

## How to Make Poverty History: The central role of local organisations in meeting the Millennium Development Goals

Key messages from an international conference hosted by the International Institute for Environment and Development (IIED)

IIED's conference 'How to make poverty history: The central role of local organisations in meeting the MDGs' brought together 58 people from 23 countries for two days of lively debate in December 2005 (see also the background publication for the conference at [www.meetingthemdgs.org](http://www.meetingthemdgs.org)). Nine clear messages stem from the conference, with major implications for the actions and choices pursued by governments, donor agencies and a range of non-state actors, including the private sector:

**1. Long-lasting, equitable and successful development policies are locally-driven** – and shaped by community groups, organisations set up by poor people, local government, farmers' organisations, producer co-operatives and other locally-based actors. These organisations provide the building blocks for sustainable development and poverty reduction, and provide a vital means by which poor, marginalised groups can achieve greater influence on politics and decision-making locally and nationally. Often invisible to outsiders, these groups do not necessarily conform to conventional models, and have their own dynamic and tensions. Their existence and diversity give some sense of the power of local initiative, and its capacity to find solutions to local problems in ways which make sense for that particular setting. Much focus is currently trained on global initiatives and national policy making, but delivery of improved outcomes for millions of people on the ground depends on having effective local structures, whether for administering land rights, safe water and sanitation, better schooling and health, or improved management of land, forestry and biodiversity.

**2. Poverty is caused by more than a lack of money:** it is also evident in many forms of deprivation and marginalisation, which need to be tackled at local level. For the poorest people, access to environmental resources

(soils, forest, pasture, water) is key to livelihood security; conversely environmental hazards (floods, droughts, climatic change) have a disproportionately high impact on the poorest people. For many years there has been talk of 'empowerment' – but empowering poor people and their organisations cannot be done from above. It means having the funds and political space available to help people take control of their resources, make choices, and gain a stronger influence in decision-making.

**3. Strengthening poor people's rights and providing essential services are key to delivering development for the poor.** Conference participants highlighted many examples of locally-driven initiatives which are led by poor people and marginalised communities in Asia, Africa and Latin America. These include village assemblies; co-operation around a shared resource such as a forest or watershed; associations of commodity producers; farmer alliances; groups built around family ties and shared faith; and collectively-run small-scale credit and savings activities. Effective local institutions are often invisible to outsiders, but their existence gives a sense of the power and ingenuity found amongst local people to deliver needed services and understand local needs.

**4. Strong and effective local government is central to promoting good, bottom-up development.** Local government needs to engage with community groups, seeing them as allies and valued partners rather than rivals, and willing to support their political and civil rights. But their ability to play this role depends on whether local government can be made more responsive to the needs of the poor majority, rather than being captured by better-off more articulate groups who are better able to lobby for their interests. Strengthening local government operations and ensuring greater accountability are increasingly



important, given the decentralisation process underway in many parts of the world.

**5. There has been much talk of what the private sector can contribute to achieving the Millennium Development Goals.** Such debate is often unrealistic about what can be expected of companies, whether small or large. Public institutions have a responsibility to their electors to ensure provision of basic services, secure rights and livelihoods, reduced inequality, and protection from exploitation. Major companies cannot be expected to prioritise social projects, since they are constrained by the need to assure their shareholders a return on their investment. Some successful companies recognise their need to contribute to longer-term societal goals, and find ways to work with a range of partners, including local communities and institutions. We should also remember that many millions of smallholder farmers, entrepreneurs and traders constitute the 'private sector' in most poor countries. For example, small and medium sized enterprises provide the bedrock on which the local economy can grow and diversify; associations of small scale producers in sectors such as forestry can help to cut costs of engaging with national and international markets and enable poor people to be more competitive, adapt to rapid market change and work more effectively with policy makers.

**6. Many donor agencies and multilateral institutions increasingly focus on policy and budget processes at national, and global levels, but this approach does not get to grips with the means to achieve change at local level.** This presents a significant barrier to reaching the MDGs, and achieving broader social and economic empowerment. Direct Budgetary Support (DBS) has become the principal means by which many donors deliver increased aid flows. It entails giving money to Ministries of Finance and Planning, for distribution to other government departments. It makes central governments more concerned about satisfying their donors, and less accountable to their electorates. It favours the status quo and ignores the diverse complexity of many local contexts.

The 2005 **Paris Declaration on donor harmonisation** reinforces the DBS model, putting in place central systems of scrutiny and getting donors to focus on big central government activities and on joint projects but taking their eyes off local government and community level contexts. There are certainly positive sides to this delivery of aid, by providing long term, predictable supplies of flexible aid to allow governments to respond to the needs of their communities. But there are also many risks which suggest it is vital to find complementary means to support a range of activities at local government and community levels. Examples of local funding mechanisms exist, from

grants to upgrade slum housing in Mumbai, India to the new community land fund being established in Mozambique.

**7. Local institutions can play an integral role in assessing development assistance.** Donors justify their work and budgets in terms of their role in addressing the needs of poor people. But they tend to be very bad at listening to what poor people have to say. There is a tendency to think that the poor are passive recipients, rather than active members of society with their own priorities and ideas of how to improve their lives. If donor agencies are trying to tackle poverty then they should look to the institutions that poor people are engaged with. If poor people live in diverse contexts, then aid agencies need to take diverse perspectives into account. If donors want to promote greater equity, they should empower organisations which are able to deliver equity at local level. If aid is about building the range of assets available to the poor, then we should see local organisations as social assets. In addition, there has not been enough open oversight of development assistance by parliaments, North and South.

**8. In rich countries, there is a fundamental lack of coherence between development and many other policy fields.** For example, there is growing evidence that climate change will make achievement of the MDGs by the 2015 target date far more difficult. Despite the welcome global rhetoric on eradicating poverty, rich countries have not addressed the very damaging impacts from processes of global warming which are most acutely felt by poor people. Not only are they least responsible for causing the problem, they also have fewest means to adapt to increasingly adverse impacts. Rich countries need urgently to cut emissions and make adequate provision to support local capacity to adapt to climate change. Development and trade policies are also in fundamental conflict. The Hong Kong Ministerial Meeting of the World Trade Organisation failed to reach agreement between developed and developing nations. Despite the Doha Trade Round being termed a 'development round', rich country governments insist on extracting maximum market access for their firms in developing country markets, while refusing to abandon many of their most damaging farm subsidies.

**9. There is an important role for 'trusted intermediary' organisations** to bring funding and national and international awareness to local initiatives which are driven by poor people and address their needs and livelihoods. Such intermediaries need to be accountable 'down' to the organisations engaged in work at local level and 'up', by providing necessary financial and narrative reporting on progress.

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