

Recent Development Policy

Multilateral aid: Linking Debt Relief and Poverty Reduction.

1960s	With donor support, developing governments displace private sector: nationalization, government led industrialization
1970s	Donors displace government: donor driven projects with management structures outside government
1980s	Donors ask governments to change policy by responding to 'conditionality', return of the private sector.
1990s	By late 90s, move toward partnership with government, attempts to ensure government buy in
2000s	Increased emphasis on participation, accountability, decentralization both in terms of donor –government and also within nations.

(modified from Christiansen and Hovland, 2003)

If I had to extend to 2010s I would think of performance monitoring indicators, impact evaluations, Millennium Development Goals, Randomized Control Trials.....A quantification.

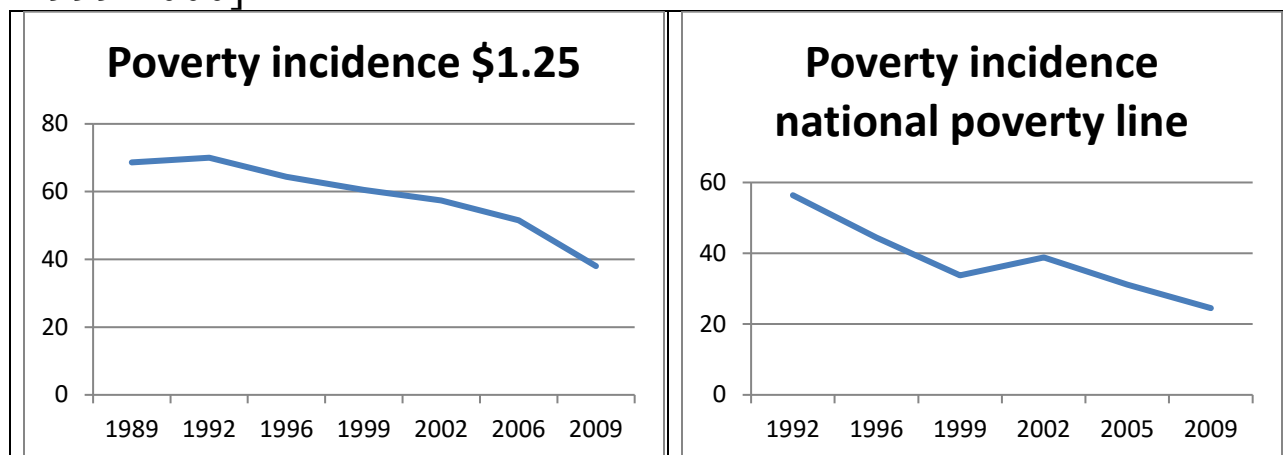
By the late '90s, a set of issues came together.

- 1) IMF being criticized for the role played in the 1997 Asia Crisis, internal and external reviews of the 'Enhanced Structural Adjustment Facility' (ESAF). Camdessus since 1987. 'social dimension of structural adjustment' approach is not seen as sufficient.
- 2) World Bank being criticized for the growing sense that their Structural Adjustment Programs, particularly in SSA, were not working. Things seemed to be getting worse if anything. Wolfensohn's arrival in 1995.
- 3) IMF and World Bank falling out of coordination around the previously used Policy Framework Paper / introduction by Wolfensohn's Comprehensive Development Framework (WB arguably started moving first, IMF came along after). Both sensing a need for more country 'buy-in' of policy.
- 4) Heavily Indebted Poor Countries Initiative (HIPC) launched in 1996/7 but encountering some problems.
- 5) DFID with a focus on poverty reduction following 1997 election, with DFID being elevated to separate ministry. DFID had been developing a focus on poverty reduction, sustainable livelihoods, participatory methods...Strong research component.

6) Jubilee 2000 focus on debt relief, NGO critiques, anti-globalization protests....Wolfensohn and Camdessus getting a lot of heat.

The Uganda experience is one of the key elements of this development. 1997 publication of the Poverty Eradication Action Plan, following a negative reaction to the 1994/95 WB 'trickle down' kind of strategy suggested.

It appeared to be relatively effective in improving things in Uganda. [poverty rates dropped from 56% in 1992 to 35% in 1999/2000]



This had a plan in place that seemed relatively successful. There was a sense that something that merited wider expansion had been identified.

World Development Report “Attacking Poverty” 2000/ 2001

This is the second take at this issue: 1990 WDR was “Poverty”

“Voices of the Poor” 3 volumes, first published in 2000.

Poverty Reduction Strategy (began December 1999)

Four core principles:

- 1) Country driven
 - a. Participatory approach to definition
 - b. Assurance of ‘buy-in’
- 2) Medium to long term in perspective
- 3) Comprehensive and results-oriented – focus on outcomes that will benefit the poor.
- 4) Partnership oriented – involving coordinated participation of bilateral, multilateral, NGO, government, and civil society.

You can find these documents on the IMF site.

Poverty Reduction Strategy Papers (PRSP)

<https://www.imf.org/external/np/prsp/prsp.aspx>

An evaluation of the effectiveness of this strategy.

<http://www.nottingham.ac.uk/economics/documents/discussion-papers/sdp15-02.pdf>

Interim PRSP was often the start. This was the basis for a participatory exercise (sometimes a Participatory Poverty Assessment)

IPRSPs were enough to get access to some funding / debt relief if approved.

Then the final PRSP was submitted to the boards of the IMF and WB for consideration.

If it is approved, makes you eligible for funds.

Then there are updates and progress reports. There is an associated M&E capacity building, and an associated sense of accountability.

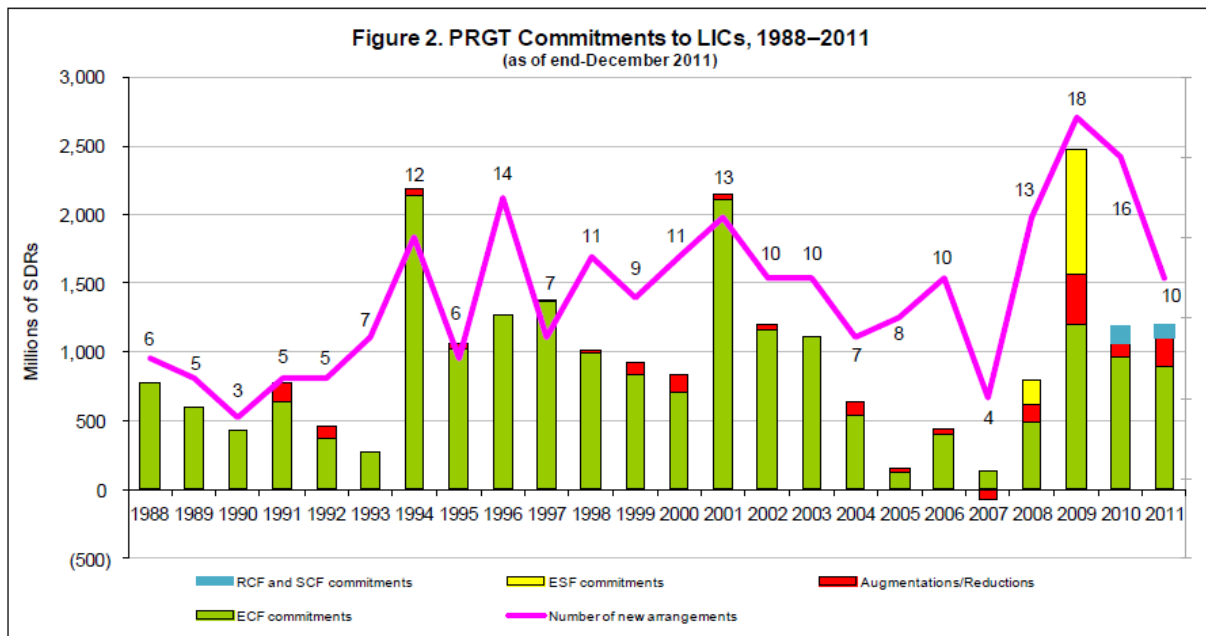
The IMF funded through accounts which were in the Poverty Reduction and Growth Facility (PRGF) initially.

From the IMF website:

<http://www.imf.org/external/np/exr/facts/prgf.htm>

Terms of the PRGF

- As of August 2008, 78 low-income countries are eligible for PRGF assistance.
- Eligibility is based principally on the IMF's assessment of a country's per capita income, drawing on the cutoff point for eligibility to World Bank concessional lending (currently 2007 per capita gross national income of \$1,095).
- Loans under the PRGF carry an annual interest rate of 0.5 percent, with repayments made semiannually, beginning 5½ years and ending 10 years after the disbursement.
- An eligible country may normally borrow up to a maximum of 280 percent of its [IMF quota](#) under a three-year arrangement, although this may be increased to 370 percent of quota in exceptional circumstances.



Replaced in 2011 by the Extended Credit Facility

<http://www.imf.org/external/np/exr/facts/ecf.htm>

Purpose. Like its predecessor the PRGF, the ECF supports countries' economic programs aimed at moving toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. The ECF can also help catalyze additional foreign aid.

Eligibility. The ECF is available to all PRGT-eligible member countries that face a protracted balance of payments problem, i.e. when the resolution of the underlying macroeconomic imbalances would be expected to extend over the medium- or longer term.

Duration and repeated use. Assistance under an ECF arrangement is provided for a three-year period, extendable for up to two additional years. Following the expiration or cancellation of an ECF arrangement, additional ECF arrangements may be approved.

Access. Access to ECF financing is determined on a case-by-case basis, taking into account the country's balance of payments need and strength of its economic program, and is guided by access norms. Total access to concessional financing under the PRGT is limited to 100 percent of quota per year, and total outstanding concessional credit of 300 percent of quota. These limits can be exceeded in exceptional circumstances. Access may be augmented during an arrangement if needed.

In another program we have is for Heavily Indebted Poor Countries (HIPC) launched in 1996 by the IMF and the World Bank jointly. HIPC went through a review in 1999 that led to the explicit linking of external assistance, debt relief, and poverty reduction (sometimes see HIPC1 and HIPC2).

Eligibility for HIPC:

- PRGF eligible (and WB eligible).
- Heavily indebted: NPV of debt above 150% of exports or above 250% of government revenues.
- Good track record of reform.

The Joint IMF-World Bank's comprehensive approach to debt reduction is designed to ensure that no poor country faces a debt burden it cannot manage. To date, debt reduction packages under the HIPC Initiative have been approved for 36 countries, 30 of them in Africa, providing US\$76 billion in debt-service relief over time. Three additional countries are eligible for HIPC Initiative assistance.

For those who went through the process:

- Debt stocks reduced by 2/3rds in NPV terms.
- Debt service over 2001 to 2006 reduced by about half.

From:

<http://www.imf.org/external/np/exr/facts/hipc.htm>

In 2005, to help accelerate progress toward the United Nations [Millennium Development Goals](#) (MDGs), the HIPC Initiative was supplemented by the [Multilateral Debt Relief Initiative \(MDRI\)](#). The MDRI allows for 100 percent relief on eligible debts by three multilateral institutions—the IMF, the World Bank, and the African Development Fund (AfDF)—for countries completing the HIPC Initiative process. In 2007, the Inter-American Development Bank (IaDB) also decided to provide additional (“beyond HIPC”) debt relief to the five HIPCs in the Western Hemisphere.

<https://data.worldbank.org/country/XE>

<https://www.imf.org/en/About/Factsheets/Sheets/2023/Debt-relief-under-the-heavily-indebted-poor-countries-initiative-HIPC>

Fragile states, failed states, difficult partnership countries, post conflict reconstruction

USAID “Fragile States Strategy” (2005)

There are failing, failed, and recovering states. “At least a third of the world’s population now lives in areas that are unstable or fragile...so that in 2003, excluding Iraq, almost one-fifth of USAID’s overall resources were spent in such settings”

DFID “Why we need to work more effectively in fragile states” (2005) lists 46 fragile states.

World Bank Low Income Countries Under Stress, Fragility and Conflict

A review from the early phase.

<http://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations>

An update of where this kind of work stands:

<https://www.worldbank.org/en/topic/fragilityconflictviolence>

Fragile States Index: <https://fragilestatesindex.org/>

Governance Indicators: <http://info.worldbank.org/governance/wgi/index.aspx#reports>

What has been going on with USAID policy?

US foreign assistance act as amended over time specifies 33 goals, 75 priority areas, 247 directives.

This has gotten too complicated and internally inconsistent is the argument (made repeatedly since the 80s), so a new strategy is needed. Also, there is an idea that the post Cold War era requires a rethinking of objectives.

September 11, 2001 had a major impact on US Government thinking about foreign aid.

“Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity”
(2002)

Foreign aid elevated to a third pillar of national security: diplomacy, defense, and aid.

Six main issues of development assistance identified in the 2002 document:

- 1) Promoting democratic governance
- 2) Driving economic growth
- 3) Improving people's health
- 4) Mitigating conflict
- 5) Providing humanitarian aid
- 6) Accounting for private foreign aid

USAID is being more and more aligned with the state department.

"Joint State-USAID Strategic Plan" (2002)

“America is now threatened less by conquering states than we are by failing ones” (2002 National Security Strategy)

“US Foreign Aid: Meeting the Challenges of the Twenty-first Century” (2004)

Two groups of countries:

- 1) Fragile states. (downward spiral, some recovering, some just failed)
- 2) Relatively stable developing countries (commitment ranges from weak to very good)

The policy direction is based on the idea that “promoting islands of stability in the developing world and reducing the roster of failing states are top priorities of U.S. international policy.”

In addition to these two groups, US foreign policy is also to focus on the following that may or may not overlap with the focus on the two groups of countries:

- 1) Global transnational concerns: disease transmission, climate change, narcotics, international trade, international trafficking...
- 2) Humanitarian response: manmade and natural disasters
- 3) Specific strategic foreign policy priorities (key partners in the war on terror, Middle East Peace, Stability Pact). (2004)

“...foreign aid supports country progress, rather than leading it. So, our aid will have the most development impact when used in countries that do the most to help themselves.” (2006, Policy Framework)

The 2006 strategy is to:

- 1) Promote transformational development in “...reasonably stable developing countries...with an emphasis on those with significant need for concessional assistance and with adequate (or better) commitment to ruling justly, promoting economic freedom, and investing in people.”
- 2) Strengthen fragile states.
- 3) Support strategic states.
- 4) Provide humanitarian relief.
- 5) Address global issues and other special, self-standing concerns.

Leading Through Civilian Power: The First Quadrennial
Diplomacy and Development Review (2010)

Leading the Implementation of Global Civilian Operations

Adapting U.S. Diplomacy to Meet New Challenges

Engaging Beyond the State

Supporting our Diplomats as they take on New Missions.

“Development stands alongside diplomacy as the twin pillar of
America’s civilian power”

2014 Strategic Plan:

- Strengthen America's economic reach and positive economic impact.
- Strengthen America's foreign policy impact on our strategic challenges.
- Promote the transition to a low-emission, climate-resilient world while expanding global access to sustainable energy.
- Promote core U.S. interests by advancing democracy and human rights and strengthening civil society.
- Modernize the way we do diplomacy and development.

For those that are not on the list of failed states, a different approach is being used to target who gets funding. The idea is that you look at the stable states, and identify which ones are performing well, and reward them.

“The objective of the MCA is to help support economic growth and poverty reduction in the poorest countries in the world. The program is not designed for humanitarian assistance, to help in post-conflict situations, to further security interests, or to reward political allies.” From the mca monitor website.

Millennium Challenge Act, Millennium Challenge Corporation.
“the single largest expansion in U.S. foreign assistance in decades”.

Announced in 2002. Increase over three years by 50% of core development assistance by 5 billion per year by 2006.

The MCA was initially intended to reach by FY 2006 an annual allocation of \$5 billion over and above existing U.S. development assistance. So far, funding levels have fallen short of this goal.

<https://www.mcc.gov/where-we-work>

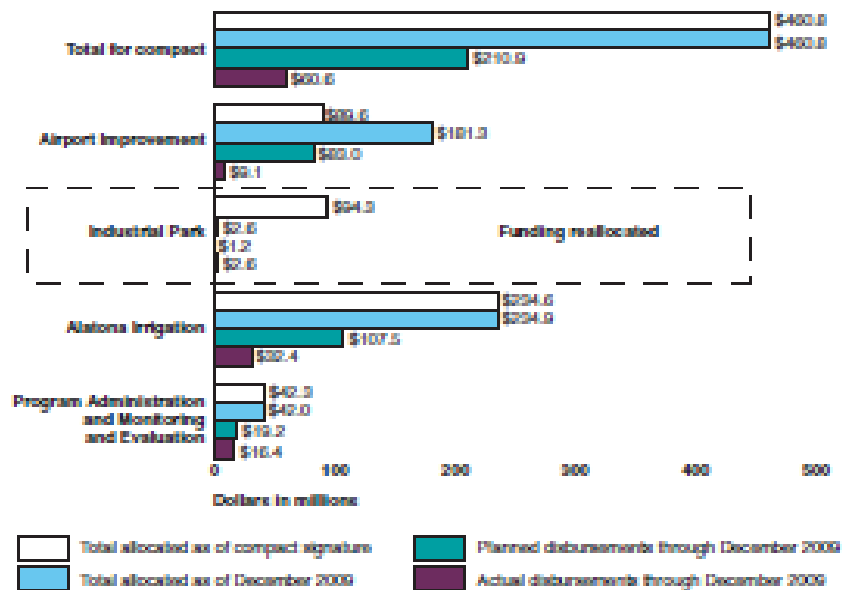
Compact Disbursements

At compact signature, MCC develops a disbursement plan for the compact. MCC disburses funds as the country begins implementing projects. According to MCC, any funds not disbursed within 120 days after the compact ends would return to MCC for reprogramming.

As of December 2009, MCC had disbursed \$60.6 million (approximately 13 percent) of compact funds, compared with the \$210.9 million (approximately 46 percent) that it had planned to disburse as of that date.

Although it is not shown in the graphic, in addition to the above disbursements, \$110.2 million has been committed under the compact for pending expenses as of December 2009.

Mali Planned and Actual Disbursements



Source: GAO analysis of Millennium Challenge Corporation data.

Notes: We base planned disbursements on MCC's projections for the fiscal quarter ending December 2009. We assume that funds are disbursed evenly throughout each year. Actual disbursements by project may not add up to total disbursements because some disbursements are pending allocation to projects and are reflected in the total but not in the projects.

Compact Disbursements

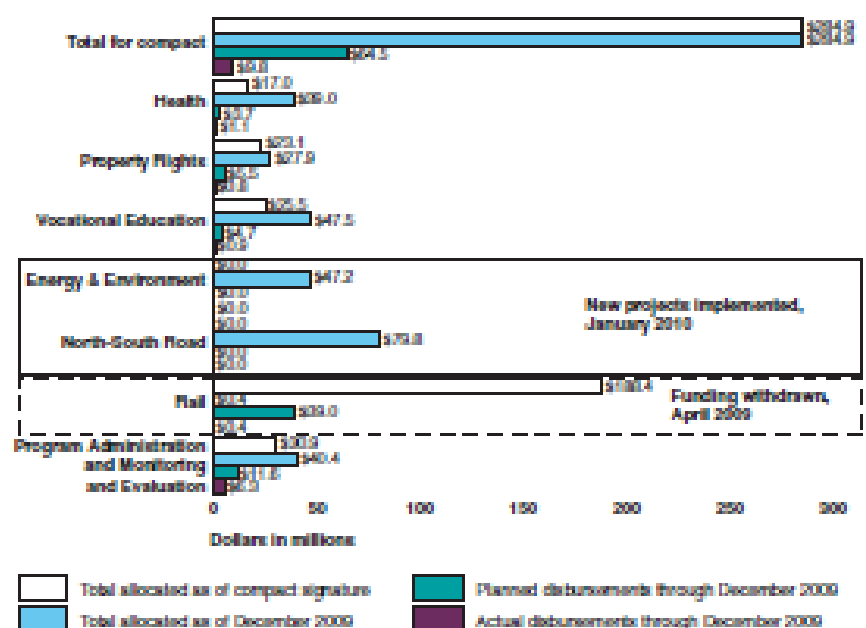
At compact signature, MCC develops a disbursement plan for the compact. MCC disburses funds as the country begins implementing projects. According to MCC, any funds not disbursed within 120 days after the compact ends would return to MCC for reprogramming.

As of December 2009, MCC had disbursed \$9.8 million (approximately 4 percent) of compact funds, compared with the \$64.5 million (approximately 23 percent) that it had planned to disburse as of that date.

Although it is not shown in the graphic, in addition to the above disbursements, \$6.7 million has been committed under the compact for pending expenses as of December 2009.

Rail Project reallocations went into effect in January 2010.

Mongolia Planned and Actual Disbursements



Source: GAO analysis of Millennium Challenge Corporation data.

Notes: We base planned disbursements on MCC's projections for the fiscal quarter ending December 2009. We assume that funds are disbursed evenly throughout each year. Planned disbursements for Mongolia do not reflect Rail Project reallocations because reallocations did not go into effect until January 2010. Actual disbursements by project may not add up to total disbursements because some disbursements are pending allocation to projects and are reflected in the total but not in the projects.

Set of indicators based on:

Ruling Justly	Encouraging Economic Freedom	Investing in People
<ol style="list-style-type: none">1) Civil Liberties2) Political Rights3) Voice and Accountability4) Government Effectiveness5) Rule of Law6) Control of Corruption	<ol style="list-style-type: none">1) Country Credit Rating2) 1-year CPI3) Fiscal Policy4) Trade Policy5) Regulatory Quality6) Days to start a business	<ol style="list-style-type: none">1) Public Expenditure on Health as % of GDP2) Immunization Rates (DPT3, Measles)3) Public Primary Education Spending as % of GDP4) Primary Education Completion Rate

<https://www.mcc.gov/where-we-work>

You get a score in each of these as relates to the overall distribution scores.

<https://www.mcc.gov/who-we-fund/scorecards>

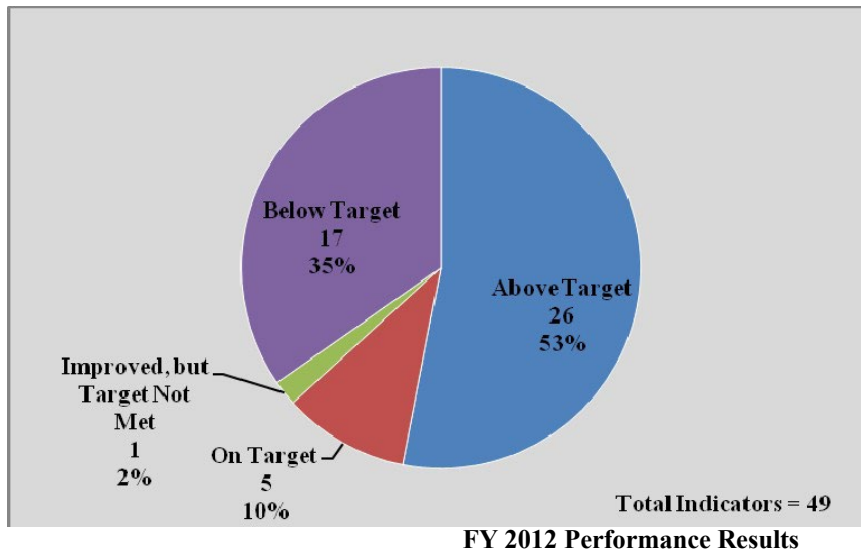
If you do well, you can be selected into a MCA compact.

USAID Performance Monitoring

<http://www.usaid.gov/results-and-data/performance-reporting>

Performance Monitoring Indicators

<https://www.usaid.gov/results-and-data/progress-data/annual-performance-report>



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FY 2015 PERFORMANCE RESULTS

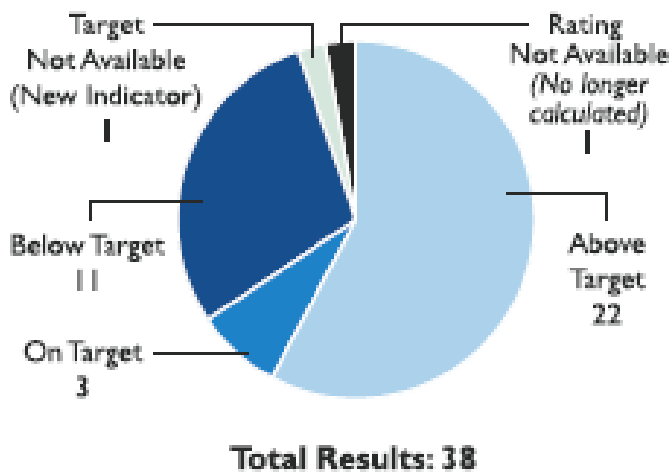


TABLE 4: Summary of AFR/APP Foreign Assistance Performance Indicator Results

Strategic Goal One: Counter threats to the United States and the international order, and advance civilian security around the world									
Performance Indicator	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2010 Results	FY 2011 Target	FY 2011 Results	FY 2011 Rating¹	FY 2012 Target	FY 2013 Target
Number of students trained in anti-terrorism topics and skills through the Anti-Terrorism Assistance (ATA) program	1,925	4,908	4,700	10,591	9087	8504	Below Target	7799	7057
Aggregate bilateral country Rating Assessment Tool score demonstrating the status of an effective and institutionalized export control system that meets international standards across all program countries	N/A	N/A	4	4	4	4	On Target	4	4
Number of Activities carried out to Improve Pathogen Security, Laboratory Biosafety, and Biosecurity	60	89	157	165	168	175	Above Target	180	168

Mali Livestock and Pastoralist Initiative - Phase 2

FY 2012 Annual Report October 1, 2011 to September 30, 2012

LCC-CRSP – MLPI-2 Project		For indicators that do not require Male/Female disaggregation, numbers are given in the female column			
Indicators	IEHA Indicator Crosswalk	Target for FY2012		Actual FY2012	
		Male	Female	Male	Female
Program Element: 5.2 Agricultural Sector Productivity					
14. Number of new technologies or management practices under research as a result of USG assistance/ <i>IEHA same as FACTS Indicator</i> (p. 93)	Output Indicator	0	2		1
16. Number of new technologies or management practices made available for transfer as a result of USG assistance/ <i>IEHA same as FACTS Indicator</i> (p. 95)	Output Indicator	0	5		5
17. Number of additional hectares under improved technologies or management practices as a result of USG assistance/ <i>Adoption:Area (hectares) under new technology</i> (p. 96)	IR 1.1	0	30		10
26. Number of individuals who have received USG-supported short-term agricultural sector productivity training/ <i>Male attendance at ST training; Female attendance at ST training on agricultural sector productivity</i> (p. 102)	Output Indicator	950	556	683	201

- 1. Problems/Challenges (Technical, Management, And Financial) During The Reporting Period And The Anticipated Solutions:** Delays in receiving Year 2 funding during the first two quarters of the fiscal year resulted in many problems and challenges for the MLPI partners. Data collection and field work was delayed and trainings had to be postponed. Once funds were finally received in late February 2012, it took almost one month for funds to get transferred to US contractors. Once funds were received in March 2012, work was suspended due to the government mutiny in Mali. A stop work order was issued on April 2, 2012. Therefore, we were no longer able to get personnel into the field to collect data, conduct trainings, and implement work and our indicator targets were not met.

<https://s3.amazonaws.com/media.hudson.org/files/publications/201703IndexofGlobalPhilanthropyandRemittances2016.pdf>

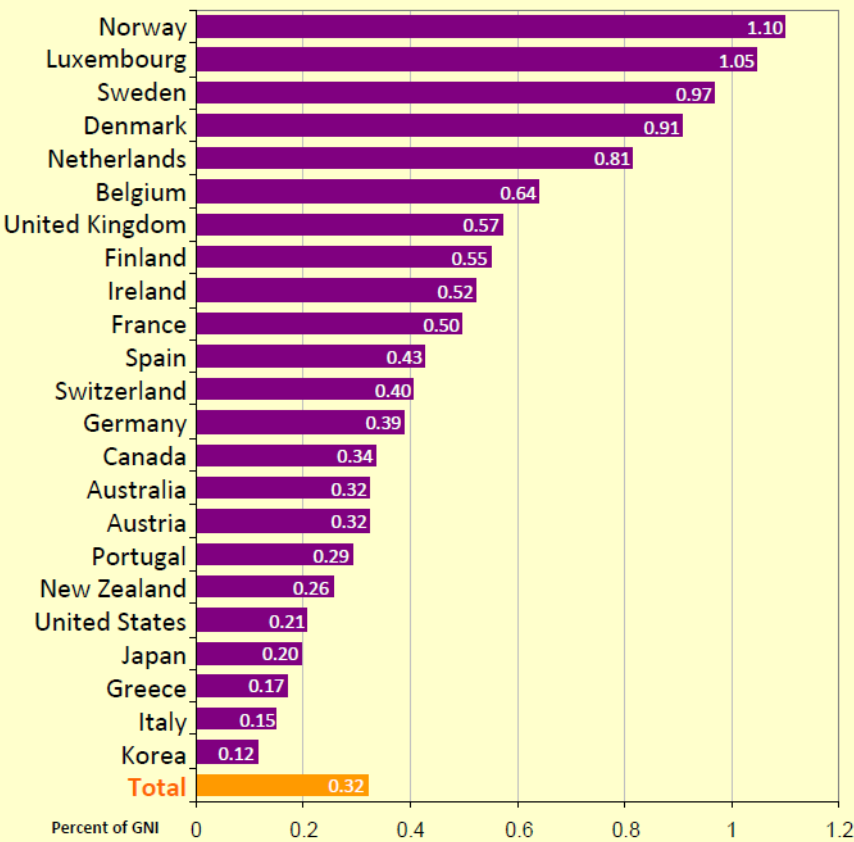
This seems to be the last report published under this initiative starting in 2012. Going back to the first report we have:

The Index of Global Philanthropy and Remittances 2012

Hudson Institute

Figure 2

Net ODA as a Percentage of GNI, 2010



Source: OECD, Statistical Annex for Development Co-operation Report 2012.

Table 1

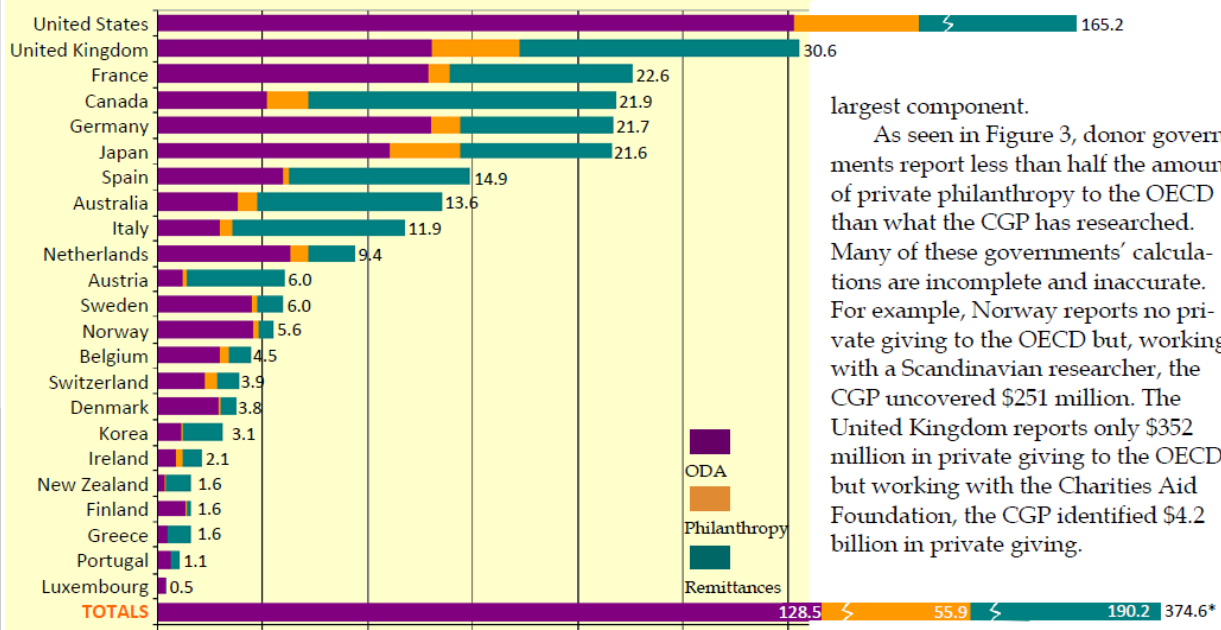
U.S. Total Net Economic Engagement with Developing Countries, 2010

	Billions of \$	%
U.S. Official Development Assistance	\$30.4	9%
U.S. Private Philanthropy	\$39.0	12%
Foundations	\$4.6	12%
Corporations	\$7.6	19%
Private and Voluntary Organizations	\$14.0	36%
Volunteerism	\$3.7	9%
Universities and Colleges	\$1.9	5%
Religious Organizations*	\$7.2	18%
U.S. Remittances	\$95.8	29%
U.S. Private Capital Flows	\$161.2	49%
U.S. Total Economic Engagement	\$326.4	100%*

*Data from last available year: 2009; *Variation due to rounding
 Sources: OECD; Hudson Institute's remittances calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittance Team's *Bilateral Remittance Matrix*, 2010; Hudson Institute, 2012.

Figure 6

Total Assistance from OECD Donor Countries to Developing Countries: ODA, Philanthropy and Remittances, 2010 (Billions of \$)



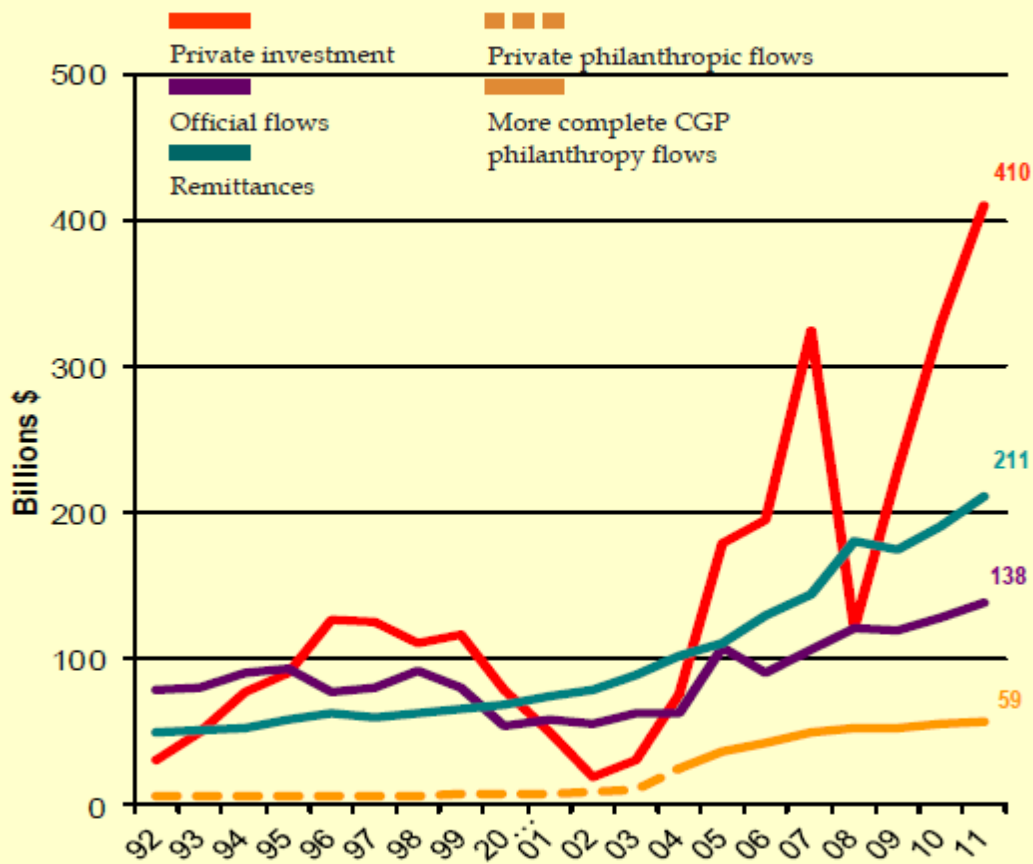
result of including remittances and philanthropy in the calculation. Of these three, U.S. remittances make up the

largest component.

As seen in Figure 3, donor governments report less than half the amount of private philanthropy to the OECD than what the CGP has researched. Many of these governments' calculations are incomplete and inaccurate. For example, Norway reports no private giving to the OECD but, working with a Scandinavian researcher, the CGP uncovered \$251 million. The United Kingdom reports only \$352 million in private giving to the OECD, but working with the Charities Aid Foundation, the CGP identified \$4.2 billion in private giving.

Figure 5

Official, Private Investment, Philanthropic, and Remittance Flows from Donor Countries to Developing Countries, 1991-2011 (Billions of \$)



Source: OECD; Hudson Institute's remittances calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittances Team's *Bilateral Remittance Matrix*, 2011; Hudson Institute, 2005-2013.

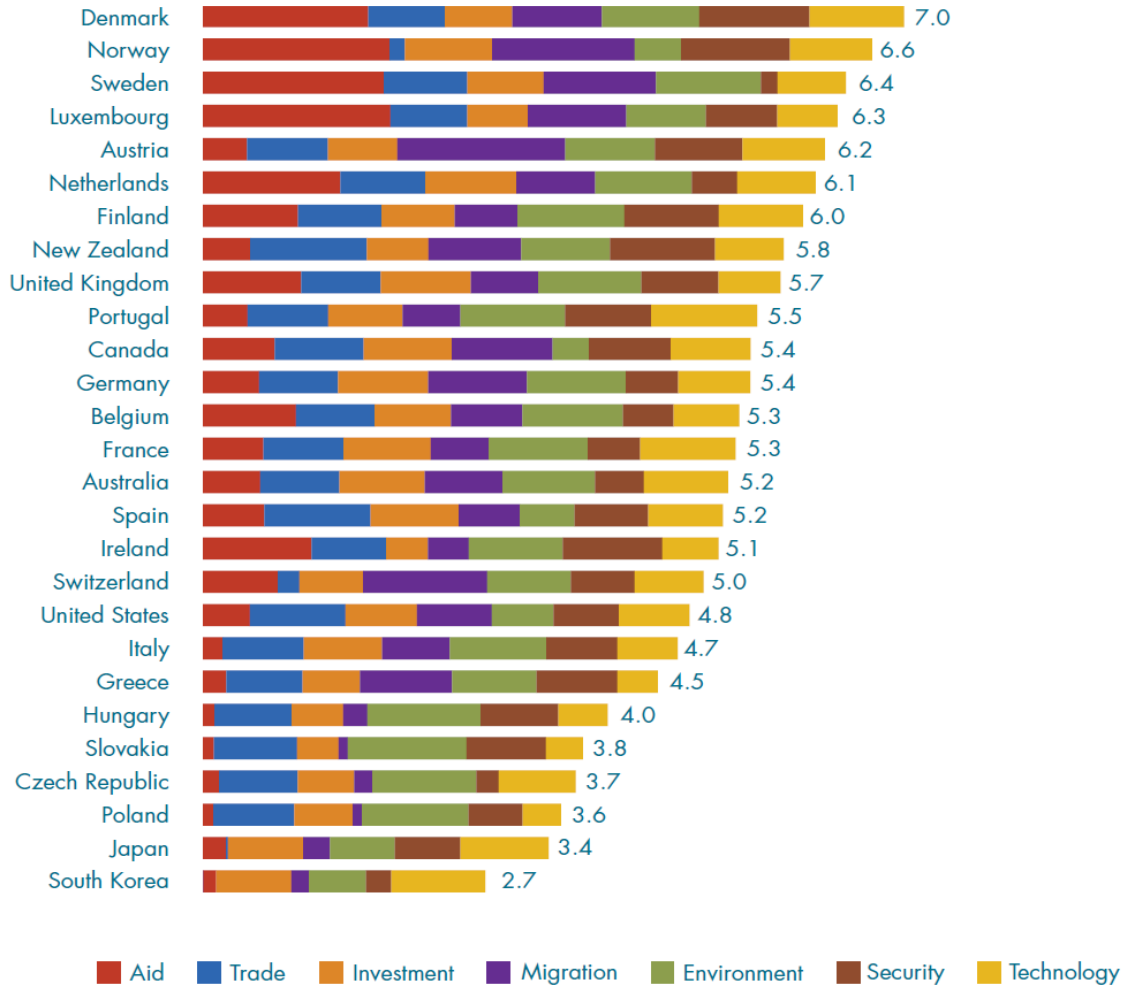
2013

IUPUI has continued this program to some degree.

<https://philanthropy.iupui.edu/>

Finally, we have from the Center for Global Development the Commitment to Development Index (Roodman again)

http://www.cgdev.org/initiative/commitment-development-index/index?utm_source=brief&utm_medium=full-text&utm_content=flyout&utm_campaign=CDI2013



Aid:

https://docs.google.com/spreadsheets/d/1MaKVy81h1TDD5N9M5RVZDSlrEA6o_lw5oJ35z3ZgCOw/edit#gid=224519960

Security:

https://docs.google.com/spreadsheets/d/1hvxBLf0zLWhQlZR1cjlBxnN98sNztHwoR5ag7f3VX_0/edit#gid=69836809