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OF ECONOMICS AND
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**Department of International Development and International Growth Centre
(IGC) public lecture**

**Delivering Meaningful Results in Global Development: A lecture by Dr Raj
Shah, Administrator of USAID**

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WELCOME: Purna Sen,
Head of Human Rights, The Commonwealth Secretariat

PURNA SEN: Good morning. Good to see you all here. I'm Purna Sen; I'll be chairing the session this morning where we're absolutely delighted to be able to welcome Dr. Rajiv Shah to the LSE.

Now, I explained to Dr. Shah this morning that I have a very long bio for him, but I won't go through it all. And I have his permission to miss some bits out. But let me tell you a little about him, and then a little about what he's going to speak to us about this morning.

Dr. Shah is the 16th administrator of the U.S. Agency for International Development, a post he took up in December 2009. Previously, he had been an undersecretary for research, education and economics and chief scientist as the U.S. Department of Agriculture. And he was also director of agricultural development at the Global Development Program in the Bill and Melinda Gates Foundation.

Prior to that, he was the health care policy advisor for the Gore 2000 presidential campaign and a member of the Pennsylvania government – Governor Ed Rendell's transition committee on health.

He is co-founder of the Health Systems Analytics and Project IMPACT for South Asian Americans. And in addition, he served as a policy aide to the British parliament and worked at the World Health Organization.

Another important thing for us to know, I think, also, is that Dr. Shah studied here at the LSE some time back. I'm not sure when. But I think that's important; we always acknowledge that when we here at the LSE – the connection is always important.

And Dr. Shah is going to talk to us a little about the reforms and the changes he's bringing to USAID, and perhaps may also mention a little bit about GAVI. We've been following that in the media, I'm sure, yesterday and today. And it's part of your visit.

So Dr. Shah will speak to us for about 25 to 30 minutes, and then we'll be opening up for discussion.

Dr. Shah?

ADMINISTRATOR RAJIV SHAH: Thank you.

MS. SEN: Thank you.

ADM. SHAH: Let me – I'm over here. Well, thank you very much, Purna, for having me. And thank you all for coming. I actually was a student here in two – no, in 1993. I was a general course student. I don't know if there are any general course students here today. Are there? No. You still have the general course, right? (Laughter.)

MS. SEN: Yes.

ADM. SHAH: (Chuckles.) Yeah, OK. Good, good. But – and this room, I believe, is very special for me. I got my lowest grade ever in – (laughter) – a econometrics course that was taught in this room. And I also met my now-wife in the general course in this room.

The two might have been related – (laughter). She did actually considerably worse than I did, which I enjoy reminding her of on – (laughter) – a regular basis.

I want to – a special thank-you to Sir Gordon Conway, who has come from Imperial College. Thank you, Gordon, for being here. And I appreciate that. Gordon has been a friend and a mentor and a colleague who has just been such a strong leader in this work, and in helping us think about what we should be doing in our development efforts.

I thought – you know, I would just say one other thing, actually, as a student – when you come here from the United States as an American student, especially in '93 – I forget what the exchange rate was, but the prices in London are pretty intimidating. And I just remember coming – being terrified of how I was going to eat after I bought my first breakfast sandwich at a little place next door.

But then, pretty soon you realize that the lagers are subsidized on campus, and everything seems to just work out, so – (chuckles) – this is, really, a wonderful experience. And it's a great chance to be back here.

I was hoping just to talk briefly about the sort of moment we're in terms of the work we do in development, share some thoughts on the reforms that are underway at the U.S. Agency for International Development, and how we're working with the U.K., which is something we're very, very proud of.

And I very much hope to learn from you and to hear your ideas and questions and comments; it's always inspiring for me to go to campuses because we get our best ideas from these types of settings.

But you know, the work we do in global development is at a really special and unique time. We've never had the chances that we have today to bring together the technologies, the innovations, the partnerships and the solutions that now exist to tackle extreme hunger, extreme poverty, the lack of health opportunity that exists for hundreds of millions of people around the world, and to do so in a manner that generates really specific results.

In that sense, the meeting that brought us to town, the Global Alliance for Vaccines and Immunization, is just an absolutely outstanding example of, in my mind, the future of development policy and implementation. GAVI is an alliance that brings together private vaccine manufacturers, private philanthropists and corporate partners, governments from around the world to address a common goal – and that is the goal of making sure that every child everywhere has access to a basic package of life-saving vaccines.

And 10, 12 years ago when we started this effort, it seemed like a noble and important goal, but it also seemed like it had a limit, that vaccines simply weren't a broad-enough solution for the biggest killers of children: diarrhea and pneumonia, malaria.

Now, we actually have a new vaccine for diarrhea, a new vaccine for pneumonia. And within a year or two, I think we will have big breakthroughs in a malaria vaccine. And our collective ability to put in place a system that reaches every child born on this planet will essentially help us bring millions and millions of years of extra life to the most vulnerable people around the world.

And so GAVI really does represent the future of what we're trying to do with all of our development portfolios and our assistance in the United States, and to some extent, in partnership with the United Kingdom.

And it also addresses this basic issue, for those of you that have been following this work, about whether development assistance works, whether aid is counterproductive because it undermines local governance or creates power imbalances and all of that, and it moves us beyond those debates and it moves us to a place where we simply ask, how can we make our investments work better? How can we generate more results with more specificity and more rigor for the most vulnerable? And how can we bring more partners to the challenge, so when we need a new vaccine invented or developed, we can turn to the manufacturers and support their efforts to do that?

My personal background in this comes from a deep motivation that, really, for me, started when I was a little kid. I come from an Indian-American family, which means my parents were first-generation immigrants to the United States. I grew up in a suburb of Detroit, which looks a lot like a suburb of any other city – (chuckles) – in our country. And in that context, in my first visit to India when I was a little boy, was very shocking. And I had a chance to visit with one of my uncles deep into some of the slums in Mumbai, and had just never seen the kind of extraordinary poverty and suffering that I witnessed on that particular trip.

And when you have that experience when you're young in life, you tend to remember the sights and the sounds and the smells and the cries, and it sticks with you. And it very much is what has motivated me to pursue a career in this space.

But I really sort of developed my worldview on how we can tackle development problems by spending eight or nine years at the Bill and Melinda Gates Foundation, which just helped me witness a set of partnerships that came together in food security and global health and education that really were trying to say, with new additional resources, how can we best deploy these resources to generate really concrete and specific results in a focused, business-like manner?

And I find that that background is now quite useful for me in the United States government because in the United States, we're having a debate about whether we can afford to continue to make the development investments that have allowed us to be development leaders for nearly six decades since the Marshall Plan after World War II. And we know that in order to win that debate, we have to convincingly argue that our assistance is cost-effective, evidence-based and generates really specific results.

We're currently spearheading two presidential initiatives, one in food security and one in global health. And I'll give you a little flavor of each of those.

In food and hunger, the world's made a huge amount of progress, decade on decade on decade. But in 2008, for the first time in nearly 30 years when food prices and fuel prices went way up, we saw more than a hundred million people get pushed back into a condition of chronic poverty and extreme hunger. We saw food riots and famines disrupt societies.

And the world came together under President Obama's leadership at the L'Aquila summit in 2009 to address that problem. Global leaders made \$22 billion of commitments to address food insecurity. But perhaps more important than the money, we decided we would collectively take a new approach, approach informed a little bit by one of my favorite books in this space, "The Doubly Green Revolution" that Gordon has written.

But it's an approach that really fundamentally prioritizes working with small-scale farmers in developing countries, recognizing that more than 70 percent of them are women, and they need to be empowered and effective in order to drive real results. It's an approach that gets beyond the debate of whether the private sector has a role in agriculture, and what is that role, and instead builds real partnerships with private organizations and companies that can help commercialize food systems, but do so in a manner that protects the interests and, in fact, improves the incomes of the most vulnerable small-scale producers.

And it's an approach that really insists on serious donor coordination so that we don't have some partners doing small projects in certain parts of certain countries. And now, from Ghana to Tanzania, from Malawi to Mozambique, we're seeing real strategies that have been developed where countries say, look, we will make – we will double or triple our domestic investment in agriculture and food security. We will realize that we're agrarian economies, and use that to our advantage to create an economic development strategy that's fundamentally pro-poor.

And we'll marshal and leverage the investment from the United States and the U.K. and DFID and others to make sure that we have an aligned strategy going forward.

We estimate in 20 countries, this approach can help move 18 million people out of a condition of poverty and hunger, including 7.1 million children who are currently extremely malnourished. And this is important not just because those are stunning numbers. In development, the numbers are just big. And in fact, it's easier to engage people when you show them a photograph of one child who is malnourished, as opposed to talk about helping 7.1 million children who's malnourished.

But the reality is, we can do this. And if we can succeed in the next few years and show whether it's in Tanzania or Ghana or elsewhere – in Bangladesh – that you can really reduce food insecurity and hunger by 50, 60, 70 percent in a five-year timeframe. I believe that'll be sufficient to re-ignite a major revolution of investment and energy in this space.

And for the first time in a long time, we have some great new breakthroughs in terms of technologies and know-how that make it possible. There are actual crop technologies that allow farmers to produce more in drier and hotter growing conditions. There are new foods out there that have improved beta carotene and vitamin A, and better nutrition properties so when children consume them, they're protected from diarrhea and blindness and suffering.

And we're figuring out how to use perhaps the most transformative technology out there, the mobile phone, to help farmers connect to markets, get price information, negotiate better prices and realize improved incomes.

And all of this, coupled with major new infrastructure investments in roads and port systems and trading systems, can really unlock a huge amount of agricultural potential in precisely those parts of the world that are the most vulnerable, yet have the greatest opportunity to improve their production and solve hunger and poverty, most notably sub-Saharan Africa.

So that's one of our initiatives that we call Feed the Future. And we're incredibly excited about the progress that's been made, and very optimistic about what's possible if we stay focused, continue to make these investments and continue to recognize that over the next 30 or 40 years, as the global population increases and as the structural demand for protein and more energy-intensive foods, especially from emerging powers, goes way up, that there will be increasing pressure on the poorest and most vulnerable, mostly rural communities around the world. And our efforts in this regard can make a huge, transformative difference.

Another initiative we've launched is in global health, which – and where we believe that we're on the cusp of achieving some really dramatic results in fundamental improvements in health and human welfare. Yesterday's meeting on the Global Alliance for Vaccines and Immunization was so important because immunizations are undoubtedly amongst the most cost-effective ways to save lives. And we now have some new vaccines that can really extend the reach of protection well beyond what was otherwise possible.

But you – if you go back to history in development and look for big improvements in health outcomes, they've come from a combination of some new breakthrough coupled with a huge amount of political will and global effort to make that breakthrough accessible. You know, the invention of a polio vaccine helped get us from a situation where people literally spent months and months inside of iron lungs to deal with paralysis, to a situation where we're near the eradication of that crippling disease.

The invention of oral rehydration solution, which allowed mothers in particular to no longer have to find a doctor and diagnose diarrhea and figure out how to protect their kid or what antibiotic they needed, and instead put in their hands the solution, the ability to create a nutritious, high-electrolyte solution that they could just keep giving their children until the diarrhea passed gave them the power to save millions of children's lives. And they did it. And it's one of the big success stories of global health.

In the same way, I think we're on the cusp of some big, big, new success stories, and I'd like to share just three or four with you. First, I think immunization is probably the single most effective thing we can do over the next five to seven years and, as we get new malaria vaccines, and someday HIV and TB vaccines, will be an important part of changing the landscape of global health.

Second, we believe there are real opportunities right at the point of birth. You know, there are 1.7 million children that die in the first 48 hours of life, and about 200,000 women who die in that same time

horizon, every single year. And we've launched an innovative new project we call Saving Lives at Birth, which is a call for science and technology and innovation and ideas for how to really reduce the mortality and morbidity that exists in that specific window. And we know some of the characteristics of the solution. We know that women need to have a skilled attendant at birth with them, in order to get through complications or difficulties. We know that, you know, there are a whole range of technologies – I use that term very broadly – ranging from a low-cost respiratory system that can help protect children, to local creams and solutions that can be immunogenic and protect kids in those first few days of life, that we could reintroduce into that moment. And we know that we have certain drugs, like Uniject Oxytocin, which is an injectable product that prevents maternal bleeding; or Misoprostol, which is a tablet product that can prevent bleeding as well, that can really help save women's lives by the thousands. So a concerted effort to save lives in that first 48 hours after birth is, I think, the second big opportunity.

The third is malaria. We've seen over the last five years tremendous statistical progress in reducing child death from malaria. In fact, President Bush launched a program we called the President's Malaria Initiative, that works in 15 countries. And just this past year, we saw data come back from seven of those countries that shows that by doing some very simple things – getting an insecticide-treated bed net, a set of improved drugs, residual indoor spraying of insecticides in homes and other efforts – we can reduce the prevalence and incidence of malaria significantly.

And perhaps most dramatically, we've seen up to 36 percent reductions in all-cause child mortality from this program. And what that means is that we're not just saving kids from malaria; it means we're so effective at keeping kids out of the hospital from malaria, that those hospitals can actually save children from other diseases. And so when we have an opportunity like that, that's grounded in data, that we know how to drive real solutions, we believe we should be doubling down our investment and focusing in those countries where there are still the greatest reservoirs of child death from malaria. And we believe it's possible to virtually eliminate children dying from malaria in five to seven years.

Just to put that in perspective, just five years ago, we used to talk about 800,000 kids that died every year from malaria, and what a huge economic and social burden that presented for – in the mostly sub-Saharan African countries where prevalence and incidence were so significant. So that's the third.

I think the fourth is in addressing the challenge of HIV/AIDS. We've made huge progress in getting millions of people on treatment, partly through the President's Emergency Program for AIDS Relief, which was another signature program that President Bush launched. We're now at the cusp of recognizing that AIDS – HIV/AIDS continues to be an emergency, but also needs to be dealt with in a more streamlined manner. And we need to find ways to accelerate HIV prevention so we get the number of new cases below the number of new cases that are put on treatment, and actually start a downward path for HIV around the world. And we've realized that we need to, you know, identify those areas of HIV prevention – like preventing AIDS in children – that are achievable and solvable in the next few years. And so just earlier this week – this week or last week – in the United Nations there was a major meeting on ending pediatric AIDS, which I believe is very, very important in terms of seriously tackling a part of the prevention puzzle that is solvable and will build confidence and will give people the sense that we can – that we have an alternative to – you know, to really do something about HIV/AIDS in a structural way.

But our agency does more than health and food. We also are implementing the president – President Obama's new development policy, which fundamentally refocuses our development efforts on good governance, democratic governance and economic growth. And in – and I just want to share a few thoughts on that. You know, there's been a long history in the governance community of debating whether governance is more important than development, or development's more important than governance. I came from a place where I didn't know about that really exciting debate – (laughter) – and so when I got to USAID and I got briefed on these are what these people write, these are what these people write, you know, over 10 years of having this debate, it – you know, it seemed a little interesting to me.

And the reality is we now know pretty definitively that we need both. We need strong, effective governance; we need real democratic aspirations. We're seeing throughout the Arab world, the Middle East and North Africa that stability built on the fragile reality of a lack of self-determination is not real stability; it's just the perception of stability. And that's why we have changed the way we work in those environments very aggressively. And in one of my favorite presidential speech lines of all time, President Obama, in his recent Middle East-North Africa speech, talked about how we will work with unregistered civil society groups. And for the president of the United States to delve into that level of procurement detail I thought was very exciting – (laughter) – because I thought only I got to live in that world.

But it's so important. And the point he was making was that we need to reach out broadly and support the aspirations of all members of society, not just governments and not just the largest, most organized groups. And often, the official development communities – USAID, DFID, others – are more designed to work with large players and large organizations that can meet our sometimes rigorous accounting standards and other things; and we're less designed to work with nimble young graduates of American University-Cairo who are in Tahrir Square and who have, you know, civil society groups in name only. They're really these informal movements or networks that can get a lot done in the modern era, as we've seen. And so we've actually restructured the way we work in Egypt and in a number of other countries, to allow us to partner with and support those types of civil society groups more actively and more aggressively.

And that actually builds on a very strong tradition. I mentioned the American University of Cairo because I had a chance to watch a television interview with one of the women who are the – who are one of the young leaders of the movement in Tahrir Square, and she – and they asked her: Well, where did you – where did you learn how to do this, and where did you get your network of people that became this movement? And she said: Oh, I learned this in my social mobilization and democracy class at American University-Cairo. And USAID's been a long supporter of that university, so I just thought it was a wonderful coming together of a historic project that we did and the reality of the technology and the Internet that enabled what we saw in that environment.

In economic growth, I think we're setting ourselves up for the same kind of transformation that we've seen in health and food and democratic governance. You know, for a long time, the thinking on how to generate real economic vitality and activity in countries that are designated as low income or very low income has been something that's externally imposed: debt relief, policy conditionality, you know, foreign direct investment, remittance flows. And all of those things play an important role. But in reality, most of the countries in which we work – whether in Africa or Asia or Latin America – have a huge amount of local resources that can be mobilized more effectively for their own development and their economy. Banks tend to sit on large amounts of liquidity and have conservative lending policies. And we've seen over time, whether it's microfinance for very small-scale borrowers, or larger deals that are supported by credit guarantees like USAID's Development Credit Authority, that it's possible to unlock all of that resource in real local investment.

We've seen that working to really improve the business climate and create transparency in contracting and legal enforcement can also rapidly unlock real economic vitality. And it's no surprise then that if you look across the global economy, some of the fastest growing economies over the last decade, countries that have had 10 years of 5-plus-percent GDP growth, have been countries like countries in sub-Saharan Africa that has more countries growing at that pace than anywhere else. So there are real economic opportunities. And we're restructuring the way we work to be far more organized around the local private sector, local sources of capital, including debt equity, and even in some cases trying to build networks of angel investors that can help start businesses and nurture and grow those businesses, as the real change agents creating employment and innovation and economic vitality around the world.

So to do all of this, you know, requires a seriously nimble, effective and strategic aid organization or enterprise. And when I joined USAID, it wasn't quite clear to me that we fit that criteria, and so, you know, I embarked on a sort of period of learning. And I constructed a hundred-day plan for my first hundred days, where I was going to systematically go through each business unit, learn about what the strengths and weaknesses were, understand where were the flexibilities, where we could cut red tape and really unlock real progress. And then about six days in, the earthquake in Port au Prince, Haiti took place, and more than 250,000 people lost their lives. And it was a(n) absolutely all-encompassing tragedy that consumed virtually every minute of my first three months.

But what I saw in our agency's and our government's response to that earthquake was really inspiring. I had staff from around the world call me and say: I know what you're going to deal with in three weeks in Haiti, and I'd like to go help prevent that problem. Or they would put in place new rules and regulations, virtually overnight, and say: Hey, if we follow all our rules and regulations right now, we won't be able to get food to people who need it fast enough. And we created a food distribution system that served 3 million people within two-and-a-half weeks – the fastest, largest food distribution ever pulled together. People changed the rules to make sure, as we trucked water in from the Dominican Republic, that we were distributing chlorine tablets along with the water, so that people would use the tablets and have clean water, instead of just water. And we saw diarrheal disease go down in Port au Prince to lower than pre-earthquake levels, according to a CDC study and analysis.

And all of these great transformations – we used cell phones to make payments to people in rural communities that were taking migrants from Port au Prince and going back into rural communities during the tragedy; or we put in place a competition to create a true mobile banking system that would be a

phone-based banking system for Haiti – all of these things came out of those first few months, when people were innovative and excited, and where we, you know, essentially relaxed the rules enough to allow that innovation to rise to the top.

And that led me to think that we should not just do this at moments of emergency, but that we should do this throughout our whole organization. And we launched a reform agenda that I call USAID Forward. And USAID Forward is for me a very exciting, seven-part reform agenda. I won't go into every piece of it, but the bottom line is we took a hard look at what we were doing. We got the best ideas from our own team and our own staff. We didn't use consultants; we didn't use outside partners. And we said: We have a vision for the kind of aid agency we want to be, and we can change the way we do contracting and procurement to work with local partners and real innovators and small-scale organizations, instead of just focusing on large contract partners. We can put in place a new evaluation policy that will insist that every major program gets a third-party, independent evaluation. And the results of those evaluations go straight to a new website, as opposed to being filtered in any way, so the whole world can see whether we're succeeding or not succeeding, project by project. And we can learn from that, and get better.

We put in place a website called "foreignassistance.gov" that tracks and makes transparent where every penny we spend goes. And over time, I'm going to try and build that into a major GIS system that's modeled after Google Earth, that allows us to have a real data visualization of where every single project and program is. Because for a long time in this space, everybody talks about donor coordination, because it is important; but it's also incredibly painful for anybody who's kind of sat through donor coordination meetings. And I believe if you just put all this data out there in a way that's visual and accessible and useful to people who need it, that they will coordinate themselves around a lot of this in a way that we, as top-down bureaucracies, would not be able to ever do.

And we've changed our fundamental thinking about our goal and our objective, and this comes from President Obama and Secretary Clinton. The goal is not simply to get the work done. The goal is not simply – as exciting as it is – to save lives and end hunger and build democracy and promote economic growth. It's not simply to get those outcomes and to get those results. Our goal is to do the work in a manner that builds the institutional capacity so that we're no longer necessary.

And I will conclude with just an example, which is if you look at the Korean Peninsula at night, I think you'll see the stark contrast between success or failure in global development. In South Korea, you'll see at night a country lit up with lights and energy and grid and economic activity. And in all that brightness is the reality of a country that started in the 1960s with a lower agricultural production rate than most East African countries, a higher child malnutrition rate, a lower education rate; but had effective development partnerships with countries around the world, invested in their education and their people, pursued a growth strategy that first started with agriculture and then transitioned to manufactured goods and technology and innovation, and today is not just a donor itself, but is also hosting the global meeting on development and, you know, redefining the example of success. And in America, we have more jobs related to our trade with South Korea than we do have jobs related to trade with France.

The opposite end of that spectrum is the challenge when things go the other way. In North Korea, you'll see at night virtually no lights. And hidden in the darkness is a child malnutrition rate of nearly 50 percent, is a huge amount of personal and individual suffering and poverty, and is the global instability that comes from autocratic regimes that don't make the right choices and don't engage the world in a right way.

And so in the United States, we're at a very critical moment: We're facing serious fiscal pressures, as I know you are here. And we're having a real debate about whether we can afford to engage around the world as leaders and as development partners. And my argument and our administration's argument has been that we can't afford not to; that it is far more costly over time to deal with the North Koreans than it is to engage in real, meaningful, global, peer-to-peer partnerships with the South Koreans. And for that reason, I think this work is absolutely critical and represents a true challenge in our time.

And I appreciate your interest, and I look forward to hearing your thoughts and your ideas. So, thank you. (Applause.)