

In the Southern Nyanza Province of Kenya, hunger and poverty rates are high.



Investing in Development



Todd Post

Farmers in the Southern Nyanza Province are blessed with fertile land to grow food, but several factors are limiting their productivity.

Near Alum Beach, abutting the eastern side of Lake Victoria, a village in this province receives support from the United Nations International Fund for Agriculture (IFAD). On a hill in the village, the picturesque lake glistens in the sun and looks close, like one could get there in a matter of minutes. But looks are deceiving. The villagers, mostly the women and girls, spend hours walking each day with pails to fetch water.

IFAD, partnering with the Kenyan government, has supplied funding to build a catchment for rain water. This means girls can spend more time doing schoolwork. Women have more time to work in the fields or attend to household tasks. IFAD also supported the building of latrines, improving sanitary conditions in the village. Soon there will be a clinic nearby, where antiretroviral drugs will be available. HIV/AIDS rates are exceptionally high in the Southern Nyanza Province. No longer will the villagers have to travel so far for their health care. Samwell Magai, chairman of the village, lost one of his own children because of the distance to the nearest hospital, a boat ride across the lake. All of the projects are part of IFAD's strategy to work with the village on improving the productivity of its farmers.

This is an example of how development can and should work. IFAD saw how all these issues were interconnected—sanitation, clean water, health care, education, and agriculture—and designed a development strategy that reflected this. But sometimes aid agencies and development workers are hamstrung, lacking the flexibility or resources they need to address complex realities on the ground. Too often this describes U.S. development assistance programs. To help people in villages like this one move into the 21st century, the United States must improve how it provides development assistance.

Development is the Goal

The challenges to development are real, but they are not insurmountable. Ample proof exists that large gains can be made. Triumph depends on the commitment of developing countries, a commitment that must include promoting good governance and building strong institutions, establishing peace and stability, and preserving and respecting environmental resources. To make development work on a grand scale, the kind of scale envisioned in the adoption of the Millennium Development Goals (MDGs) in 2000, developed countries also have to do their part, providing much-needed assistance and ensuring that other policies they put in place do not harm development. This partnership between the developed and developing worlds is the key to achieving the MDGs. It will take a stepped-up effort on the part of everyone. Continuing with “business as usual” will mean that hope of achieving the MDGs will fade out of sight.

Taken together, the MDGs represent a comprehensive vision of human development—one marked by dignity, equality, and opportunity for all. The MDGs include reducing poverty and hunger, increasing school enrollment, empowering women and girls, reducing child mortality, improving maternal health, halting and then reversing the spread of deadly diseases, and ensuring environmental sustainability.

Investing in development is in the interest of everyone. As Americans, we sometimes forget how close we are to the developing world. But bird flu

One of the Millennium Development Goals is to achieve universal primary education. In most regions net enrollment has surpassed 90 percent.



originating in a remote part of Asia can board a plane and arrive in the United States in a matter of days or even hours. Similarly, greenhouse gases produced in the United States have consequences for farmers across Africa. Borders aren't vanishing and oceans continue to separate continents, but no one in the United States can afford to ignore what is happening in the developing world.

For the United States, the return on investment comes in the form of peace, security, and an improvement in our country's standing in the world at a time when it has reached a historic low. Economically, it means the opening of new export markets for U.S. goods and services, and a wider array of products for U.S. consumers because of new imports. There is also the satisfaction of knowing that not only is prosperity becoming available to a larger number of people, but that the United States had something important to do with that.

The past several decades have shown that countries are ready to seize opportunities to escape poverty and that huge numbers of people are able to take great leaps forward. India and China, the two largest countries in the world, have dramatically reduced poverty and are now major players in the global economy. Because they are such giants, we often focus attention on them, but progress has also occurred in many places. Between 1993 and 2006, Vietnam reduced extreme poverty from 58 percent to 16 percent. Ghana and Chile, two very different countries a hemisphere apart, have made extraordinary progress against hunger. Countries in Africa, with strong support from donors, are successfully fighting infectious diseases. And all around the world, tens of millions of children are going to school who would not have had the opportunity a decade ago.

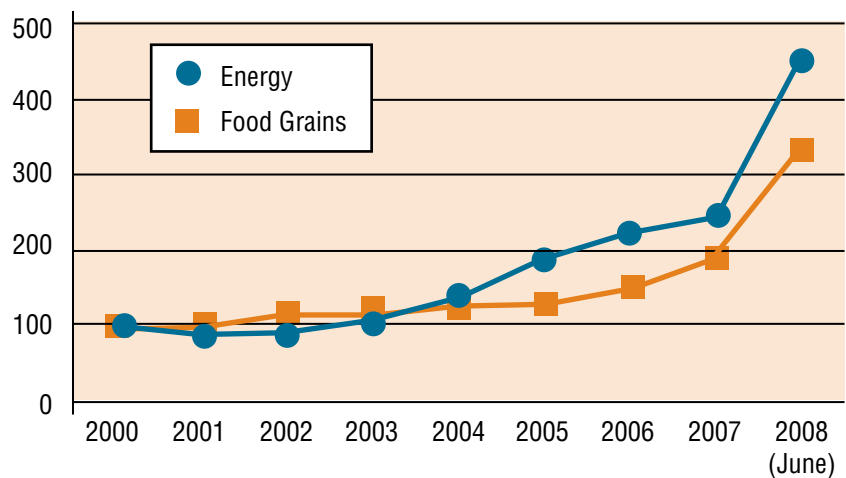
Effective development assistance enables people to escape debilitating malnutrition, illiteracy, and disease.'

The Hunger Challenge

As the first decade of the 21st century winds down, the world is facing a hunger challenge unlike anything it has seen in the past 50 years. A steep rise in food and fuel prices has already undone some of progress achieved in recent decades, and now a global financial crisis threatens to do worse damage still. It has been more than a decade since prices were increasing as quickly as they are now. Unlike earlier spikes in global food prices, today's higher prices are expected to remain for up to a decade, perhaps longer.

In a little less than two years, the number of people who are living in poverty has increased by 100 million and the number of people who are hungry by more than 75 million. Getting by on a diet of basic staples, poor

Figure 1: **Commodity Price Indices**



Source: World Bank, DECDG, 2008.

families were spending half or more of their income on food even before the jump in food prices. Higher food prices have added a crushing load to the most vulnerable and poorly nourished people, especially mothers and babies. Faced with much higher prices, poor families have had to reduce the amount of food they consume; choose less expensive, less nutritious foods; forego meals; and/or reduce other expenditures such as paying for health care and sending their children to school. The very poorest cope by shifting to one meal a day and by eating famine foods: roots, grass, mud cakes.



Several factors account for the rising prices. Ironically, one is the progress against poverty in China, India, and other countries where rapid development has occurred; the increased demand for food from people who have moved out of poverty has made prices rise. Agricultural productivity has not increased to keep pace with the rising demand, and drought in major grain-producing countries like Australia has tightened supplies. A rapid increase in oil prices has been a factor because petroleum figures into agricultural production at every step, from the fertilizer used when planting crops to the fuel that transports them to market. Years of bad policy choices are at least partly to blame for the sudden spike in prices. While developed countries were protecting their farmers—paying subsidies that undercut farmers in poor countries, maintaining high tariffs to keep imports out, imposing export bans to protect their own food supply—the agricultural sector in many developing countries was devastated. Developing countries that were once self-sufficient producers of their own food became net food importers. More recently, policies in rich countries have encouraged their farmers to divert crops away from food production into biofuels.

Increasing agricultural production in developing countries now would improve food security in developing countries and lead to higher profits for farmers.

Ethiopian women like these lined up daily in 2008 to receive food assistance from abroad, a year when the jump in food prices stretched their limits to feed their children.

Unfortunately, most farmers in developing countries cannot respond to higher prices for their products by planting more, because they do not have the necessary resources. For decades, too little was done to improve rural infrastructure—transportation networks, storage facilities, irrigation systems, appropriate farming tools, agricultural extension services, and improved seed varieties—as both the governments of developing countries and bilateral and multilateral donors underemphasized and underinvested in agriculture.

Investing in Development

Long-term food security depends on increasing agricultural productivity and raising the earning potential of poor people. Growth in the agricultural sector and rural economy is crucial. It's fair to say that the global hunger crisis could have been averted by greater investments over the years in improving agricultural productivity in developing countries, especially in Africa.

Promoting food security remains an important component of U.S. foreign assistance, but food security resources are tilted heavily towards providing support for hungry people in humanitarian crises. Instead of concentrating efforts on increasing agricultural productivity in poor and chronically food-insecure countries, the United States has found it easier to respond to hunger and malnutrition by providing food aid. The increase in food prices, however, has pushed more additional people into hunger and malnutrition than the total number who are served annually through emergency food aid.

The United States spends more in total dollars than any other country on international development (although as a percentage of national income, we spend far less than most rich countries). U.S. development assistance could work far more effectively to get the maximum benefit from all the dollars we put in. For example, trade is critical to spurring economic growth in developing countries, but the United States applies the highest trade barriers to imports from the poorest countries—often the very same countries that receive U.S. development assistance. In 2006, Bangladesh received \$80 million in U.S. assistance, while the United States collected \$487 million in tariffs on imports from Bangladesh. The United States has been working to increase the competitiveness of Bangladeshi businesses, yet U.S. tariffs make exports from Bangladesh less competitive.

To do our part to help other countries achieve the MDGs, the United States needs to have a consistent set of policies across government departments. But no one in government is currently in charge of managing this.

The United States wants its development assistance to foster sustainable self-reliance. But policies and procedures too often dictate how development should take place. The input of recipient countries may be ignored, or it may simply be that our policies are not flexible enough to respond to feedback.

Effective development assistance enables poor people to escape debilitating malnutrition, illiteracy, and disease. But the capacity of the United



Residents of Mumbai, India, shop at an outdoor market.

States to plan and deliver effective development assistance has diminished as security concerns have overshadowed development priorities.

A fresh approach to U.S. development is long overdue. Elevating development as suggested here would be a vital step forward for the United States in responding more effectively to global hunger and poverty. U.S. development assistance programs will deliver far more bang for the buck and help many

more people to escape poverty. Addressing the root causes of persistent poverty is not only the right thing to do, but would have a major impact on U.S. standing in the world and improve U.S. security at home and abroad. As more than one observer has noted, “Just as there can be no development without security, there can be no security without development.”

To achieve these objectives, Congress and the Obama administration should develop a national strategy for global development with coordination at the highest levels of government. This could include the establishment of a new cabinet-level department for global development. A department that draws in most, if not all, of the development assistance programs currently scattered throughout the government bureaucracy would produce a greater degree of policy and program consistency and ensure that the development voice is heard at the highest level of foreign policy decisions.

By the end of the 20th century, the world had begun to make significant progress against hunger and poverty. But a recent surge in global food prices threatens to undo that progress, showing how tenuous those gains are—and how interconnected all countries are. Hunger and poverty,

climate change and environmental degradation, peace and security, sustainable energy: these are interconnected global challenges that require comprehensive global solutions. There is a growing recognition in the United States that global development is both a moral issue and one that is in our national interest. As it has in the past, the United States can play a vital role in addressing these challenges, but it needs to have the ability to work effectively with the rest of the world. This will require making global development a national priority and restructuring 20th-century development assistance to meet the challenges and opportunities of the 21st.



Richard Leonard

The key to achieving sustainable reductions in hunger and poverty in the developing world is support for agriculture.

Recommendations for Reforming U.S. Foreign Assistance

Global Development: Charting a New Course analyzes the inefficiencies in the current structure of U.S. foreign assistance and maps out a series of reforms to elevate development as a foreign policy priority. The challenges of the 21st century argue for a fresh approach to U.S. foreign assistance. Comprehensive reform should embody the following principles:

- **Global development and global poverty reduction must be elevated as specific goals in U.S. foreign policy**, distinguished from political, military, and security goals, with distinct and secure funding.
- **Poverty reduction should be the primary focus of U.S. development assistance**, with substantially more poverty-focused funding provided to meet commitments related to the MDGs.
- **Development assistance should be provided in partnership with recipient countries** to meet their long-term development goals.
- **Civilian leadership in development assistance must be maintained and strengthened**, with the Department of Defense limited to its operational strengths in logistics and stabilization.
- **An effective, streamlined agency is required to direct all U.S. development assistance**, consolidating the plethora of development assistance programs currently spread across 12 cabinet departments and numerous agencies.
- **Other U.S. policies (e.g. trade, investment, migration) need to be aligned with development assistance goals** and objectives to maximize the impact of U.S. development programs.
- **U.S. development assistance should be more closely coordinated with other international donors** to reduce the burdens on recipient governments as well as costly duplication of programs.

