



**THE MILLENNIUM DEVELOPMENT GOALS:
ENSURING ACHIEVABILITY AND
ACCOUNTABILITY**

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1 INTRODUCTION

The campaign for the achievement of the Millennium Development Goals (MDGs) adopted the slogan “No Excuses”. It is essential that the Millennium Development Goals are achieved. Even this goal, however, it falls far short of the campaigning goal of “Making Poverty History” (the slogan of the civil society organisations campaigning for progress on aid, trade and debt issues.)¹The September meeting of the United Nations, the Millennium + 5 event, had an ambitious agenda as it was also addressing UN reform. The report of the Secretary-General, *In Larger Freedom*² served as the basis for discussion. Underlying the Secretary-General’s report was the report by Jeffrey Sachs *Investing in Development*³ which made a detailed review of the funding needs for achieving the MDGs. Various goals, commitments and challenges were present in the discussions. These include doubling aid to Africa and achieving the 0.7% of GNP goal by 2015 (for official development assistance – ODA). One can ask at least three sets of questions of the Millennium Development Goals, related to their achievability, accountability and adequacy.

- **Achievability**

Even if the industrialised donor nations move to 0.7%, will the MDGs be achieved? There is no guarantee.

- **Accountability**

The “We the Peoples” project⁴ has used the MDGs to help civil society organisations (CSOs) hold governments accountable. In North and South the question is being addressed: how best can CSOs make the MDGs a vehicle for accountability?

- **Adequacy**

It still has to be asked, however, whether the MDGs are adequate to the challenge of “Making Poverty History”? The MDGs represent a significant narrowing from the agreed targets of the world conferences of the 1990s. The very high profile given to the MDGs has a dual effect; partly positive, partly negative. Emphasising the MDGs increases their chances of being realised. It can also have a shadow side of distracting attention away from the fuller commitments entered into in the great world conferences of the 1990s. Each of these conferences produced targets of their own. For example, the commitments in the MDGs to gender equality, sexual and reproductive rights are a shadow of

¹ [Hhttp://www.makepovertyhistory.org/H](http://www.makepovertyhistory.org/H)

² [Hhttp://www.un.org/largerfreedom/H](http://www.un.org/largerfreedom/H)

³ [Hhttp://www.unmillenniumproject.org/reports/index.htm](http://www.unmillenniumproject.org/reports/index.htm)

⁴ [Hhttp://www.nsi-ins.ca/english/pdf/wtp_8_pager_final.pdf](http://www.nsi-ins.ca/english/pdf/wtp_8_pager_final.pdf) - This is a project of the North-South Institute and the World Federation of United Nations Associations.

the Beijing commitments.⁵ The MDGs have been referred to as “scandalously modest”. The targets are most clearly related to absolute poverty. This should not distract from the need for attention to the widening inequalities internationally and within societies. It is important to note that both the UNDP in their new *Human Development Report* and the World Bank in their *World Development Report* focussed on equity issues.⁶ Achieving the MDGs is essential, but it is not enough. The policy focus should be on “MDGs plus”.

2 TARGETTING POVERTY – ARE THE MDGS MISPLACED?

It is often said that targets are easily set, but seldom met. Some critics suggest that the entire MDG enterprise is an exercise in misplaced managerialism. Against this view, one can point to impressive counter-examples. In 1961, the first development decade was announced with a target of 5% growth. This was met. From 1959 to 1961, UNESCO set an ambitious range of targets relating to quality of education and net enrolment. These targets, too, were met. In 1966 the world community agreed to set the elimination of smallpox as a target. By 1977, smallpox had been eradicated. Building on such individual examples, the international community, through the series of world meetings on development and social priorities, set an impressive range of targets in the 1990s. These have been consolidated into the Millennium Development Goals (MDGs) in 2000. Drawing on earlier examples, there is no overriding reason, given the commitment of adequate resources and political will, why the MDGs should not be met. The Millennium Declaration contained the ringing phrase that world leaders were committed to “spare no effort to free our fellow men, women and children from the abject and dehumanising conditions of extreme poverty”. The MDGs have eight goals, eighteen targets and forty-eight indicators. The targets are both numerical and time-bound. Achieving them would mean that during the life-span of this generation, we would achieve gender equality, halve the proportion of people suffering from hunger, guarantee that all children complete primary school, reduce by two-thirds a child’s risk of dying before the age of five, cut by three-quarters a mother’s risk of dying from pregnancy-related causes and halve the proportion of people without access to safe drinking water.

The MDG to which most attention is devoted, is the goal of halving the proportion of people living in extreme poverty (on less than \$1 a day) by 2015. Quantification has considerable power. There is a great temptation to think “if it cannot be counted, it does not count”. Such a view leads to distortions, but the reverse is often true. Well- chosen numerical targets mean that one can “count the things that count” and measure progress. The other motto that is relevant in this instance is “If it cannot be measured, it cannot be managed”. In this instance, it is a case of allocating resources to essential priorities for development. Seen in a wider developmental context, the MDGs are a valuable tool for helping to drive forward momentum. To paraphrase President John F Kennedy; “We should not ask what we can do for the MDGs but what the MDGs can do for our cause, the realisation of basic economic and social rights?” There is great divergence as to

⁵ [Hhttp://www.earthsummit2002.org/toolkits/women/un-doku/un%20beijing.htm](http://www.earthsummit2002.org/toolkits/women/un-doku/un%20beijing.htm)H

⁶ Both published since the Wilton Park conference.

how the MDGs are seen. Many see them as a major step forward because they represent, for the first time, an internationally-agreed agenda for human development, to be realised in partnership between developing and developed countries, with each sharing responsibility and each able to be held accountable. Others see the targets as a step sideways because they summarise the consensus that has already been achieved which is limited in scope and ambition. Others see the MDGs as a step backwards because they do not adequately emphasise human rights, reproductive health, jobs, overcoming inequality, governance or the role of the private sector. Nor do the targets adequately address gender equality or environmental sustainability. The creative approach, however, is to use the MDGs as a benchmark for moving forward on the key social and economic issues of our age.

Even many people who are familiar with the actual targets do not know or understand the underlying logic of the MDGs. First, they are global targets, rather than targets for each individual country. Secondly, they are, in effect, an extrapolation of the trends of the 1970s and 1980s at a global level. The baseline is 1990 and the time period within which the MDGs are to be achieved is the 25 years from 1990 to 2015. Thus, if the under-5 mortality rate continued to improve in the way it had during the 1970s and 1980s, global child mortality in 2015 would be two-thirds lower than in 1990. Thus, these targets are achievable. This also explains why the targets are not the same in each area. Some aim for a reduction by a half, some by two-thirds, others by three-quarters.

The baseline of 1990 also has further implications. We are now over half way through the time period – in fact 60% of the time allotted has gone. There are only ten years left in which to achieve the MDGs. Progress on many of the MDGs continued in the 1990s, but it slowed down. The 1990s saw slower progress globally for most of the targets than the 1970s and 1980s did. Furthermore, much of the progress bypassed the countries and the people that had most urgent need of it. Without a rapid acceleration most of the targets will not be met at global level by 2015.

A by-product of the emphasis on the MDGs is an improvement of the data on development issues. This means that one can analyse with greater precision what is going on. For example, during the 1980s under-5 mortality rates in twenty-five developing countries show that a child born in the bottom 20% of the population was over twice as likely to die before their fifth birthday than a child born in the top 20% by income (figures for the late 1980s and early 1990s). Ten years later the gap had increased by 2.7 times. Some of the developing countries had seen improvements whereas in other countries the situation had got dramatically worse and the ratio was now 3:1 or 4:1. As Joe Stiglitz, the former Chief Economist of the World Bank, has noted in his history of the “Roaring 90s”, global economic progress continued in the 1990s, but it was slower than the 1970s and 1980s. Much of it bypassed the poor.⁷ An action programme to achieve the MDGs should concentrate on the following four steps:

⁷ <http://www.theatlantic.com/doc/prem/200210/stiglitzH>

- MDG-based poverty reduction strategies should be developed. These should tailor targets as key objectives of nationally owned poverty reduction strategies. The motto should be adaptation, not mindless adoption of the MDGs;
- Intermediate targets should be set as a binding measure of political accountability;
- These should then be translated into specific actions and reforms over the next two to three years;
- Costings for the steps to be taken should be included in the national budget and annual aid negotiations of poorer countries.

Such specific measures, rather than wishful thinking, are essential if one is to achieve a positive answer to the question addressed by Nelson Mandela in 1991; “Will the legacy of this generation be more than a series of broken promises?” The MDGs are valuable and achievable, but need to be translated into specific, measurable and time-limited policy proposals.

3 2005: LAYING THE GROUNDWORK FOR A BREAKTHROUGH OR MISSED OPPORTUNITY?

In his report to the Millennium+5 Summit, Kofi Annan called attention to a set of interlocking crises - the crisis of security, the crisis of intolerance and the crisis of representative democracy. On top of all of these, and the most life-threatening, is the crisis of poverty and inequality. In a world of unprecedented wealth, one out of every six people in the world, about one billion people, go hungry every day. Thirty thousand people, it is estimated, many of them children, die every day because of poverty. Half a million mothers die from childbirth, malnutrition and neglect. One hundred and twenty million children are denied the right of primary education and are out of school. One billion people have no access to sanitation. It is estimated that the thousand richest people in the world have a personal wealth greater than the six hundred million people living in the poorest countries.

The summit of heads of state in September 2000 which agreed the Millennium Development Goals was the largest gathering of national leaders in human history. The MDGs spell out commitment by both rich and poor countries and to how these can be achieved. On aid, the priority is for the long-standing commitment of the rich countries to reach 0.7% of GNI for ODA and improve the quality of aid through untying and simplifying procedures. On debt, much deeper and quicker cancellation of debt is essential. Many African countries pay out much more in debt servicing than on preventable child deaths. It is now increasingly accepted that debt sustainability need to be defined in terms of helping to achieve the Millennium Development Goals. Increasingly, the trade arena is also being related to the MDGs. For poor countries to have better prospects for trading their way out of poverty, elimination of agricultural subsidies is essential. There needs to be policy space for developing countries and intellectual property agreements which benefit companies whilst hindering food security and the health needs of the poor need to be reassessed. The Doha Round of the World Trade Organisation has been called a “development round” but has yet to deliver on that optimistic description.

It is essential that the global compact is seen as precisely that. The obligations of the rich countries must also be met by progress on accountability and the right policies be developed in poor countries - with a focus on poverty alleviation and prevention of corruption.

There is an increased commitment and seriousness to achieving results and a sense of urgency to the commitments. The global compact is not only between the rich and poor countries, but also between the UN system, the World Bank, the IMF, the Regional Development Banks and, increasingly, the World Trade Organisation. For the first time the international financial institutions and rich country governments have made explicit what they can be held accountable for. The financial needs, which have been calculated at \$75 billion of additional aid, sound huge. However, these resources, large as they are, are far smaller than the hundreds of billions of dollars spent on one war in Iraq or set against the estimated \$1000 billion now spent annually on arms. Increasingly, performance against the goals is being monitored through national MDG reporting and the Secretary-General's reports to the General Assembly. Seventy national reports have been produced in different countries. It is clear that the goals are achievable. This is evident not only from the design, but also in terms of the progress that has been achieved in the past. However, if the approach is one of "business as usual" the goals will not be achieved by 2015. It must be re-emphasised that the goals are global aggregates, and care must be used in presenting the information. The goal on poverty and hunger (Goal 1) will not be achieved on present estimates until 2147. It is in Sub-Saharan Africa the situation is most alarming. However, many of the poor live in middle income countries and the highest concentrations of poor people, in numerical terms, are in Asia. Most of the poor people live in India, China and Brazil – none of which are among the least developed countries.

Many countries are "over achieving". Vietnam has set higher standards for their MDG campaign than the global targets. Latin American countries have set themselves the task of achieving universal secondary education rather than the more modest goal of universal primary education.

4 ACCOUNTABILITY AND THE MILLENNIUM DEVELOPMENT GOALS

The Millennium Declaration is quite clear in emphasising the right to development. Some critics of the MDGs have argued that the MDGs should be much more explicit about the right to development. This is beginning to happen. For example, the recent report to the General Assembly of the Special Rapporteur for Health of the Commission for Human Rights (27 September 2004) drew out the specific connections between the MDGs and human rights standards.

Millennium Development Goal	Key Related Human Rights Standards
1. Eradicate Extreme Poverty and Hunger	UDHR article 25 (1); ICESCR article 11
2. Achieve Universal Primary Education	UDHR article 25 (1); ICESCR articles 13 & 14; CRC article 28 (1) (a); CEDAW article 10; CERD article 5 (e)(v)
3. Promote Gender Equality and Empower Women	UDHR article 2; CEDAW; ICESCR article 3, CRC article 2
4. Reduce child mortality	UDHR 25, CRC articles 6, 24 (2)(a), ICESCR article 12 (2)(a)
5. Improve maternal health	UDHR article 25; CEDAW articles 10(h), 11(f), 12, 14(b); ICESCR article 12; CRC article 24(2)(d); CERD article 5 (e)(iv)
6. Combat HIV/AIDS, malaria and other diseases	UDHR article 25; ICESCR article 12; CRC article 24; CERD article 5 (e)(iv)
7. Ensure environmental sustainability	UDHR article 25 (1); ICESCR article 11(1)&12; CEDAW article 14(2)(h); CRC article 24; CERD article 5 (e)(iii)
8. Develop a Global Partnership for Development	Charter articles 1(3), 55 and 56; UDHR article 22 & 28; ICESCR articles 2(1), 11(1) 15(4), 22 & 23; CRC articles 4, 24(4) and 28 (3)

Key: Universal Declaration on Human Rights (UDHR), International Covenant on Economic, Social and Cultural Rights (ICESCR), International Covenant on Civil and Political Rights (ICCPR), International Convention on the Elimination of All Forms of Racial Discrimination (CERD), International Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) Convention on the Rights of the Child (CRC)

The Millennium Campaign has been working, together with the Office of the High Commissioner on Human Rights, to clarify relationships between human rights and the MDGs.⁸ Poverty and deprivation are violations of economic, social and cultural rights. There are still problematic issues of justiciability and accountability. The problem of justiciability is that, unlike violations of civil and political rights, for example torture, it is much more difficult to make a sustainable case for attributing responsibility to particular people for denial of the right to adequate health care or, indeed, a situation of abject poverty.

If there are obvious difficulties in making the MDGs stick through the legal route, on a case-by-case basis, other means of redress are essential. The Millennium Campaign of the UN is both mobilising, and benefiting from, the activity of strong civil society group interest, in North and South on the MDGs. There are many reasons for this:

⁸ <http://www.ohchr.org/english/issues/millennium-development/resources.htm>

- The MDGs have become part of the dominant discourse on development and the UN system fully endorses these goals;
- Civil society organisations (CSOs) which are struggling to make the Poverty Reduction Strategy Papers (PRSPs) and national plans for poverty eradication find the MDGs a valuable point of leverage and a framework of reference;
- Many CSOs are now using the UN to press for achievement of the MDGs and for a more effective approach on trade issues;
- Many of the CSOs are working on one or more of the MDGs in their existing campaigns. The MDGs therefore provide a framework in which specific issue-based campaigns can co-ordinate.

The MDGs have provided a framework for co-ordinated action by an unprecedented coalition of networks and movements, including faith-based organisations such as the World Council of Churches, trade unions, development and environment organisations, human rights groups and professionals in healthcare and others. The media, particularly the BBC, have played a leadership role internationally and musicians, sports stars and others have thrown their celebrity status behind achievement of the MDGs.

It is also encouraging that there are success stories to report, even in adverse circumstances. Malawi, Eritrea and Gambia have made considerable progress on primary education. Bangladesh, Ghana and Mozambique are improving on the health front. Thailand, Uganda and Senegal have made important progress on HIV Aids and Ethiopia halved its maternal mortality rate in eight years.

After many years of slow decline, a number of rich countries are beginning to generate an increased commitment to ODA. Half the EU countries have a clear deadline to achieve the 0.7% on aid including large economies such as the UK and Spain. Overall, aid levels went up in 2003 after a considerable gap.

In the trade negotiations, Cancun was a warning to the rich countries that the Doha Round needs truly to be a development round. Brazil has made significant progress through victories through their complaints on unfair trade practices through the WTO.

Progress has also been made on the debt issue and new and innovative financing mechanisms are being explored. So, although there is still a huge amount to do in the ten years leading to 2015, there is an unprecedented range of organisations and initiatives which find an adequate framework in the MDGs for achieving significant progress on these essential goals. To critics who say that the MDGs are not enough, the most obvious response is that no-one is saying that the MDGs are the upper limit of campaigning aspirations. Virtually no critics are saying that achievement of the MDGs would be a step backwards in development initiatives. Most realistic campaigners also realise two further important insights. Even to achieve the MDGs, one must aim higher than these goals. Secondly, the MDGs as an international consensus represent a realistic programme. They are far short of what is required by an understanding of human rights – that all men, women and children deserve, at the very least, the basic conditions that make human life more than a struggle for survival. The understanding is growing, however, that this is the first generation that realistically can campaign for the abolition of extreme poverty in our lifetime.

5 FINANCING FOR DEVELOPMENT – MOBILISING ADDITIONAL RESOURCES

The Monterrey consensus on Financing for Development has provided a highly successful framework for analysing the responsibilities of developed and developing countries. It provides the basis for the global compact for achieving the MDGs. From the 1970s onwards, the largely unfulfilled promise of the industrialised countries, to provide 0.7% of GNI as development aid, has only been achieved by five countries. Now, however, there is considerable impetus behind increases in aid.

Within the UN system, as preparation for the Millennium +5 Summit, Jeffrey Sachs of Columbia University, has led a huge team with ten task forces, which initially suggested the \$150 billion would be required to meet the MDGs. This figure has been revised subsequently (downwards), but the resources needed are still very substantial. What is obvious, from the analysis, is that ODA alone will not deliver the necessary progress towards the MDGs. In addition, many dimensions, such as gender equity, are required to ensure that ODA is used efficiently. At macro level, developing countries must also pay attention to their growth and distribution policies. The Monterrey consensus stressed that the mobilisation of domestic resources is a key issue. It is essential for developing countries to have a fiscal system that works. This requires providing the legal, financial and fiscal structure to ensure that domestic resources can also be harnessed in the move towards growth. Developing countries must also pay attention to their capacity to mobilise private flows, both in terms of investment and remittances. Corporate social responsibility can play an important role by ensuring that foreign firms behave well and provide decent working standards. Trade is an important motor for growth and development. Here, the developed countries must pay attention of agricultural subsidies and perverse incentives provided for agricultural production within the donor countries. However, even if agricultural subsidies were removed, it is by no means obvious that the poorest countries would reap the benefits. New attention is being paid to infrastructure. Particularly in Africa, without well-functioning ports, communication systems (including rail and roads), trade cannot be adequately addressed. The immense burden of debt service has trapped many countries in a vicious circle. All of the above elements are essential to generate a “virtuous spiral” leading to development. Substantial progress has been made on the debt issue.

Thus, the Monterrey consensus provides a good framework for assessing the responsibilities of northern countries. It concentrates on:

- Domestic mobilisation of resources;
- Private foreign investments;
- Trade;
- Official development assistance;
- Debt relief.

In addition, there are systemic issues related to the international economic system and whether it works well (or not) for the developing countries. Here the question must be asked whether there is indeed a “system” or merely a set of partially co-

operating, partially competing institutions - whether these are bilateral donors, the UN agencies, international financial institutions or regional and sub-regional development banks.

There is a need for continued further work on harmonisation and aid effectiveness as the aid given must be adapted to the requirements of developing countries. Unless this system works better, the administrative overload runs the risk of clogging up the limited capacity of developing countries to deal in the best way with aid offered. As increased resources become available, issues of absorptive capacity become more important. It is also increasingly clear, at the latest since the East Asian crisis of 1997-98, that when and wherever international financial stability is jeopardised, it is the poorest who suffer.

The attempt to find innovative sources of funding is only one aspect of the increased awareness that predictable long-term support is needed for developing countries. This is the motivation behind the International Finance Facility championed by the British Chancellor (Finance Minister) Gordon Brown.⁹ This seeks to raise money on the financial markets and achieve front-loading of the rapid increase of development finance. A pilot project on immunisation is seen as the prototype for the larger project. Other approaches such as the Tobin Tax on international financial transactions are still under discussion, but most forms of international tax would require universal adherence in order to close off as many loopholes as possible. An air fuel tax which has recently gained increased support could be decided nationally.

The UN's September summit benefited from the increased sense of shared responsibility for meeting the MDGs. It is interesting, however, to ask why now? Whereas countries such as Norway, Sweden, Denmark, the Netherlands and Luxembourg have taken the 0.7% GNI standard as a serious commitment, why have others only now begun to take serious steps? The US and Japan in particular still have considerable distance to make up, although they are large donors (in absolute terms) because of the sheer size of their economies.

The outcomes of the Summit have been described, in a widely reported article by the UN Secretary-General as "a glass at least half full".¹⁰ All UN conferences are, almost by definition, "a success" as the UN has a responsibility to put an optimistic spin on any international agreements, particularly when multilateralism is under stress. However, what is needed is substantial progress rather than "public relations victories". The success of the September conference depended to a substantial extent on Security Council reform, where little progress was made. The Secretary-General put together the three issues of peace and security, human rights and development in his report *In Larger Freedom*, as it is clear that progress cannot be made on peace and security without development and *vice versa*. The recent EU announcement that ODA will reach 0.56% of GNI by 2010 is encouraging. There are many indications that trends are moving in the right direction but substantial progress

⁹ [Hhttp://www.hm-treasury.gov.uk/documents/international_issues/int_gnd_intfinance.cfm](http://www.hm-treasury.gov.uk/documents/international_issues/int_gnd_intfinance.cfm)H

¹⁰ [Hhttp://un.by/en/news/world/20-09-05-01.html](http://un.by/en/news/world/20-09-05-01.html)H

at the Millennium+5 Summit on development issues should not be held hostage to debates on Security Council reform.

6 THE FUTURE OF DEVELOPMENT FINANCING: CHALLENGES AND STRATEGIC CHOICES

The global agreement on achieving the MDGs places responsibilities on developed and developing countries. As well as the responsibility to provide increased aid flows, there is also the duty to ensure that the aid is well used. There are at least three elements to this. Aid must be well used within the recipient country. Aid must be given in such ways as to ensure that the chances of aid efficiency are maximised. Finally, the aid delivery system must be rational and avoid both overlaps and gaps. In practice, there has been a growth in the number of institutions, both bilateral and international, giving aid. This has led to a complex and messy array of development and assistance organisations. There has also been a rapid and uncoordinated expansion of private agents seeking to contribute to development. This provides an incoherent picture of overlap, duplication and missing entities that can hardly qualify to be called a “system” for international development financing. In addition, it must be recognised that major shocks (such as the oil price rise in the 1970s) have been a key driver for change in the international aid “system”. The more positive climate of increased urgency and generosity provides an opportunity to look again at the network of institutions that provide ODA. However, one must also reckon with institutional defensiveness and competition, not only altruism and a desire for maximum efficiency within the “system”.¹¹

Before discussing intensively how international aid delivery could be rationalised, it is valuable to ask what the essential attributes of an effective international development financing system would be. These include:

- Adequacy (the match between development financing and the needs of developing countries); predictability (the amount and the availability of anti-cyclical funds to guard against external shocks);
- Responsiveness (the ability to balance needs versus performance);
- Diversity in choice (the variety of instruments, institutions and programmes);
- The capacity to absorb shocks (i.e. a rapid response facility);
- Links to domestic resource mobilisation (complimentarily);
- Voice, representation and accountability (in the formulation of key policies).

Flexibility, adaptation and learning with the possibility of “sunset clauses” and mergers to focus these needs into a properly functioning development financing system requires attention to the institutional arrangements (or the framework or scaffolding within which to place financial instruments). The financial instruments themselves (the variety of means to channel resources or delivery mechanisms); the capacity of developing countries (both from external and domestic sources); and the political viability of the development process within countries (i.e. the factors affecting

¹¹ Sagasti, Francisco, Keith Bezanson and Fernando Prada. 2005. *The Future of Development Financing: Challenges and Strategic Choices*. Basingstoke, UK: Palgrave Macmillan.; see: [Hhttp://www.sdn.org/undp.org/gpgn/r-financing.php](http://www.sdn.org/undp.org/gpgn/r-financing.php)

reform internally). All of these need to be combined to make an efficient system for the delivery of development.

There is a continuum of possible institutional scenarios between now and 2015. This stretches from business as usual (BASU) to comprehensive reforms (CORE).

Business as Usual

The “Business as Usual” scenario implies little or no change in organisational structures, continuing conflicts, rivalry and overlap will persist. The continued operation will resemble a “dysfunctional family”. There will be a large gap between expectations and this will result in a sense of failure with the MDGs remaining unfulfilled. The situation will be exacerbated by leadership failures and continued “missing institutions”.

Comprehensive Reforms

“Comprehensive Reforms” implies significant change, on a cumulative incremental basis, but always pushing performance up in a sustained manner. Improved management and accountability, collaboration between organisations, better division of labour and identification of synergies. Expectations and results would be in step and clear advances made in reaching the MDGs. For this to be achieved, there is a need for forward-looking leadership, innovative and risk-taking approaches, including openness to institutional realignment.

There are eight categories of financial instruments which are available for development assistance (existing and proposed):

- Bilateral aid;
- International organisations and agencies;
- International financial institutions (IFIs);
- The private sector;
- International capital markets;
- International taxes and fees;
- Creation of international markets;
- Global and regional partnerships.

In addition, significant reforms to the trade system through the successful completion of the Doha development round of the WTO negotiations is essential.

The international community also needs to be more sophisticated in its assessment of development needs. Developing countries have very different capacities to mobilise external and domestic finance. The current classification schemes focus primarily on categories according to income *per capita*, debt service burden and special conditions (particularly post-conflict). There is a need for a more refined approach to this and an alternative scheme to classify countries according to capacity to mobilise external resources (such as foreign direct investment and export

capacity) and capacity to mobilise internal resources (domestic savings ratio, tax revenue, etc).

For real progress to be made, one must also be realistic about international power relations, particularly in the post 9/11 world. There are also difficult processes of realignment under way within the UN and at regional level (including within the EU). There are large economic and demographic imbalances and concerns about migration. A number of major donors, such as Italy, France, Germany and Holland face a difficult fiscal situation in the immediate future which will make it hard for them to achieve the needed increase in ODA. The key issue is how to move from the “business as usual” scenario or inertia, towards comprehensive reforms or transformation towards the current “system”. At the **institutional level** the key issues are:

- Sustaining the current reform momentum and pressing for further reforms in international organisations;
- Devising and putting in place institutions to deal with global and regional public goods;
- Establishing the G20 at heads of state level;
- Exploring innovative institutional arrangements to deal with special problems.

Policy implications of the scenarios in terms of financing instruments must also be addressed. At the bilateral level ODA must be increased in a sustainable manner and bilateral debt reduced. The relationship between the EU development budget, the European Development Fund and European Bilateral Aid must be clarified. Multilateral aid must be genuinely multilateral and the bilateral element reduced. Technical assistance must also be reformed.

Within the international organisations and agencies the funding patterns of international organisations must be approved. Currently, too few countries bear an excessive load of funding with core budgets. There is also the issue of making more rational the replenishment rounds for key international organisations. Some programmes and institutions need to be consolidated to avoid duplication in different organisations.

For the international financial institutions, the role of the World Bank and the multilateral development banks needs to be seen in a systemic perspective. There is a possible need for creation of sub-regional development banks. Multilateral debt reduction and IDA grants must be re-visited and greater voice and representation of developing countries within the IFIs (increased voting power) is essential.

The issue of investment for infrastructure, also from private foreign investment, needs to be addressed. Measures effectively to promote foreign direct investment in poor countries need to be developed. Remittances needs to be linked to the provision of local public goods and developing countries have an interest in avoiding a “race to the bottom” by not providing more and more advantageous conditions to investors to attract investment away from other poor countries.

The international capital markets need to expand existing guarantee mechanisms and create new ones to stimulate an appetite for relatively more risky financial assets; access to funding for developing countries should be improved through special investment funds, provision of credit ratings, and financial engineering to mitigate risks. There is also a need to look at international taxes, fees and charges. One example would be to explore the possibility of a carbon tax when energy prices begin to diminish. While oil, in particular, is at such a high price, the introduction of a carbon tax is unrealistic. Other possible initiatives such as an air travel tax can also be explored.

In terms of market creation, expanding and consolidating emissions trading (Kyoto protocol, EU, carbon trading market) and exploring post-Kyoto protocol options would be important. Public markets could also be created for other international public goods (such as vaccines e.g. through the operation of the Global Fund). Global and regional partnerships can consolidate special purpose global funds and would be open for new partnerships to address specific issues (such as global public goods). The International Finance Facility should be supported, but there should be flexibility also to advance variance.

The key issue is maintaining the present momentum and to address the institutionalisation of global and regional public goods. There will be an opportunity to discuss further the institutionalisation of G20.

If the momentum is to be turned into a programme of “radical incrementalism” which can transform the international institutions for development assistance, the vision of the Millennium Development Goals can serve as a catalyst. It is important to be motivated to achieve institutional reform through a positive vision such as the completion of the MDGs rather than the negative effect of external shocks provides a much more positive basis for reform.

7. WILL THE INTERNATIONAL COMMUNITY DELIVER?

Given what still needs to be achieved in the next ten years, and the time it takes for positive trends to make a significant change in development processes, 2005 marks a watershed. Many observers feel that it is the last chance to get the MDGs credibly back on track, the Millennium +5 Summit is a key test of the central norms of the United Nations and the Secretary-General’s reform package is recognition of a moment of truth for the UN as an organisation. The verdict on the September meeting produced various versions of the “glass half empty/half full theme” – ranging from disappointment that more was not achieved to relief that the outcome was not worse.

Sceptical observers know that the history of development assistance is littered with broken promises. ODA has declined substantially in the 1990s. Africa’s share of world trade has fallen from 6% to 2% today. Many parts of the Arab world are struggling economically. The Monterrey consensus has not delivered fully. The unilateral intervention rather than multi-lateral, norm-based behaviour characterises US foreign policy. In many developing countries, poor governance and corruption characterise the economy. Many of the middle income countries do not see “what is in it for them” if the focus is primarily on the least developed countries (LDC’s), particularly in Africa. The preliminary work for the Millennium +5 Summit, including

the High Level Panel and the Sachs Report was thorough. The Secretary-General has laid out his aspirations and indicated the sum of the choices the world community needs to make in order to ensure that the UN increases its effectiveness. Prior to the September event, there were still many uncertainties. The US and EU, although they are making progress on ODA are still well short of the 0.7% target. Similar questions arose concerning the possibility of doubling aid to Africa. It is by no means certain that the WTO "Doha Trade Round" will produce an outcome favourable to the last developed countries. There was always a danger that the September summit would be a platform for set piece speeches which did not represent a breakthrough. The Secretariat had to prepare a summary on possible conclusions of the conference under the presidency of Minister Jean Ping, Gabon's Minister of Foreign Affairs (President of the 59th Session of the General Assembly of the UN). There was also a danger that the debates on the future architecture of the Security Council would overshadow the poverty eradication debate (which did indeed happen). The Secretary-General emphasised that he wanted the discussions to be a balance between the development, human rights and peace and security agendas. There are many difficult diplomatic negotiating tasks to be broken through (or at least, circumnavigated). The US difficulties with most forms of reproductive health programmes continues to be a problem. Many voices in the South still sound like the demands of the 1970s and are met with less patience in the North. Larger G77 countries predictably have more chance of having their voices heard than the smaller ones. Serious challenges on governance are difficult to make in the UN forum, since the UN is, by definition, an organisation of member states. Challenges on governance are challenges to governments and individuals actually present in the room. As an organisation, the UN has also been in a difficult position *vis-a-vis* the US, and the allegations concerning the oil for food programme continue to put pressure on the Secretary-General. The reception of the Sachs Report was hostile, both in US official circles and also among a number of middle income countries.

On the other side, however, there is a growing momentum behind the MDGs and a greater sense of urgency among civil society groups and in many countries that the MDGs must be achieved. Even though it is in its infancy, discussion of innovative financing possibilities has taken off. The Commission for Africa has made this strong coherent case for much greater commitments to the continent. The EU Council has reconfirmed the decision of the finance minister to achieve 0.56 GNI for the EU for ODA by 2010. The 15 established members of the EU Council are committed to achieving the 0.7% target. Significant progress has also been made on debt relief.

However, even the most optimistic observers would be surprised if there was is a breakthrough with respect to US funding for ODA. The Millennium Challenge Account is moving slowly and major new initiatives are unlikely. It is likely that the International Finance Facility will be developed in some form and is now clear that a pilot project on immunisation (IFFim) will be achieved.¹² The levy for development on plane tickets is also likely to be introduced in some countries. The moderate success of the September summit could stress the importance of developing comprehensive

¹² <http://www.iffim.com/H> - see this link for the pledge of almost \$4 billion by the United Kingdom, France, Italy, Spain, and Sweden (September 9th 2005) to scale up the work of the Global Fund over the next decade.

national development strategies quickly. Other forms of follow-up could include encouraging greater progress on the Doha Trade Round, implementing Monterrey, increasing the impact of aid and making development resources more predictable, for example, front-loading ODA. The progress on debt sustainability would be consolidated. Such a package of measures would just about put the effort to achieve the MDGs back on track.

It is also quite conceivable that the result of the UN summit could encourage key states to push forward some important trends such as the relationship between security, human rights and development and the emphasis that there is no “hierarchy of threats”. The concept of the “responsibility to protect” is also increasingly widely accepted. Protection of its people is primarily a state’s responsibility and if it is failing in this, the international community has responsibilities to step in using appropriate methods.

There is a much greater consensus than previously on many elements of an effective development policy. Since the end of the cold war the market economy is recognised as the basis for prosperity (albeit with a lively debate about social provisions and safety nets). The importance of good governance is recognised. It is now also almost universally accepted that debt relief and increase ODA need to be part of the package. Trade is seen, analytically, as the most important element for achieving prosperity. The importance of gender-sensitive policies is broadly accepted. Health and education are seen as essential elements of the package. Finally, the link with human rights and the value of the human person are also established. As Jeffrey Sachs says, this is the first generation that can conceive of the eradication of extreme poverty in its lifetime.

In spite of the emerging consensus on what policies are needed for development, there are still many contentious areas. There is a strong debate about the significance of the importance of absolute poverty as against inequality within countries and between countries. In many ways, it is easier to focus on extreme poverty as this does not require fundamental readjustment of power within and between societies. The population issue has also not been fully grasped or successful policies developed even through there is a superficial consensus on gender issues. How a gender-sensitive policy should look and what this would mean for the rights of women within developing societies is also contentious. Rich societies are profoundly concerned about managing migration. Religion is a deeply ambivalent force; where religion has a public face, this can often lead to tension not only to positive effects for social welfare and development.

Many of the more radical critics of the MDGs stress that unless the world trade system is reformed, IFIs develop policies favourable to the poorest countries, and property rights are addressed (eg the argument about intellectual property rights - TRIPS), one is tinkering on the margins of a system which reproduces poverty in each generation.

Given this complex mix of factors and the difficult international climate, one must still press for considerably more than a “respectable minimum” and an agreement that there should be a further review of progress in 2010. There is unlikely to be enthusiastic acceptance of the “right to development” as an operational concept

since this would imply obligations on rich countries to deliver. Many of the poorest countries are still also seeking to escape the legacy of armed conflict. It is estimated that the US has spent \$350 billion on the Iraq intervention. In contrast, Jeffrey Sachs is arguing that £100 billion would be adequate to achieve the Millennium Development Goals. This is only the most recent indication of the disproportionate use of resources on armed conflict compared with alleviation of the most extreme forms of poverty.

8 TOWARDS THE MILLENNIUM DEVELOPMENT GOALS: VIEWS FROM THE SOUTH

Many commentators from the South, including those from developing country governments, emphasise that there is still a great deal to be done to achieve the MDGs. In short, particularly with respect to Sub-Saharan Africa, we are not on track for achieving the goals. The ground has been well prepared with a succession of international conferences - Monterrey, the Johannesburg summit on sustainable development, the global conference on scaling up poverty reduction in Shanghai in 2004 and the 49th Session of the UN Commission on the Status of Women (Beijing +10) in February 2005.

From their side, many of the African governments are taking the MDGs increasingly seriously. Africa is in the process of reforming itself with stronger and more dynamic institutions including the African Union and NEPAD. In addition, governance issues are taken increasingly seriously through the African Peer Review Mechanism. Africa, in particular, needs greater investment in infrastructure, progress in agricultural development, and significant investment in human resources, especially health (with an emphasis on HIV-Aids, and education). Peace and security issues and attention to regional and continental development are also essential.

It is clear from the available analyses, not least the recent African Commission report, that Africa cannot address these challenges alone. Debt cancellation, improved market access, increased aid and increased flows of foreign direct investment and technology transfer are also essential. The international community has, to a considerable extent, recognised that Africa represents a special case, not least because of the ravages of the HIV/Aids pandemic.

The proportion of people living in extreme poverty in Sub-Saharan Africa has increased from 44.6% in 1990 to 46.5% in 2001, whereas the world's developing countries as a whole experienced a reduction in extreme poverty from 27.9% to 21.3% in the same period. The 2005 estimate for people living in extreme poverty is 345 million people, which is projected to rise to 431 million by 2015. Africa is the only world region where hunger is increasing and if the current trends continue Africa will fail to meet the poverty and hunger reduction targets by 2015.

There are, however, particularly with respect to universal primary education, significant improvements. From 1990 to 2002 net enrolment rates increased in Africa from 54% to 60%. Changes in policy can result in relatively rapid reversal of negative trends. Kenya had suffered a decline in net enrolment rate from 80% in 1990 to 74% in 2000 mainly as a result of the cost sharing policy. The new government, however, swiftly introduced provisions for free universal primary

education and very quick and dramatic improvements were experienced. Kenya is now well on track to meet the education targets both in the primary and secondary sector by 2015.

For child and maternal mortality goals, current trends indicate that the majority of African countries are seriously off track. HIV-Aids is still deepening and spreading poverty in African countries. In 2004, the continent accounted for 2.3 million of the 3.1 million Aids deaths (almost 75%). 54% of the continent's population do not currently have access to safe drinking water. The report of the UN Secretary-General, in summary, states that "most countries in Africa are far off track to achieve most or all of the goals".

Many analyses have pointed to the fact that most of the poorest countries in Africa have also suffered armed conflict. As a result, the African Union has prioritised peace and security. Effective implementation of peace agreements and further development of the conflict prevention and post-conflict capacities of the AU is required. There should be greater investment in post conflict reconstruction. More resources are still needed for the support of the AU's instruments. In spite of obvious exceptions, governance in many African countries is improving. Even where cases of bad governance and corruption are highlighted, the publicity itself is a contribution to eventual correction of these trends. There is still much to be done in this area, as the recent killings of students in Ethiopia and the continuing deterioration of conditions in Zimbabwe indicate.

Many of the African leaders, and certainly business and civil society, are fully aware that the investment climate is impaired by corruption, lack of transparent tendering procedures and a continued involvement of public officials in bribery. Unless such practices are corrected, and are seen to be corrected, investment is likely to be impaired.

A number of studies have concluded that 7% growth (i.e. a doubling in the size of African economies every ten years) is required to achieve the Millennium Development Goals. As the growth rate for Africa as a whole was 4% between 1995 to 2002, up from 1% in the early 1990s, such a scaling up is possible. A number of countries have exhibited even higher growth rates.

Many analysts from the south point out that only five of the twenty-five OECD's largest donors have even achieved the 0.7% of GNI in aid. If these countries even delivered on that commitment aid would be about US\$165 billion a year, three times the current level and well above what is estimated as the needs to achieve the MDGs.

A number of African countries, for example, Nigeria, while welcoming the progress for the highly indebted poor countries (HIPC) raised questions about their own debt sustainability. There was therefore pressure for full debt cancellation for Africa by 2007, because many countries, particularly those which have been attempting to pay their debts such as Kenya, have not benefited from recent arrangements.¹³

¹³ This is one issue on which substantial progress was achieved during 2005, particularly at the G8 Gleneagles meeting.

Countries of the south are also insisting that aid be de-linked from trade and geopolitical interests. NEPAD is insisting that achievement of the MDGs should be the over-riding criterion rather than other interests. The Doha Trade Round should also become a genuine development round by relating the provisions on trade to achievement to the MDGs.

While numerically, the greatest concentrations of poor *people* are in such countries as India, China and Brazil, because of the bad income distribution, it remains the fact that most of the poorest *countries* in the world are in Africa. Africa is, however, a rich continent if its resources were managed well, its leaders governed well and the international community assisted with supportive policies on aid, debt and trade.

9 MAKING AID WORK BETTER

OECD donor countries are consistently working on efforts to increase both the quantity and quality of aid. Through the Development Assistance Committee, the serious work is conducted on establishing convergence on the gender, whilst being sensitive to local needs. The importance of evidence-based policy is well established. This requires, however, a better quality of national and global information and efforts are being made in this direction. Aid is on the rise from 79 billion currently to 120 billion by 2010 if the Monterrey commitment is fulfilled.

The way in which aid is delivered constitutes a major problem for developing countries. Countries such as Tanzania, Ethiopia and Mozambique each have more than 700 new donor project and activities per year which represents a huge drain on a government's limited administrative capacity. The reality of aid is that is too little co-ordination between donors and there are too many projects with different procedures. Developing countries cannot handle all the demands for accounting and there is low ownership over their own development process which in turn impairs performance. As a result, the Paris Declaration on aid effectiveness has been signed for 35 donor countries, 26 multi-lateral donor agencies, 56 countries which receive aid and 14 civil society organisations have also been associated with the process.¹⁴ It is an attempt to improve mutual accountability between donors and partner countries. It has also set out 56 specific commitments and 12 indicators of progress. The entire process represents an attempt to move from "donorship to ownership". More dialogue between donors and recipients on the agenda, alignment and greater use of common procedures and sharing of information and overall simplification of the process could improve the results achieved through aid. This will provide greater ownership for the recipients and greater control over their development programmes. This will mean that it is easier to plan for success. It will produce less of a burden on the recipients, more co-ordinated arrangements and less duplicated missions and reports. This broader dialogue provides many opportunities for improvement. It could help to move away from "donor darlings" and ensure that aid is channelled in a rational way to where it is most needed. It can help with predictability in the future. Aid can be up to 40% of public finance for a developing country. Accounting for how aid is spent is important in many regards, with respect to the donor countries who

¹⁴ For full information on the Paris Declaration, see:
[Hhttp://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html](http://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html)

want to know that their money is well spent and also in the recipient country where people also want to know that resources are effectively used. The 56 monitorable commitments will be checked at country level and tracked internationally. The twelve indicators of progress will be used to assess how the process is going. These indicators are:

- Partners have operational development strategies;
- There are reliable country systems in place;
- Aid flows are aligned with national priorities;
- Capacity is being strengthened by co-ordinated support;
- Country systems are in use;
- There is strengthened capacity as a result of avoidance of parallel implementation structures;
- Aid is more predictable;
- Aid is untied;
- Common arrangements and procedures are used;
- Shared analysis is encouraged;
- Results oriented frameworks are developed;
- There is mutual accountability.

The entire thrust of this Paris Declaration is to move from principle to practice. At a rhetorical level, the declaration marks a significance advance. In terms of changing behaviours progress is likely to be more difficult. At each stage, there are challenging questions to be addressed. For example, is development strategy owned by the country in question? Here one has to be aware of the tendency to tell donors what they want to hear. There are also severe restraints on capacity even for countries which wish to follow this agenda. Countries need predictability in terms of aid being released and the trend towards sector wide approaches in appropriate countries is beneficial. There is thus a push to improve the number of countries with good procedures (to double the number by 2010). It is also important to try to design incentives for changing behaviour. Participatory practices, the development of robust systems, not using lack of capacity as an excuse for poor performance, and a more rigorous country-level approach to goal setting are all elements of the progress which is needed. The entire shift is in the direction of managing for results and assessing evidence-based policies.

10 IF AID LEVELS INCREASE, CAN THE MONEY USED BE USED WELL?

The OECD Marrakech Memorandum, February 2004, outlined five principles:¹⁵

- At all phases the dialogue must focus on results for partner countries, development agencies and other stakeholders;
- Actual programming must be aligned, monitored and evaluation activities with the agreed expected results put in place;
- Results must be reported through a simple, cost-effective and user-friendly system;
- Management must be for and not by results;

¹⁵ <http://www.mfdr.org/2ndRoundtable.html>

- The information should be used for management learning and decision making as well as reporting and accountability.

The issue of absorption is an important and genuine one. If aid is more than 30% of GDP, many poor countries are placed under severe administrative strain. The issue of absorptive capacity is particularly acute in new oil producing countries such as Chad and Sao Tomé. It is difficult in Heavily Indebted Poor Country (HIPC) initiative beneficiaries (Cameroon) and post-conflict situations, e.g. Angola, Rwanda and Burundi. The absorptive capacity depends on institutional credibility, the administrative and management capacity, the probity or honesty of public servants and the public policy quality. Possible solutions include improving technical assistance programmes, providing additional aid through channels other than central government including local government, civil society groups and the private sector; co-ordinating planning, monitoring reporting and auditing requirements by donors and direct budgetary aid. One of the criticisms of aid is that it increases the likelihood of the “Dutch disease” whereby aid substitutes for domestic revenue. This also creates distortions, for example a badly paid teacher in Burkina Faso will probably want to work instead for a higher salary for aid or development projects. If one takes the work of Amartya Sen and defines “development as freedom” then it is clear that economic growth and institutional changes are needed. Increasing revenue is not enough.¹⁶ Sen focuses on lack of development as deprivation of capabilities. This includes economic, political and social dimensions and stresses the inter-relationship of the development process. It can help, but it will never be enough, and aid dependency can become counter-productive. The framework of values and institutions is also important.

In some situations, we have to contemplate long term subsidies for social and public services (such as health and education). This is acutely the case in countries badly hit by HIV/Aids. A second approach is to increase economic investment in poor countries through front-loading future promised aid flows (the approach of the International Finance Facility). It is also important to seek to leverage other types of financial flows. However, this package of approaches raises further questions. Debt alleviation is a one-off input but will this help to generate domestic and foreign direct investment. Secondly, if the front-loading approach is taken, will the big push be enough and will it be sustainable? Will donors be prepared, having made an extraordinary effort, to continue supporting countries if the significant breakthrough is not made. Aid should be used to facilitate the mobilisation of other resources, but if this does not occur what will be the outcome subsequently? Many dimensions of the development needs have been emphasised including the need for infrastructure, rural development, and also the institutional requirements of transparency, accountability and trust. There could be a danger of over emphasis on results if this is at the expense of the quality of the relationships and genuine attempts to understand the deeper causes of under-development.

It is also essential to be realistic about human nature. There is a danger of fatigue as a result of all the new systems, approaches, plans and frameworks generated by the international aid system. Some countries have taken resolute approaches which have their positive and negative sides. India has decided to concentrate its

¹⁶ See Sen's book “Development as Freedom”.

relationship on six major donors. The Japanese continue to believe in projects whereas others are seeking to develop a wider programme-based approach. While there is a greater sense of ownership by recipient countries, the difficulty of coordinating major consultative processes such as poverty reduction strategy programmes and meeting the demands of donors should not be underestimated. In addition, each new initiative has its distorting approach, even a needed programme such as the serious concentration on HIV/Aids runs the risk of depleting other sectors of the health system unless the resources are genuinely new and also help to increase the supply of skilled medical personnel. There is a danger that such programmes mean that the approach is not entirely new money and new resources but is substituted for previous budget commitments and siphons off scarce personnel resources for its administration.

11 BEYOND \$1 PER DAY – MOVING THE DISCUSSION FROM ABSOLUTE POVERTY TO OVERCOMING INEQUALITY

The task of addressing the absolute poverty of people living on less than \$1 per day is only part of the justice agenda – although this in itself is challenging enough. While much of the focus on absolute poverty is on countries in Africa, the largest concentration of people in poverty is in richer countries with a severely skewed income distribution such as China, India and Brazil. Addressing income inequality is a much harder task than the concentration on absolute poverty, since it requires issues of redistribution or, to put it another way, elements of redistributive justice. During the 1990s, in the era of structural adjustment, a number of countries introduced minimum income programmes or safety nets, as the serious impact of privatisation became clearer. In many cases, however, rather than being an element of an anti-poverty programme, these schemes have been the main or almost the sole anti-poverty scheme as in Brazil (Bolsa-Familia), Argentina (Jefas de Hogares), Mexico (Progresa) and in a similar scheme in Chile.

Organisations such as the Economic Commission for Latin America and the Caribbean and also the We The People¹⁷ movement have criticised the approach of the MDGs as not being far reaching enough to address the serious problems of poverty. Focusing on absolute poverty can be seen as undermining the concept of development since it fails to address the underlying causes which continually reproduce poverty. A structural analysis stresses that under-development is a process. Whilst it is essential to alleviate the absolute poverty of the poorest, the more important task is to address the structures and processes which make people poor. According to the Economic Commission for Latin America, 43% of the Latin American population is living below the poverty line, 19% suffer from hunger. An analysis of the composition of poverty in Brazil has shown that whereas the labour market used to be the surest route out of poverty, its effect now is to help people out of extreme poverty but they remain trapped just above subsistence level. Many of those with jobs remain in poverty. Social programmes cannot be relied on to cover the deficit. Brazil is a country which has at times during the last twenty-five years experienced fluctuating growth rate. However, the Gini Coefficient, illustrating income distribution and inequality, has remained flat, i.e. there has been no significant change in the extreme inequality.

¹⁷ *Mobilising for change: Messages from civil society*

Different countries have used different means for calculating extreme poverty. Brazil, with a population of almost 175 million people, in 2003, was assessing four different measurements. The international standards of \$1 per day (PPP) yielded a result of 9% of the population in absolute poverty, \$2 (PPP) per day yielded 20% of the population. However, if one takes as the measure for extreme poverty as one quarter of the per capita minimum wage of US\$120, 15% of the population are in extreme poverty and 34% if one takes the Brazilian poverty line of half of the per capita minimum wage per month.

Given the huge population of 175 million people, the gap between 9% and 15% living in extreme poverty is significant. Nonetheless, social programmes to address even this large number of people could be implemented consistently with a rigorous fiscal policy.

There is a danger that focusing on absolute policy moves the debate away from discussion of governance. Simply accepting a minimum level of absolute poverty as the standard removes discussion from the redistributive element of fair allocation of resources within the society. It also avoids discussion of the future possibility of livelihoods of those who are poor. These points have been strongly made by the landless movement of rural workers in Brazil. National agendas must address the future possibilities of working in dignified conditions and sustaining livelihoods through time rather than looking for short-term payments for those in absolute poverty.

In countries where inequality is high and often growing, a focus on combating absolute poverty will not address the concentration of income, assets and opportunities which keep the poor "at the bottom of the pile". When macroeconomic policies in developing countries have to increase interest rates to attract capital flows, in effect what occurs is an income transfer from the rest of society to those who are able to invest in the financial market. In short, the poor do not benefit from the stock market. In Brazil, income transfers to the rich by way of the financial market benefit the wealthiest 4% of the population. In 2004 the total amount transferred via public bonds was seventeen times greater than the resources allocated to beneficiary families in the Bolsa Familia, the countries most important anti-poverty programme. Fiscal stringency also undermines any approach to devoting significant resources to the poor. Policies for financing housing and expanding basic sanitation are cut, or those seeking housing and sanitation are forced to take micro-credit which in a time of high interest rates can easily lead to increasingly vulnerability of needy social groups through increasing their debt. There are many policies which can be used for reducing inequality, but these need broader commitment within the society and resources. Policies which exacerbate inequality inevitably work against such redistributive policies. The proposal has been made that the clearest goal to be pursued for reducing inequity would be to double the income share of the 20% at the bottom of society relative to the income share of the 10% at the top of society every five years until 2015. Such an approach would reduce inequality substantially and would automatically address absolute poverty. It would need redistributive policies and a social contract which takes poverty seriously.

It is policies of this kind which organisations joined in the Global Campaign for Action Against Poverty and Social Watch are looking at. Organisations which analyse poverty as a social phenomenon, rather than simply in terms of measurement of income, stress that the vulnerability of the poorest sectors of community can only be addressed through social programmes and concentration on livelihoods. Privatisation has hit the poor hardest in many countries through increase in transport costs and electricity costs which can, together, make up half a poor family's income. Increasingly, cash transfers are seen as an essential element of anti-poverty programmes. For the poor who are in work it is essential to travel to work and involve them in paying the prices of privatised transport. Many social campaigners are pressing for a basic income for all, not least because pension provision in the least developed and even the middle income countries is highly inadequate. In many countries, 60% of the labour market is informal with nor formalised guarantees of social protection. The insecurity of third world workers is exacerbated by the vulnerability of their countries to external shocks. In manufacturing, wages are low and job security is also low. In agriculture, there is a need to move up the value chain and become involved in processing, but this is difficult. If the international progress remains solely on absolute poverty, inequality will not be addressed. In short, the acute need of absolute poverty must be addressed; but this is only one element of an adequate anti-poverty strategy.

12 GENDER AND POVERTY: ANALYTICAL AND PRATICAL ISSUES

Gender equality is essential for the achievement of the Millennium Development Goals because an estimated 70% of the poor are women. Internationally, women have a huge responsibility for "making ends meet" when all else fails. This leads to an increased workload for women, both in paid and unpaid labour. Women internationally also have a disproportionate burden of care for the most vulnerable members of the community. The issue to be addressed is that of gender, of the distinct roles assigned to men and women within societies, not the biological difference between women and men. Social roles change through time and circumstances because they are based on culture, religion, laws and administrative practice and they are maintained by attitudes and beliefs acquired through the socialisation process. The MDGs are very inadequate in their understanding of their promotion of gender equality and empowerment of women since all of the MDGs have a gender dimension. Nonetheless, the MDGs represent an important basis for action from a gender perspective. Setting goals and monitoring progress means that disaggregated figures can be provided for assessing the different impact of policies on women and men. The need for quantitative analysis means that programmes and policies can be monitored and evaluated.

The gender gap in primary school enrolment is narrowing but South Asia and Sub-Saharan Africa are lagging behind. Individual countries in Africa are making good progress, such as Botswana, Mauritius, Namibia, Seychelles, Tanzania and Uganda. Internationally, participation of women in the labour market has improved in all areas except Sub-Saharan Africa. Most women are still employed in agriculture and the extremes of poverty tend to be concentrated in rural areas. There has been some progress in empowering women through increased representation in parliament but according to the latest Inter-Parliamentary Union (IPU) statistics only 16% of all parliamentarians are women. Maternal mortality rates have improved in all other

areas except Sub-Saharan Africa and South Asia. The infant mortality rate has improved in all regions, but again, Sub-Saharan Africa is lagging behind. HIV/Aids related deaths are still increasing in Sub-Saharan Africa. Education for girls is clearly, in the long term, a key means to overcoming gender disparity. Improved education for girls should lead to better employment opportunities and improved economic security in later life. Access to decision making position and power to influence policies towards achieving gender equality will also be a benefit. Furthermore, information about reproductive health and improvements in ability to make informed decisions concerning family planning will also further the position of women.

The recommendations of the Africa Commission have pointed out that to achieve the MDGs in Africa, a 7% growth rate is necessary. In East Asia, the per capita GDP grew at an average of 6% between 1990 and 1999 and the proportion of people living in extreme poverty declined from 27.6% to 14.2%. However, even in East Asia, gender disparities are considerable and in some areas, getting worse. Many women are employed in garment factories and perform tasks at low rates. Women's employment in horticulture in some Sub-Saharan African countries has contributed to high growth rates, but the seasonal nature of employment denies most women essential benefits such as health insurance, maternity leave and unemployment benefits. The HIV-Aids pandemic has had a double impact on women. Many women are themselves affected; and women also bear the brunt of caring, particularly in situations where health services are inadequate.

In terms of education, the situation is also serious. Of the over 100 million children not attending school, 60% are girls. Primary education is an important foundation but the age of completion in most countries is 13-14 years old, dropping out of school after primary education increases the vulnerability of girls to early marriage and pregnancy with the implications for infant mortality and maternal mortality due to the complications of teenage pregnancies. The high fertility rate of a teenage mother implies a large family size and population growth rate higher than can be sustained economically. Length of education improves the marital age and quality of motherhood. Only 40% of countries are considered to be on target for eliminating gender disparity at the primary school level and 9% for tertiary education by 2015.

Gender-based violence is a major issue which was identified by the Beijing conference. Some studies suggest that as many as one in three women globally has been physically assaulted or made to have sex involuntarily. Among women between 15 and 44 years of age, gender based violence accounts for more deaths among women than the combined effects of cancer, malaria, traffic injuries and war.

The Beijing conference also indicated that peace and security are essential pre-conditions for the empowerment of women. Women can constitute the majority of refugees and the incidents of sexual violence, even within protected areas, is increasing. Reproductive health is a human right and should be available to all women but the issue was excluded from the MDGs. 57% of people living with HIV/Aids in Sub-Saharan Africa are women. This is a situation which threatens to reverse the gains from progress on all the other MDGs due to the problem of orphans. Of 15 million HIV/Aids orphans, 12 million are in Sub-Saharan Africa. This leads to an increase in the number of households headed by children, most of whom

are girls. A study by IFAD on female-headed households in Zambia, Zimbabwe and Namibia shows that they are poorer than male-headed households due to unequal distribution of land. Internationally, property rights are very unequal and women suffer economically and in terms of security in this regards. In terms of the MDGs on sustainable development and a global partnership for development, these also impact women differently from men. Women have to devote a considerable amount of time in the search for water and searching for firewood. Most women operate within the informal sector and paradoxically, the target of a non-discriminatory trading and financial system can lead to further discrimination against women as these focus primarily on the formal sector, where far fewer women operate.

Given that women constitute 70% of the poor, it is clear that achieving the MDGs can best be brought about by gender-sensitive policies which prioritise alleviation of women's poverty. This also requires changing long held attitudes, which is a difficult task. There are some simple expedients which could gain immediate results, however. School fees and uniforms are additional financial burdens which may lead to the decision being taken to take girls out of school. Within each country, the issue of women's empowerment requires detailed study and independent commissions relating to abuses of women's rights can be a useful mechanism. Within the private sector, corporate social responsibility standards must pay attention to the low level of benefits and access to equal pay for women in recognition of their contribution to the economy. Land ownership should be available to both spouses and special programmes for HIV/Aids orphans could contribute to the achievement of the MDGs.

Gender analysis appreciates the fact that women and men experience poverty differently;

- The livelihoods of women and men are not the same due to their different roles, responsibilities and resources;
- The impact of different livelihood interventions will also vary according to gender.

Careful targeting and implementation strategies, particularly those aimed at the household level are important. There need to be enhanced opportunities for women to participate within the formal economy. Capacity building and increasing the skills of women (for example, marketing and other skills for sale of their produce) is important. Corruption is also an inhibiting factor on women's economic activity. Budgets need to ensure that women and men, girls and boys, are treated equably in terms of resource allocation. As a woman in Kitgum, Uganda stated "I am poor because I have nothing in my house, no husband, no blanket, no cooking utensils. I have to beg for food. I can't pay fees for my child. Besides, I am always sick". Such a quotation indicates the poverty trap in both its social and economic dimensions and indicates the reality which many women have to face.

13 THE ROLE OF FAITH-BASED NETWORKS

Religious leaders and faith-based networks have become increasingly important in the campaigns against poverty and to achieve the MDGs. For example, the World Council of Churches is active in relief work, opposing the degradation of the environment and the creation of solidarity networks to raise awareness on these

issues. The World Council of Churches has taken a clear stand on the need for reform of the trade system, opposition to violence against women, opposing the burden of un-payable debt and addressing issues of human rights and economic mismanagement.

It is clear that religious faith can be a strong motive for action, but it can also be used to induce fatalism and acceptance of unjust circumstances.

The diffusion of religious faith and the decentralised nature of its organisation means that almost every village in every poor country has some place of worship, meaning that religious bodies can reach their members even in the most outlying rural circumstances.

14 HUMAN CAPITAL FORMATION: THE ROLE OF HIGHER EDUCATION AND RESEARCH

Jeffery Sachs has been quoted as saying “We can’t reach the MDGs by only aiming at the MDGs. Higher education is not a part of the MDGs but is indispensable for reaching the MDGs”. One of the clear examples of the way in which a much wider set of goals, such as those embraced in the Education For All agenda is the way in which development concerns have often been narrowed down in recent years to universal primary education.¹⁸ It is now increasingly seen, particularly by the long standing concern of Norwegian and Dutch development initiatives and re-enforced, for example, by the analysis of the Commission for Africa that higher education and research are essential for economic growth and social development. Higher education and research in Africa are in crisis today. In 1999 in its education strategy, the World Bank isolated technological innovation as one of the five major drivers of change. In its 1999 education strategy, the World Bank suggested that this could well have the most far reaching effects of all. Subsequently, the 2002 World Bank report “*Constructing Knowledge Societies: New Challenges for Tertiary Education*” stressed that knowledge accumulation was a major factor in economic development and key to a countries competitive advantage in the global economy.¹⁹

Tertiary education institutions have at least three functions:

- They contribute to human capital formation by training a qualified and well-adapted labour force for all sectors of the public and private labour market;
- They support scientific and technological innovation by generating knowledge and adapting knowledge to local use for development;
- They provide the foundation for democracy, national building and social cohesion, while ensuring sound political and economic governance.

¹⁸ [Hhttp://www.unesco.org/education/efa/index.shtml](http://www.unesco.org/education/efa/index.shtml)H

¹⁹ To download the full text of the book: [Hhttp://www.ebookmall.com/ebooks/constructing-knowledge-societies-new-challenges-for-tertiary-education-salmi-ebooks.htm](http://www.ebookmall.com/ebooks/constructing-knowledge-societies-new-challenges-for-tertiary-education-salmi-ebooks.htm)H

Taken together, these functions provide essential skills, knowledge and leadership for national development processes. They also provide the capacity and competence to ensure good governance and work for poverty eradication.

It is symptomatic, and alarming, that tertiary education, science and technology have received low priority in the Poverty Reduction Strategy Papers (PRSP's) which have been developed. While it is superficially attractive, for example, to privilege primary education, the specialist tertiary sector should not be neglected. This could be one area for greater dialogue between donor countries and recipients.

Among recent expert contributions to the debate, the Commission for Africa has stressed the importance of training and retaining well-educated officials within government ministries. The same is true of the private sector.

Demand for higher education is increasing and its role in providing a foundation for democracy, nation-building and social cohesion is becoming more and more prominent globally. Within the tertiary education systems, however, many problems exist:

- Weak institutional capacity as a result of both a weak physical infrastructure due to lack of investment and a weak human resource base where unattractive conditions discourage bright young students from entering into research, while other factors such as HIV/AIDS and violent conflict are depleting human capacity generally. In addition, the "brain drain" remains a huge challenge.

Asian experience suggests that for the newly industrialised countries, deliberate efforts to reverse the "brain drain" have been developed. Other developing countries, particularly those in Africa, should study this example.

The seriousness with which the issue is being, and needs to be taken, is indicated by the proposal to increase foreign assistance to provide US\$500m per year over ten years to revitalise Africa's institutions of higher education. Countries such as Norway and the Netherlands, which have consistently taken a lead in this field can be expected to continue to play a significant role in both the debate on this issue and the provision of resources.

15 Conclusions

In later years, 2005 may prove to have been a watershed year in the campaign to achieve the Millennium Development Goals. Reviewing the year, with the build-up to the G8 meeting and the Millennium +5 summit, the results seem more ambiguous. The G8 meeting, the Millennium +5 Summit and the renewed commitment to assisting Africa and increasing development assistance could prove to be the new impetus which the campaign to achieve the Millennium Development Goals needed, but the more judicious language of the UN Secretary-General is at the optimistic end of the evaluations.

At the same time, it needs to be recognised that the MDG's themselves are by no means all that is required to "make poverty history". If the MDG's are seen as a first essential step towards poverty eradication and the other economic and social goals outlined in them, they will have been valuable in galvanising the international community. The evaluation of Kofi Annan, that the glass is "at least half full" is plausible. It is now recognised that special efforts must be made for financing development in Africa. Through debt relief, increased aid and an insistence on improved governance, significant steps have been made. Longer-term, however, the international aid system needs to be streamlined and made more effective. The missing part of the equation, so far, is whether the Doha Trade Round of the World Trade Organisation will deliver for development.

In addition, it is essential that aid be made more effective and that the increased levels of aid can be well used. Furthermore, a detailed discussion on moving the focus from overcoming absolute poverty to overcoming extremes of inequality is essential. Further areas, such as the gender-specific approaches and a renewed focus on tertiary education, skills and training are also essential.

It is still too early to say whether the year 2005 has, indeed, provided significant new impetus for achieving the Millennium Development Goals. Pressure will need to be maintained through the accountability structures built into the UN system, such as the ECOSOC Development Forums and the 2007 Financing for Development Review conference.²⁰

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²⁰ <http://www.g77.org/Speeches/101205.htm>