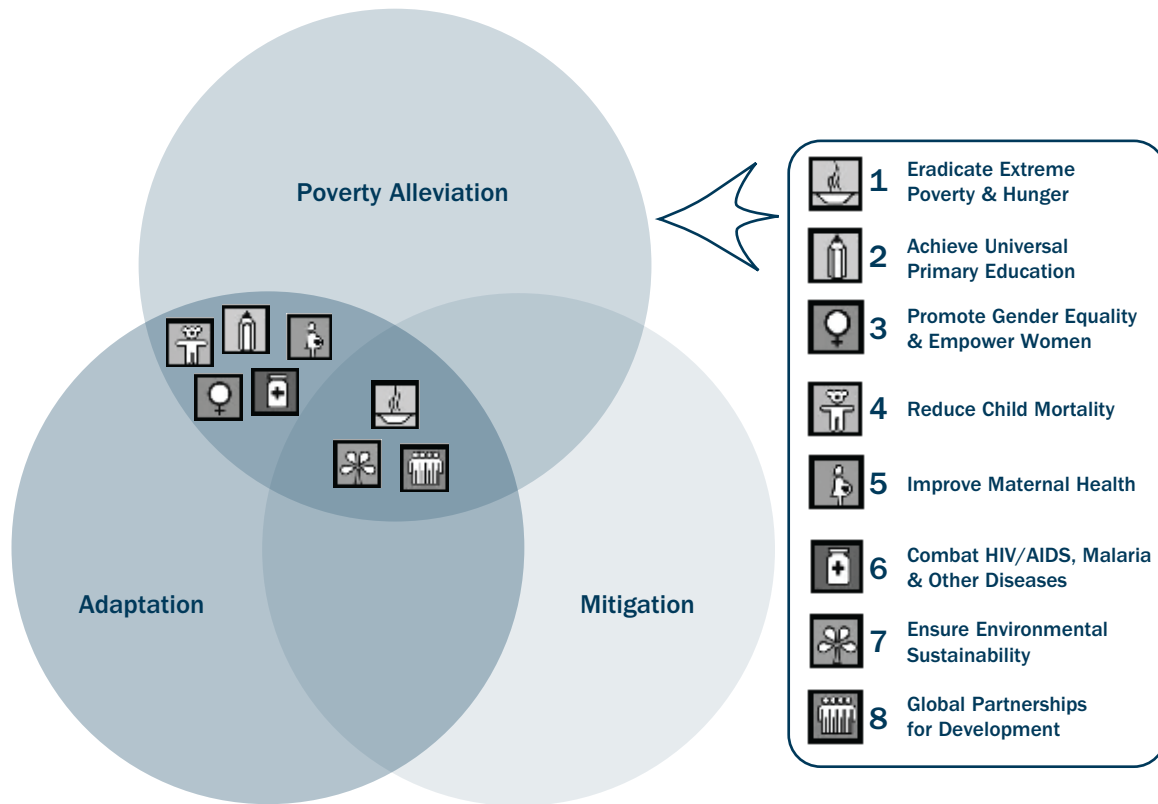
Climate change has implications for every one of the MDGs, the fundamental framework for global development. Figure 10, prepared by the Brookings Institution, shows how the eight MDGs relate, directly or indirectly, to climate change.<sup>11</sup>

Consensus remains far from complete on climate change. However, much progress is evident. There is now agreement that substantial actions are required to lower

<sup>11</sup> Brainard, Jones, Purvis, eds. "Climate Change and Global Poverty: A Billion Lives in the Balance?" Brookings Institution: Washington, forthcoming. (MDG icons: UNDP)

Figure 10

**CLIMATE CHANGE, GLOBAL POVERTY,  
AND THE MILLENNIUM DEVELOPMENT GOALS**



In thinking about the overlapping relationships between climate change and development, a visual aid like this Venn diagram can be thought-provoking and instructive. Since climate change will impact health, food security, economic growth and natural resources, various poverty alleviation efforts should be understood as directly or indirectly related to adaptation and mitigation efforts. Each of the eight Millennium Development Goals (MDGs) is connected to the zone of overlap in the diagram. For example, adaptation efforts must take into account the increased prevalence of water-borne and vector-borne diseases, to which children and pregnant women are particularly vulnerable. Thus MDG4, MDG5 and MDG6 reside at the nexus of adaptation and poverty alleviation. Similarly adaptation efforts connect to education efforts (MDG2) as climate change-related disasters, displacement and loss of livelihoods all negatively affect the availability of education and access to it. Climate change stresses can also exacerbate gender inequality, a significant constraint to achieving sustainable, long term economic growth and widespread poverty reduction, so with MDG3, too, there must be an overlap with approaches to adaptation assistance. In the area of maximal overlap, the inter-relationship between hunger and natural resources directly connects mitigation, adaptation, and poverty alleviation, forming a clear reason to include MDG1 and MDG7. Partnerships for development (MDG8) also belong at this three-way intersection because they can improve adaptation capacity, and they are also critical to foster innovations and technologies that can mitigate climate change. As this visual device suggests, the issues of land use and partnerships may be worthy of particular focus given their centrality.

Source: Brainard, Jones, Purvis, eds. "Climate Change and Global Poverty: A Billion Lives in the Balance?" Brookings Institution: Washington, forthcoming.

overall global carbon emissions, an agreement spurred on by two different, although sometimes overlapping, perspectives. First, the scientific evidence of rapidly increasing global warming has galvanized growing constituencies that are keen to tackle the enormous challenges of climate change. Second, national security issues have stimulated the United States and Europe to re-evaluate their dependency on hydrocarbons. Significant transfers

of wealth, in the form of oil purchases, can magnify instability and create geostrategic problems. Both provide a justification for reducing our use of hydrocarbons and moving to other forms of energy to power our economies. In that sense, action to reduce carbon emissions in Europe and the United States is linked to a broader development effort and could ease the pressure on developing countries to adapt to climate change.

The Taskforce considers that climate change is a prism through which other global issues, or “global public goods,” can be viewed.<sup>12</sup> After all, the challenge of climate change will affect all countries and large numbers of people, and cross-over several generations. The approaches suggested below could be applicable to other global challenges, such as the environment, managing health and combating disease, and regional issues such as infrastructure.

## Importance of Mitigation and Adaptation

For the world community, the primary objective of climate change policy must be to slow and reverse the growth of carbon emissions, also known as mitigation. This will require, above all, a global bargain to change the rules and incentives governing economic activity that creates emissions, to lower emissions, and to spur the radical innovations in science and technology that are needed for a low-carbon global economy. Leadership in forging this bargain is needed from the advanced industrial countries whose emissions account for most of the world’s carbon build-up. Leadership is also required, however, from the major emerging economies, whose emissions are approaching, or even surpassing, those of the older industrial economies. There are sharp, and legitimate, differences among countries about responsibilities for action and about allocation of the costs of action, but most governments realize that political agreement to reduce emissions and mitigate their impact must form the fundamental framework for global efforts to tackle climate change.

In this mitigation debate, however, the world’s 80 or so poorest countries are essentially bystanders or, perhaps more accurately, drive-by victims. They have not caused the problem, since they contribute only a tiny percentage of total emissions, and they lack heavyweight economic or political leverage in negotiations to resolve the issue. They and their peoples will, however, be the first and biggest victims of adverse climate effects—because they

are concentrated in regions where climate stress will be early and severe, because livelihoods, especially those of their poor people, are heavily dependent on weather-vulnerable, low-technology agriculture, and because their limited economic and institutional capacity gives them little flexibility to cope with rapid and perhaps cataclysmic climate events. For these countries, and for the development assistance community that seeks to support their efforts, adaptation—the response to the tangible physical effects of climate change, such as agricultural stresses from changes in temperature and the availability of water, rising sea levels, and the spread of desertification—must become a core component of growth and poverty-reduction strategies.

This will require governments to reorient development in fundamental ways and to develop growth strategies that are resilient to new realities. It will also mean an important shift in focus—and enlargement—of Western financial and technological support for economic development. The Taskforce has therefore focused on adaptation as the area that is most directly within the control of poor countries, and which should be strongly supported by their international partners in Europe and North America.

On mitigation commitments, the Taskforce is optimistic about the potential for transatlantic cooperation to help deliver a global post-Kyoto deal at COP15, the UN Climate Change Conference, in Copenhagen in December 2009. This implies the creation of a goal, such as a reduction in global carbon emissions by at least 50 percent by 2050. G8 leaders, meeting in Japan in 2008, agreed to work with nearly 200 states in the United Nations climate change talks to adopt this goal. However, a great deal remains to be done if this is to be achieved. Important steps were taken at the climate change conference in Poznań in December 2008, including progress on establishing an adaptation fund for developing countries.

In some developing countries, there are great opportunities to promote the “right” growth using low-carbon approaches, such as geothermal and solar solutions. The different economic starting points for these countries matter are reflected in the Taskforce recommendations. National views and interests diverge on many issues. Should developing countries, excused

<sup>12</sup> Public goods are goods that are in the public domain and for all to consume. Global public goods are public goods which have a fairly universal impact – e.g. on a large number of countries, people and/or several generations. See also: “Meeting Global Challenges: International Cooperation in the National Interest,” Final Report of the International Task Force on Global Public Goods. Stockholm, Sweden, 2006. ISBN 0-9788790-0-7.

from the original Kyoto targets, be expected to adopt mandatory targets to reduce emissions? Should funding to tackle climate change be additional to aid flows and managed separately? Should carbon be taxed, or should emissions be managed by a system of “cap and trade?” How can the interests of the poorest be protected, for example, in programs to reduce deforestation and increase conservation?

These are hard questions to answer, as the European Union discovered during recent negotiations on its own climate change package. The agreement, finalized in December 2008, provides for a “triple 20” deal, with greenhouse gas emissions reduced by 20 percent by 2020 compared with 1990 levels, energy consumption cut by 20 percent, and 20 percent of the EU’s energy mix coming from renewables, again by 2020. Many compromises had to be negotiated to reflect the interests of economies dependent on coal or to satisfy interests in energy-dependent industries.

While the financial and economic crises claim immediate attention, it would be a grave mistake to neglect action on climate change. The Taskforce contends that there are opportunities to be seized, even in a recession, to mitigate and adapt to climate change, such as investment in green technologies and more efficient infrastructure.

## What should be done to address climate change and its impact over the long term?

### TASKFORCE RECOMMENDATIONS

Tackling climate change requires the mobilization of large amounts of money and technical support to help the poorest and least-resilient handle the impact. Costs in human life and welfare, as well as major economic and investment costs, ought to be factored into the equation about when and how much to invest.

- **While ODA is important, the bulk of the funding should come from other sources.** Funding to help the poorest and least resilient countries in their efforts to adapt to climate change should be evaluated for adequacy, sustainability, and predictability.
- **Dealing with climate change should not be seen as some kind of charity effort.** Industrialized, developed

countries bear the primary responsibility for creating high levels of carbon emissions, yet it is developing countries that are likely to bear the brunt. Instead, a “polluter pays” principle is valid as an investment to secure a global future for us all. This is why financial aid flows over and above current levels are needed.

### Mitigation

Rich countries are responsible for the greatest emissions in the atmosphere and the oceans, but emerging economies are also becoming major emitters, a trend that is likely to increase. This creates a particularly difficult political dilemma. Developing countries need the flexibility to grow, but how can they do it without substantially increasing the overall level of such harmful carbon emissions? There is no historical precedent to guide us.

Constituencies within developed countries, especially the United States, argue that if India and China—large emerging markets but nevertheless in the process of development—are excluded from binding mitigation commitments, their firms and sectors will *de facto* benefit from an unfair competitive advantage compared with other trading nations.<sup>13</sup> Developed and developing countries both have important roles in mitigating climate change. For example, India, China, and other emerging markets are now significant contributors to total greenhouse gas emissions, although still low on a per capita basis, and need to reduce their emissions at a substantial rate. It may be controversial, but the idea of creating different levels of expectations on mitigation for different categories of developing countries

<sup>13</sup>The Lugar-Biden Climate Change Resolution (Senate Resolution 312), Senate Foreign Relations Committee, May 23, 2006.

### KEY MESSAGE

It is vital to establish and raise the price of carbon to ensure that individuals and industries are paying the right amount for the carbon they emit. This should stimulate sizeable reductions in carbon emissions. It also provides a potential mechanism of funding investments in developing countries.

appears most likely to promote realistic action based on the specific circumstances of each country.

There can be no solution to this quandary without establishing a rising price for carbon. While this price must take into account a whole series of market- and non-market-based factors, it will be a cornerstone on which to base mitigation activities. It has the potential to build a bridge between mitigation and adaptation, generating the funds for adaptation measures without having to increase or draw on other forms of taxes or revenues.

A grand bargain along these lines is a real possibility in Copenhagen. We cannot wait decades for a new agreement. There are political and technical debates in the detail, including the exact design of carbon price measures and the speed of implementation, but the premise remains intact. The Taskforce strongly agrees with the need for a global price on carbon, but did not determine whether a tax or a trade mechanism would be the best way to achieve it.

## Natural Resources: Deforestation

Deforestation is an aspect of the climate change debate that applies directly to developing countries, contributing 20 percent of global carbon emissions and undermining the livelihoods of many indigenous people.<sup>14</sup> There is growing recognition of its impact: of the 14 environmental funds that have sprung up to address mitigation and adaptation, seven include funding for forest set-asides or sequestration. The Reducing Emissions from Deforestation in Developing Countries (REDD) initiative is being created to reduce deforestation by creating appropriate financial incentives. The World Bank also has a number of initiatives to reduce deforestation, including its Carbon Finance Unit. However, an active debate is underway about the most appropriate financing and governance mechanism for these funds, including levels of representation from developed and developing countries.

Preventing deforestation is complicated by rising food prices and demand for more food production—powerful economic pressures to expand arable acres regardless of the cost to the environment. Subsidies encouraging

the use of grains and soybeans for biofuels—as well as government requirements for biofuels use—add to the pressure on available land. In addition, those who are the strongest defenders of forests—the indigenous people who live within them—rarely have a voice. Without efforts to address the underlying causes of deforestation, efforts to protect and conserve forests will not be sustainable. The Kyoto Protocol, however, does not provide incentives for sustainable management of forests. Expansion of sustainable forest management, reforestation, as well as deforestation, in both developing and developed countries should be high on the mitigation agenda.

## What should be done on mitigation?<sup>15</sup>

### TASKFORCE RECOMMENDATIONS

Development considerations must be an integral part of mitigation, as reflected in the set of principles outlined by the Taskforce:

- **The world should take urgent, sustained action to facilitate economic growth while taking strong action on climate change.** The longer the delay, the more prohibitively expensive mitigation activities will become. Current large-scale investments in public works should include elements to reduce the level of carbon emissions.
- **Establishing the price of carbon is critical**, whether this is achieved through a carbon market (such as a cap-and-trade system) or a carbon tax. Climate change results partly from market failure, as the harmful effects of carbon do not emerge fully in the price of goods and services. Substantial intervention will be required to halve global carbon emissions. Different incentives in the market must be created while avoiding distortions or protectionism.
- **Transformational technologies** such as mechanisms to capture wind and solar energy are undeniably a core part of the solution. Partnerships from the private and public sectors to invest in such technologies should be encouraged, especially at a

<sup>14</sup>“The REDD zone: World’s forests under negotiation at Bali TerraPass” [www.terrapass.com/blog/posts/redd-zone-worlds-forests-under-negotiation-at-bali](http://www.terrapass.com/blog/posts/redd-zone-worlds-forests-under-negotiation-at-bali).

<sup>15</sup>We have adopted Sir Nicholas Stern’s 2006 report, *Key Elements of a Global Deal on Climate Change*, but have incorporated a strong emphasis on development.

time when governments are investing to prop-up economies. Investment in research and development and carbon capture from both developed and developing countries is critical.

- **Differentiated but equally important roles for developed and developing countries** need to be established, with all countries acting in the short as well as long term. Some form of differentiation among developing countries ought to be considered for mitigation, as well as adaptation, purposes.
- **Developed countries should commit to, and implement, binding national emissions targets** and demonstrate that they can achieve low-carbon growth, both to lower their per capita emissions and to provide a credible path for other countries to adopt. They should support national plans to mitigate emissions and share resources or technologies in partnership with developing countries.
- **Developing countries should commit to, and implement, binding national emissions actions** and seek creative ways to grow without enormous increases in their carbon emissions.
- **Developing countries** should create and implement emissions plans that are integrally connected into their poverty reduction strategies. **Developed countries** should promote this approach and supplement it with complementary funding and support for enabling policy environments, so that developing countries can integrate emissions plans into poverty reduction strategies.
- **Donors need to live up to their commitments** to aid reform and fulfill their pledges. They should make a concerted effort to rebuild mutual trust in partnership with recipients who have also fulfilled their obligations.
- **Avoiding deforestation and protecting conservation and biodiversity** should be a core component of mitigation and adaptation activities. Indigenous people should be partners in project design and implementation, and measures to avoid deforestation should form a key element of carbon market mechanisms.
- **Funding to tackle climate change should not replace or compete with funds for development assistance**

and could be aligned to ODA. Adaptation measures, in particular, will need financial resources well above current levels of ODA and private philanthropy, and corporate social responsibility, while welcome and important, will not be remotely adequate. The Taskforce considered the option of apportioning a share of revenue from a carbon pricing scheme, which would generate predictable financial flows to developing countries on the scale required. As spending for climate change programs increases, institutions and mechanisms must be robust in promoting accountability and evaluating whether funds have been spent as intended.

- **Existing subsidies and mandates for biofuels should be eliminated, or at least minimized**, given their negative impacts on climate change and food security. Support for biofuels should be provided only if there is explicit evidence that they do not increase deforestation and do not significantly increase the price of food.<sup>16</sup> However, this does not necessarily imply the creation of new mandates or subsidies.

## Adaptation

While some may question the impact of climate change today, its real impact will become evident over the next few decades. Societies will change, in particular in developing countries that are experiencing rapid economic growth. Climate change may not be the first concern of developing countries anxious to promote economic development, improve basic living standards, and lower risks for their citizens. Yet, they will need to adapt to climate change if their development is to be sustainable, particularly over the medium to long term.

Adapting to climate change means addressing *inter alia*:

- Rural and agricultural stresses, such as crop failure, lack of water, and drought.
- Climate volatility, apparent in, for example, increased and more intense disasters, such as cyclones, floods, and

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<sup>16</sup> If the United States wishes to use more ethanol, it should drop its tariffs on imports of sugarcane-based ethanol, although it should be under no illusion that increased ethanol use will lead to lower greenhouse gas emissions.

## KEY MESSAGE

Over the next few decades, the real effects of climate change will become evident and uncompromising. Adaptation, therefore, has to be one of the leading priorities for developed and developing countries. They need to build partnerships and support around adaptation, mobilizing new resources and technical assistance to tackle the impact of climate change on the most vulnerable. Funding for climate change should not compete with, or replace, ODA for general development objectives.

hurricanes, and in the human impact of migration and increased risk of conflict over scarce natural resources.

- Fisheries and coastal management crises, such as the problem of rising sea levels.
- Increased threats to health, such as the rising incidence of waterborne diseases.

## Adaptation Strategies

Although the United Nations Framework Convention on Climate Change (UNFCCC) does not distinguish between developing countries, the Taskforce urges the consideration of an approach based on the different circumstances of developing countries. This is probably a more practical approach, if results are to be achieved on the basis of the varying capacities of individual countries. Developing countries could, therefore, be categorized in three groups: high-growth emerging market countries, developing countries with reasonably effective institutions (and steady but not spectacular growth rates), and developing countries with stagnant growth, capacity, and governance problems and/or conflict.

Looking at the three categories of countries, one can expect three different development paths on adaptation to climate change:

- **High-growth emerging market economies** (such as South Africa and India) will continue to grow, but are likely to face significant agricultural losses in a hotter world. Absent any technical innovation, yields are

threatened: for example, the estimated loss to India's agricultural productivity ranges from 29 percent under a best-case scenario with carbon fertilization to 38 percent without it.<sup>17</sup> This category includes countries that are already demonstrating their ability to confront the problem by developing their own national climate change plans. They will be able to engage productively with developed countries, for example, in joint technology development and sharing responsibility in overseeing the management of climate change.

- **Developing countries with steady economic growth** (such as Ghana and Tanzania) need to develop their institutional and technical capacities and combine development and climate change activities. Central and local government institutions within this group should receive funding and technical assistance. This effort should be supplemented by support for representative civil society groups to promote local accountability and greater local involvement.
- **Countries with low capacity**, high corruption and, often, civil disorder (such as Haiti and Zimbabwe) cannot manage climate change effectively and require different kinds of funding and implementation arrangements. Regional support and active engagement from international and national NGOs are essential.

The integration of adaptation strategies and implementation into national development activities is critical and should be supported by an additional financial commitment from donors. Least Developed

<sup>17</sup> Cline, William. "Global Warming and Agriculture: New Country Estimates Show Developing Countries Face Declines in Agriculture Productivity." Center for Global Development, 2007.

## Example of effective adaptation policy:

The Bangladesh Adaptation Fund is a nationally-owned initiative that sources money from different donors to spend within Bangladesh. The money is disbursed on climate change projects that are mainstreamed alongside traditional development activities and delivered through sectors.

Countries have taken steps to create National Adaptation Programmes of Action (NAPAs). Those NAPAs that are in place should be screened for funding consideration and integrated within development plans and programs. Climate change and disaster risk reduction should be integrated in planning and implementation alongside other efforts in sectors such as health and education, for example.

### National and Regional Approaches

National approaches, on their own, are not enough, and regional and cross-boundary activities on adaptation are required. Regional approaches have the merits of working from the basis of shared ecology, culture and language, common development challenges, and mutually-owned natural resources, stretching limited financial resources further. Regional approaches are recommended under certain circumstances, especially in the following areas:

- **Strengthening regional centers for agricultural research** to provide leadership in such areas as crop resilience and stress tolerance, natural resource management, improving soil quality, and creating a supportive institutional and policy environment.
- **Risk-sharing** the costs of climate change, including data collection, climate prediction, building regional expertise, supporting regional disaster management, and regional funding mechanisms.
- **Natural resource management collaboration** on trans-boundary dams and hydroelectric power production to ensure sustainability and benefit-sharing of groundwater resources/aquifers, with the incorporation of an environmental impact analysis. Such benefit-sharing should not, however, supplant the need for national ownership.
- **Dealing with the socio-economic impact of** climate change, especially if environmental stress triggers migration from, for example, countries with low-lying coastal areas.

Investment in knowledge and technology is imperative, with climate impact information produced and disseminated regularly and continuously. Universities and research institutions in the United States, the European

Union, and in developing countries need to invest to nurture expertise in climate change and its impact on development. The growth of experts from within developing countries could be promoted through scholarships and training opportunities, South-South and North-South exchanges, and more funding for secondary and tertiary education in developing countries (against the prevailing aid trend). Such experts ought to be able to promote more sustainable projects.

### Resilience and Risk

Resilience is an inherent ability in people and societies, often referred to as the capacity of people to withstand emergencies. In the context of global warming, this resilience to risk can be enhanced by formal and informal social safety nets, social protection, and traditional insurance for health, land, crops, and buildings. In addition, donors should support the building of local and national capacity to assess and manage the increase of risk stemming from climate change.

Disaster management at local, national, regional, and global levels is a core component in developing resilience. The International Strategy for Disaster Reduction (ISDR), adopted in 2000 by the United Nations, aims to achieve substantial reduction of disaster losses and build resilient communities and nations. The Hyogo Framework for Action is a key instrument for implementing disaster risk reduction. Disaster management programs need to recognize that prevention efforts are more economical than disaster relief. Enormous levels of funding and technical support often flow after a disaster has erupted, with too little focus on the prevention of disasters or building the resilience of people to withstand them. In addition, disaster risk reduction needs to be climate sensitive to avoid implementing measures that counter climate change objectives.

Deforestation also has a negative effect on the resilience inherent in local communities, as forests represent ecosystems that contribute to that long-term resilience. This makes the inclusion of indigenous people in the design and implementation of deforestation measures even more compelling.

Water usage is one of the paramount challenges of many developing countries, exacerbated by increasing populations

and decreasing amounts of water. Both undermine livelihoods and negate longstanding agreements between users, as has been seen in relation to desertification in Africa. It is unclear if climate change is likely to provoke increased levels of conflict over such issues as water usage. Some surprisingly strong evidence exists of frequent cooperation over trans-boundary water resources even in times of strife, although allocation arrangements tend to reflect existing power inequalities. Examples include the Nile River Basin and agreements between Israel and Jordan.

The United Nations or specific donors with relevant experience could fund specific commissions to review regions that may have a confluence of climate issues and natural resource capacity or security problems, such as India-Bangladesh, West Africa and Sub-Saharan Africa. Both developed and developing countries should invest in building organizational capacity to manage the increased risk of changing natural resources.

## Funding

Developing countries are very concerned that funds will be diverted from other development activities. While the primary responsibility lies with developing countries to manage their national climate change and development approaches, the European Union, the United States, Canada, and other donors must build trust and credibility by supporting fair, adequate, and predictable funding. Donors need to live up to their previous commitments, including those agreed in Paris and Accra on aid transparency and effectiveness, to prevent complicated additional financing or monitoring mechanisms.

The additional amounts required for adaptation are difficult to estimate, but they are likely to be substantial, with some estimates as high as the total amount of *current* ODA.<sup>18</sup> Finally, there other critical components of development that must continue, including support

<sup>18</sup> The United Nations Development Programme (UNDP) estimates that \$86 billion a year will be required by 2015, with \$44 billion annually for “climate proofing” development investments (2005 prices), \$40 billion to build human resilience through investments in social protection and wider human development strategies and \$2 billion provision for disaster and post-disaster recovery. Financing Adaptation to Climate Change Background note: [www.un.org/millenniumgoals/2008highlevel/pdf/Background%20note%20-%20Financing%20Adaptation%20to%20Climate%20Change.pdf](http://www.un.org/millenniumgoals/2008highlevel/pdf/Background%20note%20-%20Financing%20Adaptation%20to%20Climate%20Change.pdf).

for better access to, and quality of, health and education provision; reducing the burden of HIV/AIDS, malaria, and other diseases; strengthening accountable governance; and reforming agriculture and constructing infrastructure. These aims would be undermined if funding is diverted to climate change activities, however valuable the activity might be—for example, preventing deforestation.

As already stated, funding to cover the additional costs of measures that address climate change, be it for mitigation or adaptation, should not compete with or replace existing ODA. Currently, there are a number of funding proposals being negotiated at UNFCCC with the aim of coming to an agreement at COP15. An option may be to apportion fees allocated from carbon pricing mechanisms in a way that is not prone to annual budgetary cycles or changes in domestic political priorities in donor countries. The difficulty is to find a way that does not go against current budgetary principles and the decision-making rights of national governments.

The Taskforce considers that existing “vertical” environmental funds are likely to be required to raise greater amounts of money but that they must be spent substantially at a “horizontal” level, through countries and regions and through existing development sectors.

To increase effectiveness as well as equity, developing countries need to have more decision-making authority over global funds used for climate change. In terms of planning, developing countries will need to plan ahead on a timescale longer than most current donor budget cycles.

## What should be done on adaptation?

### TASKFORCE RECOMMENDATIONS

- **Adaptation should be funded as an investment in many forms**, e.g. health, education, infrastructure, and building institutional capacity.
- **Some kind of differentiation among developing countries at different stages of development** would help provide more relevant strategies, as different adaptation strategies are required for each country.
- **Adaptation plans, such as NAPAs** (National Adaptation Programmes of Action), **should be integrated in cross sector national plans and**

**strategies.** Donors should support the implementation of the plans and strategies including actions identified in NAPAs. Risk reduction and assessment should be an integral part of this work.

- **Principles of aid effectiveness and transparency** should be followed in providing additional assistance for adaptation.
- **Regional approaches are recommended** for research, information dissemination, risk-sharing, collaboration in natural resources management, and managing disasters (including early warning and disaster prevention).

- **Mechanisms should be found to share technology,** such as triangular exchanges between Southern and Northern countries. Private sector involvement is also necessary.
- **Major investments are needed in social protection and social insurance.**
- **The Hyogo Framework for Action** should be more broadly reviewed, adopted, and supported by developing countries and donors. Groups of specialists in climate change, development, and disaster management should convene to share good practices , and build a platform for future collaboration.
- **Regional water management agreements** should be supported by the United Nations and the European Union.



# Food Security



## KEY MESSAGE

The recent food crisis has highlighted the importance of food security and agricultural development, and revealed severe flaws in food markets. To protect the poor in a time of economic crisis, governments, the private sector, and civil society must work together to expand food production, restore trust in markets, and promote food security.

## The Current Situation

**T**his Taskforce is appalled that an estimated 923 million people worldwide are undernourished.<sup>19</sup> Millions lack food security—the regular, reliable access to enough food to meet their nutritional needs—a problem exacerbated by the recent food price crisis. Not only are the absolute numbers of undernourished people going up, but, for the first time in many years, the proportion is also rising.

The Taskforce has worked to find common ground and long-term, holistic solutions to the problems of

food security, including increasing investments in food production, reducing barriers to trade, and improving emergency response capacities. Specifically, we examined five areas over the medium term: agricultural production, trade, energy sources, biotechnology, and emergency response. Many of these areas are especially resonant for the transatlantic relationship.

There are at least three reasons why developed countries should care about food security. One is humanitarian. Those with adequate food have a moral obligation to prevent starvation in the face of disasters or widespread poverty. Second, enough food at a reasonable price is a prerequisite for achieving other developmental goals. A good diet is vital for health, for example, while the lack of it can mean lifelong health problems. Children cannot learn at schools if their stomachs are empty, and this undermines the long-term development prospects for any country. Third, adequate food underpins national stability and security. This was evident in the riots and social unrest that flared in more than 30 countries—particularly in urban areas—during the recent food price crisis.<sup>20</sup>

Food prices began to rise in the early 2000s—a rise that started to escalate in 2006. They spiked in early 2008, when the price of rice surged by 75 percent in two months and the price of a ton of wheat reached \$481, up from

<sup>19</sup>Source: FAO State of Food Insecurity in the World Report 2008. <http://www.fao.org/docrep/011/i0291e/i0291e00.htm>

<sup>20</sup>A Call for a Strategic U.S. Approach to the Global Food Crisis, CSIS: [http://www.csis.org/media/ csis/pubs/080728\\_food\\_security.pdf](http://www.csis.org/media/ csis/pubs/080728_food_security.pdf)

\$167 in January 2006. It was the worst price spike in more than 30 years.

Hunger and food insecurity are, above all, linked to poverty. In developed countries, higher food prices have not undermined most peoples' access to food or forced them to change their way of life. For the world's poor, however, the story is very different. In a world where the poorest spend as much as 70 percent of their income on food, rising food prices may compel them to cut back their spending on health care or their children's education, risking their future to feed themselves today. One definition of absolute poverty is being unable to satisfy 80 percent of calorie needs with 80 percent of one's income.

The food price crisis has pulled more people down into poverty, undermining significant progress in achieving the first United Nations Millennium Development Goal: to halve the number of people in poverty. As a result of the crisis, the World Bank estimates that an additional 105 million people have been living in poverty since 2005. As for hunger itself, provisional estimates from the United Nations Food and Agriculture Organisation (FAO) suggest that an additional 75 million people were added to the total number of undernourished in 2007, relative to 2003-2005. In Latin America and the Caribbean, for example, a 15-year decline in both the number and proportion of undernourished was reversed.

World prices of the major staples have now dropped with extreme speed—a result of the global financial crisis and a strong market response that has led to some recovery in production, particularly in developed countries. Staple commodity prices traded in world markets have returned to 2006-2007 levels, but these markets trade less than 14 percent of cereal produced. There are fears that, in many developing countries, prices may still be rising—confirming the continued volatility of food prices.<sup>21</sup>

What has fuelled this crisis? What lessons need to be learned to prevent similar crises in the future? The crisis itself, with food prices soaring and then falling, demonstrated fundamental flaws in the way food is produced, stored, traded, used, and consumed. Problems include both short-term price volatility and the longer-term

<sup>21</sup> Mozambique and Ethiopia are two of examples of countries where prices of key food crops keep rising.

challenges of expanding global food production and ensuring food security for the poor.

High oil prices increased the cost of things that farmers use, including fertilizer, gasoline, and natural gas to power pumps and motors. A rapidly growing Asian middle class demanded more protein-intensive diets, requiring substantially higher levels of grain and soybeans. Other factors included a poor Australian wheat crop, a weak dollar that made U.S. grain relatively cheap in world markets and led to the depletion of U.S. reserves, and speculation in agricultural markets.

A significant new factor was the diversion of food commodities—such as corn, soybean oil, rapeseed oil, and palm oil—to biofuels production, as a result of government policies in the United States and Europe that included subsidies, tax incentives, tariff protections, and mandatory blending requirements. The Taskforce views these policies as reprehensible, given their impact on the price and availability of food, which has a negative impact on the poorest in developing countries. Biofuels production between 2005 and 2007 absorbed the bulk of the world's increased production of cereals and vegetable oil. That, in turn, was a key factor in the depletion of food stocks in countries such as the United States. Studies by the World Bank, FAO, OECD, academic economists, and think tanks attribute a significant part of the food price rise to biofuels (30 percent or more).<sup>22</sup> This added to the perception of shortage, and increased price volatility.

Finally, many governments introduced export restrictions to reduce rising food prices and protect domestic food supplies. When the crisis hit, many governments acted on their own, whereas international collaboration would have been better for global food security.

### What should be done to promote food security for the poor over the long term?

#### TASKFORCE RECOMMENDATIONS

- Long-term solutions should include a large increase in global production of food crops, with a strong

<sup>22</sup> IFPRI estimated that increased biofuel demand in 2000-2007 contributed to 30 percent of the weighted average increase of cereal prices. "High Food Prices, The What, Who and How of Proposed Policy Actions," IFPRI, May 2008.

emphasis on advances in developing countries to promote food security, especially in Sub-Saharan Africa, where governments and donors have neglected the need to boost food production. Putting this right will mean creating the conditions and infrastructure that will give farmers access to adequate land, water, and fertilizer, as well as credit and markets, so that they can respond to food shortages quickly and on the scale required.

- Governments, the private sector, and civil society organizations have important and complementary roles in the promotion of food security. Local and national governments can create the economic environment in which the private sector can supply enough safe and nutritious food. Governments in poor countries bear the overall responsibility for food security and should invest to raise productivity, especially the productivity of small farmers. At all times, but especially in times of crisis, they need to listen to their people, so that they can act decisively and effectively to avoid widespread starvation and disease. The role of the private sector includes the production of consumer products and services, the maintenance of food safety standards, and support for an effective supply chain. Civil society organizations can help to close or highlight any gaps. All three have a responsibility to rise to the challenges of emergency situations.

## Investing In Food Security

Agriculture in developing countries, especially in some African nations, has suffered from extreme neglect over the past two decades. Donors have limited their investment and focused on other, higher-profile development initiatives. The “Green Revolution”—the expansion of food production through plant breeding and improved irrigation and agricultural practices—did not take hold in Africa as it did in Asia, because conditions were different. By and large, little has been done to increase yields of indigenous African crops, or to utilize the potential of biotechnology. Small farmers, in particular, are unable to access seeds, fertilizers, or credit on a sustainable, affordable basis. The impact of climate change, population growth, and the migration of rural

people to the cities are likely to place colossal strains on agriculture. Without sustained and broad investment, food insecurity will increase and, as always, the poor will bear the brunt.

Although food prices are lower now than they were in mid 2008, this is still a time of relatively high food prices. There will be winners and losers from a sustained period of higher prices. Farmers in countries such as Brazil, India, and China enjoy relatively strong infrastructure, services, and government support, and are more likely to take advantage of higher prices; but farmers in Africa—lacking such advantages—could be left further behind. Given their relatively low productivity, much of the increase in food production should come from those developing countries where there is the most scope for rapid increases in crop yields. Increasing productivity is especially important in Sub-Saharan Africa, where rural poverty is most widespread. An agricultural sector that is more productive will have a better chance of managing the volatility of food prices, especially for the poor.

What should be done to increase agricultural production?

### TASKFORCE RECOMMENDATIONS

Invest in the fundamentals: policies, partnerships and coordination

- **Policy reforms are essential**, including substantial investment in research and development, the introduction of sustainable agricultural practices, expanded access to credit and markets, secure land tenure systems, improved market institutions, and extension services that support farmers at the local level, spreading agricultural information and knowledge. In addition to the more effective use of fertilizer, water, and other inputs, the massive post-

### KEY MESSAGE

Investment in agriculture is vital for the rest of the economy. Investment is urgently needed in Sub-Saharan Africa where rural poverty—and the potential to boost productivity—are greatest.

production losses resulting from inadequate on-farm storage and farm-to-market road systems must be addressed. While such reforms will need to be planned and implemented by countries themselves—as they have primary responsibility for their own markets—donors, the private sector, and NGOs need to provide active support.

- **A holistic focus on small farmers is needed**, providing targeted support such as technologies, inputs, and knowledge. Most African farmers are women who need gender-orientated extension services and more equitable property rights laws. Improvement in rural development can generate broad economic opportunity. Yet, as larger food producers can respond quickly to changing circumstances and expand production, they are also important actors.
- **Close coordination** between those involved in expanding food production and those who are working to promote food security is critical for effective strategies. This coordination should include not only specialist technical groups, such as nutritionists or food scientists, but also the various multilateral agricultural agencies in Rome and elsewhere. The Taskforce urges leaders at the 2009 G8 Summit in La Maddalena to call for, and commit to, the reform of these agencies. Coordination will not happen without strong political and organizational leadership, both internationally and at a country level. One example of the creation of effective incentives for cooperation is the African Union's Comprehensive Africa Agriculture Development Program (CAADP).

#### Invest in infrastructure:

- **Infrastructure**, including roads, markets, and ports, is vital to increasing agricultural production and trade. The focus should be on simple, rural roads and connections, and on improving the management of the supply chain. The views of those who use this infrastructure—particularly women—should be included in the planning.

#### Invest for a changing world:

- **Climate change**, pressure on water supplies, erosion, and desertification should be factored into agricultural development planning, especially investment in drought-, flood-, and insect-resistant crops, as well as crop diversification. Practical steps must be taken to increase the ability of individuals and communities to adapt to climate change, including support for networks that manage precious water resources.<sup>23</sup> Access to credit and insurance are particularly vital in the face of increased climate volatility and the greater magnitude and frequency of natural disasters. Microcredit and micro insurance initiatives are to be encouraged and scaled up. However, national and larger-scale initiatives are likely to be needed.
- **Renewable sources** of energy need further exploration and the Taskforce welcomes the efforts of governments, the private sector, and NGOs to increase the use of renewable sources as an alternative to petroleum, both on environmental and national security grounds. However, biofuels are not the only source of renewable energy. The Taskforce believes that investment in renewable energies should continue and expand. In particular, we encourage increased support for wind, solar, and geothermal power.

#### Invest in research, development, and better dissemination:

- **Developing countries** should deliver on their pledges to invest in national, regional, or international research institutions to examine how to address food needs in a way that is tailored to local conditions, cultures, and tastes. Efforts should include the creation of independent and capable regulatory systems either in country or for a region.
- **Donor countries and international NGOs** should focus on three areas. First, they should increase funding for reputable organizations that use scientific research to work for sustainable food security and poverty

<sup>23</sup> Egypt and Nile Basin Countries, Egypt State Information Service: <http://www.sis.gov.eg/En/Politics/Foreign/EAfrica/ENileBasin/040310040000000001.htm>

reduction.<sup>24</sup> The Consultative Group on International Agricultural Research (CGIAR) is one example, and the World Bank is to be applauded for pledging to double its CGIAR contribution. FAO, meanwhile, is a vast repository of agricultural information. Second, donors and NGOs should work with developing countries and the private sector to develop crops and cultivation methods that increase the alternatives for small farmers. Third, the gap between the latest innovations and improved crops in the fields of the developing world can be vast, with new technologies often beyond the financial reach of small farmers, who are often unaware of the latest developments. Donors and developing-country governments working with local NGOs and municipal and local institutions should disseminate research results to local communities. Agricultural extension workers should provide poor individual farmers with free information in their local languages, both written and oral, and support to help them make use of new technologies and methods.

#### Invest in agricultural trade capacity:

- Donor support to **help developing countries expand their trade activities** is sporadic, with notable exceptions, and needs more focus alongside other measures to tackle food security and economic growth.<sup>25</sup> The Taskforce recommends that the European Union, Canada, and the United States develop common food safety and quality product standards on as many products as are feasible to give poorer countries better opportunities to trade.

### Opening the Doors: Trade Barriers and Liberalization

Agricultural policies in developed countries have often had an adverse impact on the ability of developing countries to create healthy agricultural sectors at home or to export food. Most counterproductive are the parts of the EU's Common Agricultural Policy (CAP) and the 2008 U.S. Farm Bill, which perpetuate subsidies that are

economically inefficient. Food surpluses in both regions kept world food prices low for decades and hindered the ability of farmers in developing countries to compete in world markets.<sup>26</sup> Efforts to reform the CAP and U.S. subsidies have been resisted, successfully, by entrenched interests. This is compounded by the failure, to date, to complete the World Trade Organization (WTO) Doha Round, the "development round," which aims to remove or limit many of the worst trade-distorting policies.

Over the last year, major food producers imposed export restrictions and price controls to ensure domestic supply, reduce the impact of higher prices on their populations, and head off protests. Mindful of past famines, China and India banned rice exports. Benin, China, and Malaysia, among others, have imposed price controls. At the same time, some food-importing countries lowered trade barriers to boost imports. Both responses may reduce domestic food shortages in the short-term, and lower trade barriers should help stabilize and expand global food supplies. However, these actions raised longer-term questions about the stability of the international market.

It is vital to resolve such questions since not all countries can grow enough food to feed their people, nor should they have to. In a well-functioning global trading system, they should be able to purchase whatever they cannot produce themselves from those countries that can. The quality of the land, the availability of water, and climatic conditions are all constraining factors. Agriculture places a colossal burden on limited freshwater supplies in dry countries; it can, for example, require up to 70 percent of available freshwater in certain parts of the Middle East.

#### What should be done to open the doors to trade?

#### TASKFORCE RECOMMENDATIONS

##### Support WTO efforts to liberalize trade:

- **Multilateral agreements to liberalize international trade** are the most effective way to promote food security for both food importers and exporters. The

<sup>24</sup> <http://www.cgiar.org/>

<sup>25</sup> For example, Sweden and USAID.

<sup>26</sup> We recognize that lower prices have benefitted food importing countries, but believe that the distortions created by these policies have done more harm than good overall.

## KEY MESSAGE

Unless the door for trade is opened, every global market-based solution to food insecurity will fail.

lack of a new WTO agreement after seven years of negotiations is tragic, as most of the agricultural issues have been resolved. The Taskforce urges the completion of the Doha Round to establish agreed global rules that would limit the trade-distorting measures that harm developing country farmers and block their access to world markets. A deal would also be a welcome bulwark against the escalation of protectionist measures in the global financial crisis. The Taskforce recognizes that more open trade can create tensions between importers on one hand, and food exporters on the other, who may face domestic pressures to limit exports and protect local consumers from higher prices. Countries should, therefore, negotiate under WTO auspices to limit export restrictions on agricultural products. At the absolute minimum, restrictions on the access and trans-shipment of food for humanitarian purposes should be prohibited immediately.

- **Developed countries** should deliver on a commitment to ensure 100 percent duty-free, quota-free (DFQF) treatment for imports from all 49 Least Developed Countries and extend DFQF to other countries where appropriate. At present, some developed countries collect more in tariff revenues on imports from certain developing countries than they provide to them in aid. Providing DFQF access for the poorest countries is the right thing to do, both morally and economically. By enabling improved market access for these nations, we create the conditions where they can begin to lift themselves out of poverty. And if they are able to grow their economies significantly, local demand for goods and services will increase, resulting in increased imports from developed countries.

Eliminate, or at least reduce, agricultural subsidies in the United States and European Union:

- **Agricultural subsidies** have strong support from politically powerful domestic constituencies. While they boost the income of farmers and provide a safety net for an intrinsically risky business, the same result could be achieved in ways that minimize the negative impact on developing countries. Trade-distorting subsidies should be eliminated. This will require enormous political will but, with government budgets on both sides of the Atlantic facing severe strains, agricultural subsidies should be among the government expenditures receiving a careful review.

Eliminate trade barriers between developing countries:

- Some of the greatest barriers to trade exist between developing countries and regions, especially in Sub-Saharan Africa. Cumbersome laws, regulations, and customs duties, often combined with entrenched corruption, significantly limit agricultural trade. The Taskforce urges developing countries to eliminate or drastically reduce their trade barriers with neighboring and other countries. Donors should support the removal of trade barriers by offering advice and funding when governments are ready to implement such policies.

## Revisit Policies on Biofuels and Genetically Modified Crops

The debate on the future of biofuels is taking place on both sides of the Atlantic. Energy prices have become closely tied to agricultural prices as a result of the heavy use of petroleum-based farm inputs and the emergence of a large biofuels industry where ethanol and biodiesel prices move in tandem with oil prices. Since 2006, production of biofuels based on food grains has grown exponentially, supported by generous subsidies and mandatory targets in the United States and the European Union, and they have been a significant factor in higher

food prices. Estimates on the impact on food prices vary widely, but are generally in the region of 30–40 percent.<sup>27</sup>

Taking food and turning it into fuel might be justified if biofuels reduced greenhouse gas emissions and promoted energy independence. But there is broad disagreement on their ability to do either. Models that factor in the greenhouse gas emissions that result from cutting down forests or plowing new lands to plant crops for biofuels suggest that, with the possible exception of sugar cane-based ethanol, biofuels production contributes to increased greenhouse gases. At the same time, the impact of biofuels on oil imports appears marginal. Some Taskforce members made other assessments than the above. Even so, biofuels should not be pushed into the “too difficult” column of policymaking and politics. The impact on the poor of policies that favor biofuels must be addressed by political leaders and corporate executives. It is important to introduce safeguards and other important measures now, before entrenched subsidies become too difficult to withdraw.

Similarly, the use of genetically modified organisms (GMOs) in the food system remains highly controversial. Unlike the United States, the European Union has strong import barriers on GMOs and most European consumers prefer non-GMO food because of their potential impact on health and the environment. Rising food prices have not substantially changed public views in the European Union, although the U.K. Environment Minister recently argued that “the Government had a ‘moral responsibility’ to investigate whether GM crops could help alleviate hunger in the developing world.”<sup>28</sup> Predominantly, the debate revolves around the scientific evidence, the regulatory context, the supply systems, and pricing mechanisms. It is time to revisit the issue, drawing on the best available science and considering the appropriate role of the public sector in tackling genuine policy concerns and providing investment. It is projected that the world will have to feed an additional three billion people by 2050.<sup>29</sup> Given the enormous numbers of people who lack food

<sup>27</sup> <http://www.guardian.co.uk/environment/2008/jul/03/biofuels.renewableenergy>

<sup>28</sup> <http://www.guardian.co.uk/environment/2008/aug/17/gmcrops.greenpolitics>

<sup>29</sup> 2006 World Population Prospects: <http://esa.un.org/unpp/p2k0data.asp>

## KEY MESSAGE

The need for global food security means putting all policy options on the table for review, including those in favor of biofuels and those against GMOs.

security, no solution, including the use of genetically modified crops, should be rejected without careful study.

## What should be done on biofuels and GMOs?

### TASKFORCE RECOMMENDATIONS

#### Eradicate biofuel subsidies and mandates:

- **Biofuels contribute to food price increases** and to price volatility. It is troubling that a *fuel* crisis, a problem for developed countries and large emerging market economies, is borne by billions of poor people as a food crisis. Existing subsidies and mandates for biofuels should be eliminated, or at least minimized. Without subsidies or mandates, both supply and demand for biofuels will depend, as they ought to, on market signals.

#### Focus on crop-specific solutions, including removal of barriers to GMO exploration:

- The Taskforce notes the transatlantic divide on the GMO issue and the stated concerns by some developing countries about biotechnical crops, including GMOs, and realizes that these issues may not be fully resolved. The Taskforce also observes that acceptance or rejection of GMOs is ultimately a decision for national governments, in consultation with their citizens. However, there is a need to find ways to feed an extra three billion people by 2050, in a world beset by climate change and its droughts, floods, and other disasters. Producing crops to meet food security needs means being willing to investigate GMOs and other biotechnical solutions, as well as improving indigenous and hybrid varieties. Whichever solution

makes the most sense for the specific conditions should be used. This policy should extend not only to domestic use, but also to the export of crop varieties, to enable adequate food consumption for food importers as well as exporters. Given our focus on the poor, the Taskforce believes that small farmers should retain certain rights, such as the possibility to use part of their harvest as seeds for the next growing season.

## Manage the Risk of Food Insecurity

During the 2008 food crisis, international responses included a high-level UN food security task force, untying of food aid by the Canadians, and substantially increased governmental and philanthropic contributions in response to urgent campaigning by the World Food Programme (WFP), the World Bank, and others. Yet, the response lacked a vision that would encompass both the short and long term. Many export bans were put in place, biofuels targets were not overturned, and Japanese rice stocks were not released for humanitarian use. Looking ahead, climate change, including increased desertification and pressure on water use, will increase levels of food vulnerability. The WFP is examining such issues as it tries to ensure that it has the funding, organizational mandates, and flexibility for an effective response. The Taskforce recognizes that steps have been taken, at the January 2009 UN high-level meeting in Madrid, toward increased global and regional coordination under the framework of a Global Partnership for Agriculture and Food Security (GPAFS).

Just-in-time logistics applied to food storage has reduced storage costs and waste, but has left little room for error or sudden shifts in demand. The stock-to-use ratios in grains for both private and public sectors have shrunk significantly, which helped propel the overall volatility in world food markets.

Social protection schemes are also vital to protect the poor and are part of a holistic response to both food insecurity and, as seen earlier, climate change. In food terms, social protection may include government support to the vulnerable through rural employment schemes, but it goes further, to encompass old age pensions, child

benefit, unemployment benefit, cash transfers, and fertilizer subsidies—a whole range of social welfare measures that, taken together, help to form a social safety net.<sup>30</sup>

## What should be done to guard against the risk of food insecurity?

### TASKFORCE RECOMMENDATIONS

Prepare to respond to food emergencies, while striving for long-term agricultural goals:

- There will always be emergencies, despite reforms, and **effective, flexible responses** will always be needed. Global, regional, and national capabilities therefore need to be strengthened. The first steps would be to promote regular evaluations, implement lessons learned, and to maintain and improve supply chains. Above all, the WFP and other organizations need the power to move rapidly. They should be allowed to establish a flexible financing fund that will enable them to purchase grain when market prices are low.

The Taskforce also urges all donors to decrease their earmarking of contributions to regions, countries, and villages, and increase the amount of untied funding (tied funding requires food aid be grown by a donor country's own farmers and be shipped on that country's own vessels) for the WFP managers to deploy where there is the greatest need. If donors allow as little as 5–10 percent of donated food to be free from earmarks, this would provide much-needed flexibility. The Taskforce recommends that donors provide support in the most efficient forms, including local sourcing, and that governments work toward the untying of food aid—an approach already taken by the European Union and Canada. The Taskforce urges the United States to follow suit, and untie its emergency food aid gradually over five years.

<sup>30</sup> Such as NREGA in India, or through predictable cash transfers such as Bolsa Familiar in Brazil.

## KEY MESSAGE

Those responding to emergencies need to be able to act more effectively and rapidly, in an increasingly volatile world. Donors should support social protection schemes to limit the devastation of food insecurity.

### Support social protection measures:

- The most destitute cannot afford enough food. Social protection measures implemented by civil society organizations or developing-country institutions, including such measures as public employment opportunities in return for wages in times of food crisis, and a whole range of other social safety net measures, ought to be supported, replicated, and scaled up. This is particularly crucial in populous and volatile inner-city areas where the poor often suffer more acutely than rural residents. Ideally, measures such as wage-for-work schemes could support agricultural infrastructure, such as the building of rural roads and local marketplaces,

and, in turn, agricultural production. The Taskforce also recommends that existing technological know-how (including seed varieties that produce high yields but are presently under-utilized) is distributed much more widely, including through ramped-up efforts by FAO and the International Fund for Agricultural Development (IFAD).

### Maintain a good margin of safety between grain stocks and expected demand:

- Measures are needed to reduce price volatility and enable humanitarian access to essential grains. The Taskforce recommends an increase in the stock-to-use ratio. Even if the private sector does not want to commit to this, concerned states may wish to develop stocks of grain as an insurance against risk. Stocks will not distort markets if they are used wisely in situations of inflated food prices. When prices are high, poor people need food. Releasing stocks in such situations would bring inflated, rather than real, market prices down.





## Effective Support for Development



**P**rogress in development begins with developing countries themselves. However, that progress is also shaped by the international economic and political environment, which is largely determined by the richest countries. American and European trade policies in sectors critical to poor countries, such as agriculture and textiles, often run counter to development objectives. Likewise, migration policies in both Northern and Southern countries could be tailored better to support development and to promote mutual benefit. The inadequate representation of development agencies at a cabinet level partly explains this lack of consistency among government approaches to development.

### KEY MESSAGE

Official development assistance (ODA) is of increasing importance amid a global financial and economic crisis, as foreign direct investment and trade flows to developing countries decrease. Donors need to deliver on their development commitments, while showing the general public that aid is making a real difference in delivering sustainable results.

Government assistance—ODA—remains an essential ingredient in stimulating development. It is also critical in many countries in helping to address the issues discussed in the earlier chapters of this report: development, democracy and security; climate change; and food security. In 2005, the G8 and European Union promised substantial increases in ODA by the year 2010, but progress is off target in many countries. Indeed, according to an OECD survey published last May, in 2007, the shortfall against the 2010 target was as high as \$34 billion.

At a time when donor credibility is low, making the case for ODA to domestic audiences has become a great deal harder, with people concerned about their future, their own jobs and homes in a harsh economic climate. The Taskforce contends that it is, nevertheless, essential that OECD Development Assistance Committee (DAC) members deliver on the promises they made regarding trade and aid during Doha in November 2008. Europe, North America, and Japan, provide all but a few percentage points of OECD DAC aid, and their performance is therefore “make or break” for the credibility of the pledges made in 2005 and at a whole range of high-level meetings, summits, and conferences in the last three years.

The Taskforce discussed how donors could show their taxpayers that aid is working, even though that task has

been complicated by the world economic crisis, and how to ensure effective aid in a development community that is increasingly complex and fragmented.

The average number of bilateral donors per aid recipient has nearly tripled, from about 12 in the 1960s to around 33 by 2005, adding to costs, time delays, and overlap. The rising importance of donors such as China, India, Brazil, and the Arab states has fundamentally altered the development landscape. With new players on the scene, such as the Bill and Melinda Gates Foundation, as well as corporate foundations, the social responsibility programs of private corporations, and the growing number of civil society organizations, development is no longer predominantly a government-to-government enterprise. Then there is the money that immigrant workers send home to their countries and families. This transfer of funds is estimated to amount to at least \$240 billion per year, or more than double the annual amount of total ODA. In certain countries, these remittances represent significant sources of national income.<sup>31</sup>

This growing diversity of sources of assistance is welcome. However, coupled with the proliferation of channels of assistance—including an array of new global programs, vertical funds, and new kinds of delivery instruments<sup>32</sup>—it poses evident problems for poor countries in managing their inflows effectively.

Past crises and recessions have taught us that both the quality and quantity of development assistance matter, not least to prevent further increases in poverty, so it is critical to not only meet ODA commitments, but also deliver results. There is commitment among many stakeholders to use aid money more effectively to reduce poverty. Policymakers have sought to build international consensus around the roles and responsibilities of developing countries, the private sector, and the donor community (the Monterrey Consensus); around an international results framework (the MDGs); and around good practice in effective aid delivery (the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action),

<sup>31</sup>Remittance inflows to both Tajikistan and Moldova accounted for 36.2 percent of their Gross Domestic Product. Source: Migration and Development Brief 3, Remittance Trends 2007, World Bank

<sup>32</sup>Vertical funds are those funds which have a narrow focus on specific topics, such as the Global Alliance for Vaccines and Immunisation (GAVI).

which are supported by an increasing focus on division of labor among donors.<sup>33</sup> The Taskforce believes that this approach is fundamentally sound, but needs to be more effectively translated into action, particularly in view of the growing number of sources and channels of assistance. Attempts have been made in-country or in-region to foster better alignment and delivery of aid. For example, Poverty Reduction Strategy Papers (PRSPs), developed by recipient governments and members of civil society with donor involvement, are intended to create a framework for coordinating and aligning development efforts with local priorities.

However, there is still a large gap between these laudable international goals and the reality on the ground. Given the lack of coordination and trust—even among traditional donors, let alone between those donors and the emerging non-DAC players and the private, philanthropic, and NGO sectors—duplication, redundancy, and high costs persist. Tied aid continues to be used, despite questions about its negative impact on local markets, transparency, and accountability between citizens and states.

The Taskforce considers transparency and accountability are fundamental for improving the effectiveness of aid-supported programs. The principle of mutual accountability between donors and recipients is a sound one, but it is not easy to deliver in practice. The Taskforce therefore considered how to make a mutual accountability agenda work. This means ensuring that donors are accountable to not only their domestic public, but to those who should benefit most directly from ODA – the poorest people in the developing world. At the same time, developing countries and communities would, in turn, be accountable for delivering on their commitments, and monitoring and reporting on the impact of the ODA provided. Acknowledging the importance of the private sector in economic growth, the Taskforce also examined how aid (official and non-official) can best be used to develop this growth strategy. In both areas, it saw a need to bring together insights from both sides of the Atlantic in a more systematic way, to promote innovation and to evaluate initiatives in an independent and professional manner.

<sup>33</sup>Notably the EU Council Decision of 2007 on division of labor within the European Union.

## Building Mutual Accountability (1): Encourage Local Accountability

A basic element in effective development in any country is governments become more accountable to the governed. Donors should therefore work with citizens in partner countries to support local demands for accountability for aid, government budgets, and service delivery, while ensuring that assistance flows are understandable, transparent, and reflect local priorities. This requires the strengthening of local institutions of accountability (parliaments, audit offices, free media, etc.) even as local citizens become increasingly involved in overseeing the use of public funds. Demand for accountability can be generated by several groups, preferably in a way that is mutually reinforcing:

- The government executive branch
- The parliament
- Citizens' groups
- The media
- Consumers of government services

For too long, donors have tended either to ignore these dynamics or have approached them haphazardly and on a small scale. While there are examples of in-country training programs for civil servants, parliamentarians, journalists and others, as well as trips and exchanges, these have seldom been pursued in a strategic way over the long term. Yet this focus is necessary to build competent institutions of accountability.

While much aid is intended to support the delivery of basic services, these services do not always reach citizens, especially the very poorest and most marginalized. Citizens' groups and consumers of government

### KEY MESSAGE

Accountability is critical for the effective reform of aid and delivery of public goods and services. It is vital to promote the accountability of developing country governments to their own citizens, an area that has been overly neglected to date.

services are, increasingly, demanding accountability. In a number of cases, their efforts have helped to expand the numbers of people reached by public service programs, as well as the quality of those programs. Some examples of effective interventions at different stages of the budget process include:

- **Budget Transparency:** Civil society groups advocate for better access to budget information and create “citizen budgets” to put this information into a form citizens can understand.
- **Budget Analysis:** It is important to monitor budgets to ensure that allocations reflect development priorities, and that spending reflects stated allocations.
- **Expenditure Tracking:** Some organizations have used sophisticated analysis to track expenditures from the national to the local level.
- **Citizen Report Cards:** Increasingly, citizens' groups are working in local areas to monitor the quality of services they receive. Citizen satisfaction with service providers can increase dramatically as a result of reforms undertaken by those providers in response to the negative publicity associated with the report cards.
- **Comparative Cost Surveys:** These analyze the cost of municipal services in different districts or regions to help spot where corruption or mismanagement might be inflating prices. The information puts pressure on public officials to improve procurement and cut down on waste.

Though better data are needed on the impact of these types of activities, the evidence to date indicates that they can be extremely cost-effective, ensuring that development funding is used more efficiently, and that a larger percentage of public funds reaches citizens in the form of quality services.

What should be done  
to boost local accountability?

### TASKFORCE RECOMMENDATIONS

Support local demand for accountability:

- **More aid and different kinds of aid should be used to finance credible independent, legal civil society**

**organizations, and citizens' groups**, to help them hold governments accountable for the delivery of basic services. To achieve impact at a national level, village-level interventions need to be expanded and sustained. Donor-pooled funding at the country or regional level could help take effective interventions to scale. The pooling of donor funds would reduce the costs for small organizations by providing larger grants and streamlining proposal writing and reporting. In addition, a pooled fund could match project funding with support for external evaluations of projects to ensure an improved collective understanding of aid effectiveness.

- **Indigenous civil society groups need longer-term institutional support to help them influence the local development agenda.** In the Balkans, for example, the United States Agency for International Development (USAID) provides support to civil society, while the EU funds budget support and measures to build institutional capacity. Ideally, both Europe and the United States would fund local and, where appropriate, international advocacy and civil society groups to ensure that funds are used accountably.
- **Raising the abilities and expectations of local actors needs to be done in a way that is respectful of the political and cultural context and, just as important, effective.** There should, therefore, be much stronger collaboration to support the key groups of actors, including officials in the local administration and parliament, as well as representatives of the media, citizen groups, and consumer organizations. The OECD DAC Network on Governance has developed principles for the support of democratically accountable institutions. These principles should be applied in donor programs to expand support for responsive institutions. In addition, several networks of parliamentarians are trying to assist members from poorer countries to build competent legislatures. Further dialogue is needed between donors and such groups on how programs can best be supported.
- **Improved procurement is essential** to improve accountability for how public funds are spent and whether they are spent efficiently. Major donors

should agree to common procurement standards, however difficult that would be, as this would minimize complexity. That, in and of itself, would be a real boon to aid recipients. Local, competent, and honest people from ministries and civil society should be placed on procurement committees and supported to fulfill their roles judiciously. Donors should collaborate at the local level wherever possible to improve local procurement.

- **Donors should scale up funding to strengthen independent policy research institutions (“think tanks”) in developing countries**, to build local capacity for high-quality, independent policy research over the long term. These think tanks could help to hold local public officials accountable and ensure improvements in programs over time. The Taskforce calls on international donors to pool their efforts to confront this challenge and reallocate a proportion of international research funding to researchers in the developing world.

#### Build accountability through improved transparency at a local level:

- **Local accountability requires good information to be available locally, showing what funds are being spent on and why.** A sector-based approach is likely to be the easiest route to such transparency. Governments as well as citizens' groups can use a sector-based approach, and initiatives listed above, such as budget analysis or citizen score cards, could also analyze by sectors. Particularly relevant sectors are education, health, and water, which tend to involve all levels of government—federal, provincial, and municipal. The goal should be to provide measurable metrics for inputs, outputs, and outcomes using standardized information that could be compared across different regions in a country. Accurate accounting and the reconciliation of discrepancies—such as tracking whether the goods leaving a central inventory warehouse amount to the same as those arriving at a local clinic or school—would also be required. In addition to budgetary transparency, transparency about the delivery and quality of services is a first step to ensuring accountability.

## Potential prototype for education, health, and water programs:

The internet, mobile telephones, local radio, local newspapers, and flyers posted at schools, clinics, and municipal buildings can all be used to promote transparency in aid programs. Examples include:

### ■ EDUCATION PROGRAM—information that could be posted on the door of the local school:

1. Annual budgets for the school and district, including the cost of salaries, textbooks, materials, and construction projects.
2. Procurement tenders for school construction, materials, and feeding programs, showing what contractors bid and which contractor received the award, alongside details about the contract itself.
3. Numbers of students and teachers.
4. Literacy and target result levels for each grade over several years.

### ■ HEALTH PROGRAM—information that could be posted on the door of the local clinic:

1. The annual budget of the clinic, using standardized classifications.
2. Procurement tenders for clinic construction, medical supplies, and medical equipment.
3. Amounts of medical supplies received from district or central inventories.
4. Numbers of patients served and numbers of nurses and doctors available, including time in attendance.

### ■ WATER SUPPLIES—information that could be posted on the municipal building:

1. Annual budgets for the water district using standardized classifications.
2. Procurement tenders for pumps, energy, pipe, wells, and related items.
3. Volumes of water provided to businesses, farms, and homes, with price per unit.
4. Sewerage volumes and targeted growth.
5. Quality of potable water.

Build accountability by rewarding development outcomes:

A stronger focus on results that are owned by developing countries and that make a real difference to people's lives would help to strengthen both local accountability and accountability to the donors. Innovations in development aid, such as ways to manage for results, bring new promise and excitement and help to create ripples of change that encourage current actors to adapt new practices and consider scaling up initiatives. However, few innovations are subject to rigorous review, so it is not clear that they are, in reality, effective. Donors should, therefore, commit to thorough and independent impact evaluation of development innovations and scale up those that work. They should also create incentives to collaborate, rather than assume that good practices will be delivered without any changes elsewhere. This could include multi-donor trust funds where fund members, such as foundations and NGOs, bring projects forward in coalitions.

## Building Mutual Accountability (2): Making Aid More Transparent and Predictable

Transparency and good governance are preconditions for effective accountability. Developed countries expect high standards of transparency from recipient governments, in part because they are accountable to their own legislatures, audit bodies, and citizens. Yet they have not set consistent

### KEY MESSAGE

There needs to be greater readiness to share ideas across the Atlantic on how to deliver aid effectively, and more work on incentives to collaborate. While there are many innovations in the development arena, too few have been taken to scale. More consistent support is required for a few key policies, with results that should be evaluated independently and professionally.

## Examples of aid that stimulates results

### **EU policy on output-based aid:**

“Output-based aid” is promoted in Europe alongside the delivery of increased budget support that goes directly to donor governments. It aims to provide incentives to deliver results and promote accountability. In May 2008, the European Union agreed to a new mechanism known as “Millennium Development Goals Contracts,” under which 30 percent of the European Commission general budget support, worth billions of Euro, will be performance-linked and guaranteed over a six-year period on condition that the desired results are achieved. At least 15 percent of this relates to performance against MDG-related outcome indicators, and the remainder to performance against the implementation of plans to reduce poverty, and progress on public financial management reform and macro stabilization. While recipient governments cannot always control results, efforts to achieve these results are important components of a mutual delivery framework.

### **“Cash on Delivery” model:**

In the United States, an organization has developed a “Cash on Delivery” model, whereby recipient governments commit to publish data on the development outcomes for their citizens, and donors commit to pay for a specific measure of progress on those outcomes. A credible baseline survey would be conducted, the country would publish annual outcome data, and the donor would pay for an independent audit to verify the numbers. Payments would be made only after measurable progress—progress that can be verified—and without prescribing the policy or means to achieve progress. The country could then choose to use the new funds for any purpose. This method aims to link additional aid to progress, strengthen local institutions and innovation, increase transparency, create incentives for better budget management, and fulfill donor commitments to untie more aid and promote country ownership.

standards of transparency for their own decisions.

Taskforce members are aware of increased pressure from their own electorates for enhanced transparency in the way development aid funds are used.

The Taskforce’s work coincided with three critical new dimensions of aid transparency, all announced at, or on the margins of, the High-Level Forum on Aid Effectiveness in Accra, Ghana, in September 2008.

First, various international civil society groups worked collaboratively to launch the “**Publish What You Fund**” campaign. This campaign is led by a consortium of NGOs in both Europe and the United States (including the ONE Campaign, Madrid-based Access Info, and London-based Tiri). The campaign calls on all aid agencies to adopt a set of principles, including publishing information on aid, and providing it in a timely and accessible manner. To make this more practical, the campaign outlined the data and information it wanted to be generated and made public, including programming documents, monitoring and evaluation data, and procurement procedures.

Second, a group of official donors, including bilateral donors, the United Nations Development Programme (UNDP), the International Bank for Reconstruction and Development, the European Commission, and foundations (led by Hewlett) launched an **International Aid Transparency Initiative (IATI)**. This attempts to tackle deep-seated and difficult issues about *how* to make more information available about aid transactions.

Third, the **Accra Agenda for Action** itself contains a number of significant new commitments by donors for

### **KEY MESSAGE**

Donors need to be accountable for the quality of their aid, which requires greater transparency of aid flows. This reform is essential to ensure that limited aid resources make a real difference, supporting the argument for the maintenance of aid levels during an economic downturn.

additional transparency and predictability, for example on disclosure of information on volume and allocation of aid, providing recipients with forward planning figures and actual disbursements, the extent of the untying of aid and details of aid conditions.

The donor community needs to respond positively and constructively to the calls for more transparency and predictability that are fundamental to greater mutual accountability. There are, however, significant challenges. If decisions are needed on new collective commitments, this will require active collaboration with other government agencies (e.g. finance and budget authorities, audit institutions, and freedom of information agencies), as well as legislatures. These challenges should not drive a “lowest common denominator” approach, instead common standards should be set at a level that some can reach now and others work toward in time.

What should be done to make aid more transparent and predictable?

#### TASKFORCE RECOMMENDATIONS

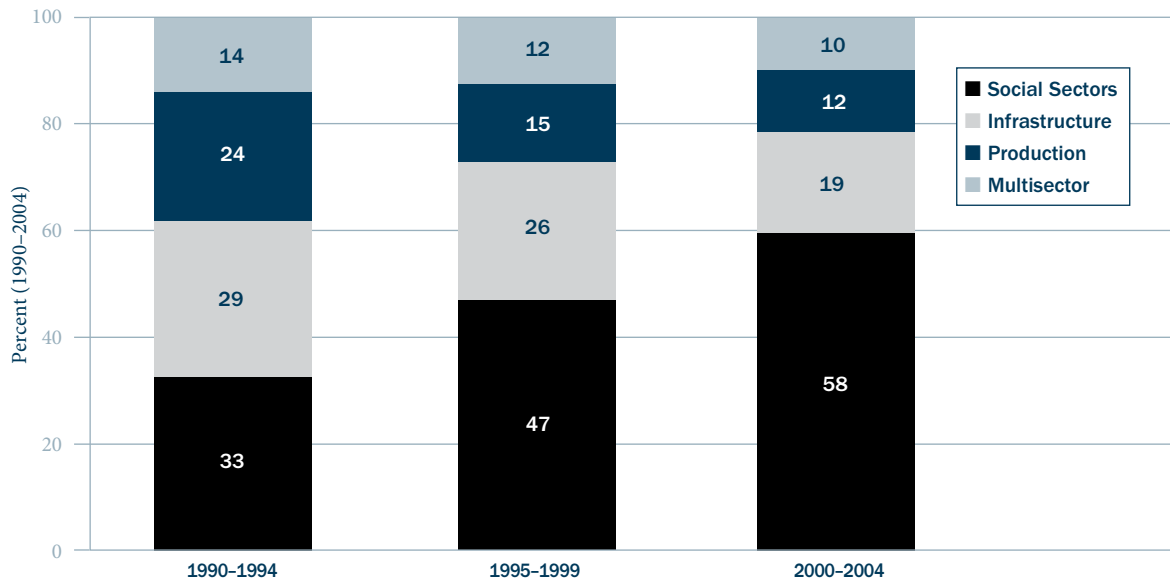
Donors need to deliver on promises to increase their own transparency and predictability.

- **The Taskforce calls on private and public international donors to join in making aid more transparent** and to commit to improve access to information on expenditures. Too many commitments are not being fulfilled, which breeds distrust and diminishes the credibility of donors and their ability to influence development. The economic downturn makes it even more important to spend more limited resources wisely. Donors now have a more powerful impetus to deliver on the promises they made in Accra and be seen to have done so. Foundations and NGOs should also be encouraged to participate in developing plans for enhanced transparency.

- **International bodies should convene early discussions** to promote an approach to aid transparency that delivers well beyond the lowest common denominator. These bodies would include the OECD DAC, the United Nations Development Group, and International Finance Institutions for the official sector.
- **Commitments should be verifiable.** It is important to pay attention to the technical aspects of new commitments, particularly for collective action. Donors will need to assess, in particular, the work of the International Aid Transparency Initiative to ensure workable technical solutions. Donors should give high priority to investments in management information systems and future spending plans.
- **Greater use should be made of professional, recognized, and independent or third party evaluation structures.** These should include the ability to “name and shame” poorly performing or unconstructive aid actors operating in certain countries. Collective evaluation institutions could be responsible for evaluating major programs financed by NGOs, foundations, multilateral, and bilateral donors, including important innovations.<sup>34</sup> Results of these investigations should, of course, be published.
- **The aid community should accept the management of donor coordination by recipient countries.** When recipient governments do not have the resources for this, donors should reinforce their capacity to do so. When governments are able to take on this role, however, donors should abide by the rules of recipient-state coordination. In between the two poles of the continuum that stretches from weak to strong government capacity, donors should aim to move from donor-led coordination to recipient government-led coordination.

<sup>34</sup>Such as the International Initiative for Impact Evaluation (3IE).

Figure 11 DISTRIBUTION OF SECTOR ALLOCABLE ODA COMMITMENTS TO SUB-SAHARAN AFRICA



Source: *Aid Architecture: An Overview of the Main Trends in Official Development Assistance Flows*, IDA May 2008

## Stimulating Growth Through the Private Sector

Economic growth is essential to development—to provide hope, reduce poverty, and to improve the ability of people to lead healthy and fulfilling lives. The Taskforce notes significant initiatives at the macro-environmental level to support growth in developing countries, including reining in inflation, taking in more taxes, introducing tighter fiscal controls, and writing-off debt. Initiatives at the micro-level, such as the lending by the Grameen Bank, have enabled millions of women and men to take financial control of their households and small businesses, resulting

### KEY MESSAGE

Economic growth remains the primary force to promote development and is a critical priority, especially in a downturn. Promoting bottom-up, sustainable growth requires renewed focus on the private sector.

in greater stability and less economic risk for families and commercial enterprises.

During the 1990s, ODA support for economic growth lost ground to other priorities, such as the financing of essential services in the social sectors, at the expense of aid for the productive sector (including agriculture). The financing of production and infrastructures, which accounted for 53 percent of ODA commitments to Sub-Saharan Africa in 1990–1994, dropped to 31 percent in 2000–2004. This reflects the major and welcome increase in funding for such sectors as health and education, which are important for long-term and sustainable growth. But it is evident that the lack of basic infrastructures, such as electricity and roads, is now one of the main barriers to private sector development in many of the least developed countries. This needs to be addressed. Donor declarations emphasize alignment, but have not responded effectively enough to the calls of African leaders for assistance in these capital-intensive fields. While the New Partnership for Africa’s Development (NEPAD) initiative has emphasized Africa’s need for investment in private sector growth and infrastruc-

tures, few donors have made this their priority in Africa, with the notable exception of China.

More needs to be done to encourage foreign direct investment (FDI) flows to the least developed countries, one of the core components of the development of the private sector. Although highly profitable when successful, these investments are also high risk, and foreign investors rarely enter such arrangements without adequate guarantees. Appropriate incentives are required to encourage FDI flows to the economies that have greatest need for them. Such instruments exist, including the World Bank's Multilateral Investment Guarantee Agency (MIGA) or donor first-loss investment funds, but tend to be used for emerging economies, rather than the least developed countries. There is scope for more transatlantic discussion around innovative ways to encourage such investment.

Macro- and micro- initiatives, important as they are, are not in themselves enough to promote economic growth quickly or generate the substantial development of a middle class. Without strong enterprise a country will not grow substantially or in a way that lifts a high proportion of its people out of poverty. There is, for example, a strong correlation between economic growth and the size of the small-to-medium enterprise (SME) sector. SMEs can have a multiplier effect on the economy by generating and accelerating employment, improving incomes, promoting consumption, and widening the tax base. However, they currently contribute less than one tenth of GDP in African countries, compared with around two-thirds in developed countries.<sup>35</sup> There is significant scope to improve the capacity and productivity of SMEs in developing countries, and to move them from the informal to the formal economy.

In the economic downturn, the economic growth of developing countries is at risk. Unleashing the latent potential of entrepreneurs, household businesses, and larger organizations is vital. The growth should be as “pro-poor” and equitable as possible, bringing benefits to large numbers of people, rather than concentrating

power and wealth in the hands of a few. The private sector component is especially important in post-conflict or transition countries, to create jobs and wealth that reinforce the benefits of peace and minimize criminal behavior.

The lack of skilled people is a severe obstacle to the development of the private sector in many least developed countries. Yet donors tend to both concentrate their attention on the public sector and to date have allocated too little funding to developing the skills needed by the private sector. There is, for example, relatively little investment in secondary, vocational and tertiary education, or in continuing education and professional development programs in comparison to the resources allocated for primary education. This is in no way to minimize the importance of delivering good quality education to all children at primary level, still a major task in many countries.

### What should be done to stimulate growth through the private sector?

#### TASKFORCE RECOMMENDATIONS

##### Give the private sector opportunities to scale up:

- **Increased aid should be used to support economic growth** including investment in infrastructure, particularly in Sub-Saharan Africa. The additional aid pledged by donor states in the years to come should create an enabling environment for private sector activity. This should not, however, be at the expense of funding for the social sectors, which remains a crucial investment.
- **The private sector, or other organizations that use private sector methodologies, is best placed to support entrepreneurial investment.** The Taskforce encourages larger companies to provide financial assistance, training and mentoring, while local and international governments work to create the macroeconomic (including regulatory) conditions and stability that are preconditions for effective investment. Donors can, however, encourage investors with incentives to enter the world's least developed markets. This implies scaling up existing equity and guarantee

<sup>35</sup>Yago, Glenn, Daniela Roveda, and Jonathan White. “Transatlantic Innovations in Affordable Capital for Small- and Medium-Sized Enterprises: Prospects for Market-Based Development Finance.” A Joint Report by the German Marshall Fund of the United States and the Milken Institute, 2007.

instruments and channeling them to the world's least developed nations—including Sub-Saharan Africa and post-conflict states.

- **Best practice ideas for SMEs should be implemented,** with a special focus on the growth of small grassroots enterprises of up to 100 people. The full range of instruments should be considered, e.g. loans, stock offerings, private equity and venture funds. Donors can help encourage developing country governments to focus on SME growth and provide incentives for private sector collaboration between developing and developed countries. In addition, they should conduct impact assessments on local small businesses to ensure that their support is not harming, even inadvertently, the local economy. Developing countries may wish to create enterprise zones, where there are lower regulatory burdens, streamlined registration and reporting requirements, and graded tax requirements. Likewise, they should support their SMEs to access distribution networks, ensuring a stable supply chain to help them sell their products in national and global markets. Finally, given that access to credit is one of the most significant barriers to scale, the Taskforce urges investors to continue their support for micro-insurance, micro-lending and other micro-finance initiatives as well as providing more robust local banking services.
- **A stronger focus is needed on building human and technical capacity in the private sector.** This means stepping up funding for continuing education and professional development programs, and providing opportunities for bright and talented professionals to stay and work in their own countries. Governments and foundations should fund organizations to scale up their support for entrepreneurs by providing technical support and mentoring.<sup>36</sup>

#### Develop the formal economy:

- **Bilateral and international agencies should work more effectively together** to encourage developing-country governments to create a good environment

<sup>36</sup> Examples include Endeavor and TechnoServe.

for the private sector. In developing countries, private sector activity tends to be concentrated in the informal sector, because of limited access to credit facilities and barriers to legal entry to formal markets. Bilateral and international agencies should encourage developing-country governments to ease the overwhelming regulatory and cost burdens by, for example, reducing the number of steps needed to open and register a business, tackling corruption, and defining property rights. Donors should also continue to promote good governance, rule of law, better public financial management and robust tax bases. They should engage with other countries and donors less committed to good governance and work to forge an expanded consensus on its importance.

#### Provide incentives for diaspora to support investment in their native countries:

- **The diaspora from developing countries could be encouraged to support national development.** Diaspora groups and individuals already provide through their remittances at least double the amount of ODA. While government regulators should not interfere with legitimate private transfers, which help millions of individual families, donors and developing countries could provide incentives for diaspora groups to support investment opportunities in their country, at a scale and level larger than their support for family and friends. This could include pooling funds to provide, support for community facilities such as health centers or schools, perhaps alongside matched contributions by local and national governments.<sup>37</sup> The Internet has opened up the technological platform to enable these types of initiatives to scale. Organizations have adapted methodologies that work well with the Internet to secure easy access to information, secure transfer of funds, and make transactions more cheaply. The Taskforce recommends that donors, developing country governments, and civil societies, especially those with large number of diaspora, work to develop and implement good practices in this area.

<sup>37</sup> Such as Mexico's 3 X1 scheme.



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## Taskforce Structure and Process



Consisting of 22 members and two co-chairs, from Northern America and Europe, the Transatlantic Taskforce on Development represents a breadth of experience across sectors. Co-Chairs Jim Kolbe and Gunilla Carlsson formed a Secretariat with staff support from the German Marshall Fund of the United States (GMF) and the Swedish Ministry for Foreign Affairs. The Secretariat coordinated events, liaised with approximately 150 experts on a variety of topics, and prepared the final Taskforce report in coordination with Taskforce members.

The first plenary meeting of the Transatlantic Taskforce on Development was held in April 2008 at GMF's headquarters in Washington, DC. At this meeting, the scope of the project and the four challenge areas were agreed upon. These areas include development, democracy, and security; climate change; food security; and effective support for development. Each Taskforce member or one designated contributor per member sat on a subgroup or workstream to tackle one challenge. Workstreams consisted of between five and seven Europeans and North Americans and were designed to improve gathered content and enable focus.

Each workstream had a designated chair who was in charge of workstream meetings and group deliverables. Workstream chairs were Jean-Michel Severino, Geoff Lamb, Carol Lancaster, and Richard Manning. On behalf of the co-chairs, the Transatlantic Taskforce on Development was managed by GMF Transatlantic Fellow Alice Poole who supported all four workstreams and their chairs throughout the process, which included monthly conference calls and one physical meeting per group between April and September. Workstream recommendations were generated at the end of September.

A second plenary meeting of the Taskforce was held in early October in Stockholm, Sweden, where the four workstreams presented their work to the entire group. Final Taskforce recommendations were submitted between October and January. Small teams from GMF and the Swedish Ministry for Foreign Affairs worked with Taskforce members to author and edit the final report. Additional editing support was provided within GMF and by the Overseas Development Institute. The final report for the Transatlantic Taskforce on Development is being released in February 2009 and launched widely in the United States and throughout Europe.





# Biographies of Taskforce Members



## Taskforce Co-Chairs

### *The Honorable Gunilla Carlsson*

Gunilla Carlsson is the Minister for International Development Cooperation at the Swedish Ministry for Foreign Affairs. Minister Carlsson served in the Swedish Parliament from 2002-2006 in several capacities, notably as Deputy Chair of the Committee on Foreign Affairs and as Deputy Member of the Committee on EU Affairs. From 1995-2002, she was elected to the European Parliament and later served in the European Parliament as Vice Chair of the European People's Party (EPP) from 2004-2006.

### *The Honorable Jim Kolbe*

Jim Kolbe joined the German Marshall Fund of the United States (GMF) as a Senior Transatlantic Fellow to work on issues related to international trade and development and is spearheading GMF's Transatlantic Taskforce on Development. Prior to GMF, Mr. Kolbe spent 22 years in Congress, where he served on the Appropriations Committee of the House of Representatives, and, for the last six years, chaired the Foreign Operations, Export Financing, and Related Agencies subcommittee.

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## Taskforce Members

### *J. Brian Atwood*

J. Brian Atwood is the Dean of the Hubert H. Humphrey Institute of Public Affairs, University of Minnesota. He served for six years as Administrator of the U.S. Agency for International Development (USAID) and was Under Secretary of State for Management during the Administration of President William Clinton. He also served on the Secretary General's panel on UN peace operations in 2001-2002.

### *Rodney Bent*

Rodney Bent is Deputy Chief Executive Officer for the Millennium Challenge Corporation (MCC). Prior to joining MCC in 2005, Mr. Bent was a staff member of the House Appropriations Committee, where he recommended appropriation levels and policies for various U.S. agencies. He was awarded the Secretary of Defense Medal for Exceptional Public Service. He also worked at the Office of Management and Budget and the U.S. Treasury Department.

### ***Nancy Birdsall***

Nancy Birdsall is the founding president of the Center for Global Development (CGD). Prior to launching CGD, Dr. Birdsall served as Senior Associate and Director of the Economic Reform Project at the Carnegie Endowment for International Peace, Executive Vice-President of the Inter-American Development Bank, and in several capacities at the World Bank.

### ***Jamie Drummond***

Jamie Drummond is Executive Director and Global Strategy for ONE, which merged with DATA – Debt, AIDS, Trade, and Africa in early 2008. He co-founded DATA with Bono, Bobby Shriver, and others in 2002, and ONE with partners in 2004. ONE’s mission is to help African and other developing countries beat AIDS and achieve the Millennium Development Goals by creating a supportive movement, especially in the United States and Europe.

### ***Robert C. Fisher***

Robert C. Fisher is a Managing Director at Hills & Company, International Consultants. He is responsible for assisting clients with trade and investment issues, as well as supporting trade capacity building projects. He has 30 years of experience in trade and economic policy, including 10 years in the Office of the U.S. Trade Representative.

### ***Robert Greenhill***

Robert Greenhill joined the World Economic Forum as Chief Business Officer in August 2008. Prior to that, he was President of the Canadian International Development Agency (CIDA), a post he held since May 2005. Focusing full-time on international public policy, Mr. Greenhill joined the International Development Research Centre as Senior Visiting Executive in 2004.

### ***Michael Hofmann***

Michael Hofmann is Executive Director for Germany at the World Bank. Prior to his appointment in 2007, Mr. Hofmann was Director General in the German Federal Ministry for Economic Cooperation and Development (BMZ). Previously, he was a research fellow at the German Development Institute, and has written extensively on development issues.

### ***Geoffrey Lamb***

Geoffrey Lamb is currently Managing Director for Public Policy for the Bill and Melinda Gates Foundation. Previously, he was Vice President, Concessional Finance and Global Partnerships at the World Bank, where he chaired a series of international negotiations through which governments provided the largest Bank increase in decades for the world’s poorest countries.

### ***Carol Lancaster***

Carol Lancaster is Director of the Mortara Center for International Studies and Professor at Georgetown University’s School of Foreign Service. She was the Deputy Administrator of the U.S. Agency for International Development (USAID) from 1993–1996. Previously, she worked at the U.S. State Department as Deputy Assistant Secretary of State for African Affairs.

### ***William C. Lane***

William C. Lane is a leading business advocate for free trade and global engagement in Washington, DC. He has been with Caterpillar since 1975 and has been the company’s Washington Director for Government Affairs since 1998. Mr. Lane is Co-Chair of the U.S. Latin America Trade Coalition and Co-President of the U.S. Global Leadership Campaign, and served on the HELP Commission in 2005.

### ***Max Lawson***

Max Lawson is a Senior Policy Adviser at Oxfam Great Britain, and also leads Oxfam International's policy work on aid and development finance. In his work for campaigns and advocacy, he has specialized in the World Bank and International Monetary Fund, and also on the G8, and was heavily involved in the Make Poverty History campaign in 2005.

### ***Mark Lowcock***

Mark Lowcock is one of the five executives on the DfID Management Board. He was appointed Director General, Country Programmes in April 2008 and is responsible for DfID's programs in Africa, Asia, Eastern Europe, the Middle East, and Latin America with an annual budget of £2.7 billion, managed by 1,500 staff in over 50 countries. Additionally, he is a qualified accountant.

### ***Richard Manning***

Richard Manning was Chair of the Organisation for Economic Co-Operation and Development's (OECD) Development Assistance Committee (DAC) from June 2003 until January 2008. Mr. Manning spent nearly 40 years working for the U.K. Department for International Development, including as Director General for Policy.

### ***Simon Maxwell***

Simon Maxwell became Director of the Overseas Development Institute in 1997. An economist by training, Mr. Maxwell worked overseas for ten years, in Kenya and India for the United Nations Development Programme (UNDP), and in Bolivia for UKODA, and for 16 years at the Institute of Development Studies at the University of Sussex, later as Programme Manager for Poverty, Food Security and the Environment.

### ***Jim McDonald***

Reverend James L. McDonald is Vice President for Policy and Program at Bread for the World, where he manages the organization's work on policy issues and their programs on advocacy, education, and social change. He led Bread for the World's effort to secure debt relief for the world's poorest countries. Previously, he was an international policy analyst.

### ***Andrew S. Natsios***

Andrew S. Natsios is a Distinguished Professor in the Practice of Diplomacy at Georgetown University's Walsh School of Foreign Service. Mr. Natsios served as Administrator of the U.S. Agency for International Development (USAID) from 2001 to January 2006. In addition to teaching at Georgetown, he served as former President Bush's Special Envoy to Sudan to deal with the crisis in Darfur.

### ***Gerry Salole***

Gerry Salole is currently the Chief Executive of the European Foundation Centre (EFC) as well as the Chairperson of TrustAfrica. Previous roles include representing the Southern Africa Office of the Ford Foundation based in Johannesburg and as the Director of the Department of Programme Documentation and Communication of the Bernard van Leer Foundation.

### ***Jean-Michel Severino***

Jean-Michel Severino has been the Chief Executive of the Agence Française de Développement (AFD) since 2001. Upon graduating from the Ecole Nationale d'Administration, he worked as Director for International Development at the French Ministry of Cooperation. He then served as Director for Central Europe and Vice President for Asia at the World Bank.

### ***Smita Singh***

Smita Singh is the Director of the Global Development Program at the William and Flora Hewlett Foundation. Ms. Singh is developing the Foundation's new philanthropic program to address major global development challenges. Prior to joining the Foundation, she was a Scholar at the Harvard Academy of International and Area Studies

### ***Scott Spangler***

Scott Spangler served as Assistant Administrator for Africa and subsequently as Associate Administrator of the U.S. Agency for International Development (USAID) from 1990-1992. He served as Acting USAID Administrator for the latter part of 1992. Recently, he was majority owner and Chairman of the Board of Chemonics International and was formerly Vice-Chairman of Save the Children, USA.

### ***Noam Unger***

Noam Unger is the Policy Director of the Brookings Institution's Foreign Assistance Reform Project. Mr. Unger served from 2003-2007 at the U.S. Department of State and the U.S. Agency for International Development (USAID), where he worked on humanitarian affairs, reconstruction, conflict transformation, and interagency coordination.

### ***Paulus Verschuren***

Paulus Verschuren is Senior Director of the Partnership Development Group at Unilever. The mission of this group is to develop global nutrition and health partnerships creating social and business value. Mr. Verschuren is presently Board member of the Global Alliance for Improved Nutrition and Chairman of the GAIN Business Alliance.

## **Taskforce Contributors**

The following people helped to contribute to the Taskforce meetings or workstreams, often alongside a Taskforce member. We thank them for their support.

### ***Sam Bickersteth***

Sam Bickersteth is the Head of Policy for Oxfam United Kingdom's programs in global strategy development and research. This involves supporting the development of global strategy for Oxfam's operations in 70 countries, and its campaigning and advocacy work with 13 other Oxfam affiliates based in northern and southern capitals.

### ***Alison Evans***

Alison Evans is Director of Programmes for Poverty and Public Policy at the Overseas Development Institute. The Poverty & Public Policy Group hosts work on aid effectiveness, aid architecture, aid agency incentives and practices. An economist by training, Dr. Evans has worked on aid and aid effectiveness issues for 20 years, including six years at the World Bank.

### ***Sheila Herrling***

Sheila Herrling is an expert on development policy and foreign assistance at the Center for Global Development. She manages the Center's new Modernizing U.S. Foreign Assistance Initiative and the Millennium Challenge Account Monitor Initiative, and is a regular contributor to the MCA Monitor and Views from the Center blogs.

### ***Willem-Jan Laan***

Willem-Jan Laan, Director Global External Affairs Unilever, joined Unilever in 1995 as Agricultural Economic Adviser. Before joining Unilever, he headed the Trade Policy Division of the Dutch Ministry of Agriculture. He holds a number of chairman positions, including the Chair of the Committee of Multilateral Trade Policy of VNO-NCW.

### ***Olivier Lafourcade***

Olivier Lafourcade is an international consultant working for private and public international and bilateral development institutions. Among other assignments, he is presently an adviser to the Managing Director of the Agence Française de Développement (AFD) in Paris. He spent 30 years with the World Bank (1973-2002) where he accumulated extensive managerial and operational experience in development matters.

### ***Ayah Mahgoub***

Ayah Mahgoub is the Program Coordinator for Nancy Birdsall. She works on aid effectiveness initiatives including the Cash on Delivery Aid and Measuring the Quality of Aid projects. She joined the Center for Global Development in August 2008 after completing a public interest fellowship at Phipps Community Development Corporation.

### ***Olivier Ray***

Olivier Ray works with Jean-Michel Severino at the Agence Française de Développement (AFD), helping him with research and publications. Before joining AFD, he worked for the United Nation’s Department of Peace-keeping Operations and Security Council Report, on questions of development, conflict prevention, and post-conflict recovery.

### ***Sevdalina Rukanova***

Sevdalina Rukanova has been responsible for the development of the European Foundation Centre (EFC) International Programmes & EFC Interest Groups and Funder Networks since 2002. She has extensive knowledge on philanthropy in Europe and on practice and trends in international funding by European foundations.

### ***Erin Thornton***

As a founding member of DATA, Erin Thornton has helped to define the organization’s agenda since it began in 2002, and continues to do the same as the Global Policy Director for ONE since its merger with DATA in early 2008. Prior to joining the organization, Ms. Thornton worked as a country risk analyst for Africa at the Export-Import Bank and in the International Health Affairs office at the U.S. State Department.

### ***Kate Vyborny***

Kate Vyborny was a Program Coordinator for Nancy Birdsall, the President of Global Development, where she managed projects on aid effectiveness, including “cash on delivery” aid and measuring the quality of aid. She is now a graduate student in economics at the University of Oxford.

## **Taskforce Secretariat**

### ***Alice Poole***

Alice Poole is a Transatlantic Fellow at the German Marshall Fund of the United States (GMF), where she manages the Transatlantic Taskforce on Development. She was the principal drafter and contributing author of the report. Previously, she managed complex public and private sector projects as a management consultant in London from 2000-2006. Ms. Poole has also worked on international development issues in Geneva and in Washington, DC.

### ***Mats Hårsmar***

Mats Hårsmar is Chief Analyst at the Division for Development Policies at the Swedish Ministry for Foreign Affairs. He is the primary staff member at the Ministry for the Transatlantic Taskforce on Development. Previously, he served as Head Secretary of the Expert Group on Development Issues, EGDI, which was an independent research group, with its secretariat placed within the Ministry.





## Consulted Experts

*We would like to thank the following people whom we consulted while writing this report for their invaluable insight. Please note that the names, titles and organizations are stated as listed at the time of our discussion. We apologize if there are any inaccuracies or omissions.*



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- Matthew Niemeyer**, Special Representative, North American Affairs, World Bank
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*Note: We have also consulted congressional staff in the United States and members of parliament in Germany.*



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