

# Hitting the poverty reduction targets or missing the point?

## Will the Millennium Development Goals break the vicious global cycle of protectionism, subsidies to rich-world farmers, declining aid and disempowerment?

The International Institute for Environment and Development (IIED) in London is bringing together 100 leading activists and development professionals from more than 33 countries to the launch of a challenging new report. 'Hitting the Target' probes whether the global community's approach to reducing poverty through the Millennium Development Goals (MDGs) is likely to succeed and what needs to change to ensure it does.

The Millennium Development Goals have committed governments and international agencies to time-bound goals that include (between 1990 and 2015):

- Achieving universal primary education
- Reducing infant and child mortality by two-thirds and maternal mortality by three-quarters
- Halving the number of people with unsafe drinking water and inadequate incomes and food intakes
- Significantly improving the lives of at least 100 million 'slum' dwellers (by 2020)
- Halting and beginning to reverse the spread of Aids, malaria and other major diseases.

They also demand more gender equality and more work opportunities for youth. So governments and international agencies have set themselves up to be judged by whether they can ensure these very ambitious targets are met.

IIED's report asks how can these goals be achieved when the local processes that are needed to do so remain largely unrecognised, when the trade policies of most high-income nations still marginalise many of the world's poorest nations, and when the indicators for measuring success in meeting these goals are inaccurate or highly questionable.

### Top down aid programmes versus bottom-up processes

**The Millennium Development Goals are very clear on what they want to achieve but not on the means to do so. Why should they succeed in goals that more than 40 years of international aid has failed to deliver.**

It is stating the obvious that the deprivations faced by 'the poor' are experienced locally – inadequate food intakes, incomes and asset bases, daily challenges to health in poor quality homes, the inadequacies in provision for water, sanitation and drainage, the difficulties in getting proper health care, including emergency treatment for acute injuries or illnesses, the difficulties in getting children into schools or of affording to keep them there, the long hours worked in often dangerous conditions. Many of the poorest rural and urban households live with the constant threat of violence and of eviction from the land they farm or occupy for housing. Tens of millions of households are particularly vulnerable to extreme weather events. Most of these deprivations will not be addressed by 'more external investments'; they need changes in the way external investments are made and used, in who

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<sup>1</sup> Hitting the Target (need full details here)

determines what investments are made and to whom those who make these decisions and investments are accountable.

Official aid agencies and development banks were not set up to support local processes and citizen groups but to work directly with national governments in low- and middle-income nations. Most of these governments do not want development assistance allocated to local processes that are accountable to their citizens (including the poorest groups). But to meet the MDGs, international agencies need to encourage, support and catalyse the diverse local processes through which the needs and priorities of the poor are identified and addressed, and through which poverty is reduced. This includes supporting solutions that the poor develop themselves, together with their negotiations with government and other external agencies.

Some precedents show how this can be done. The urban poor organisations that Prince Charles visited last week in Mumbai show one way forward. Their work is supported by the UK Department for International Development and the Swedish aid programme. Here, the National Slum Dwellers Federation of India, *Mahila Milan* (savings groups formed by women pavement and slum dwellers) and a local NGO SPARC are implementing many different projects: slum upgrading, community-designed, built and managed toilet blocks, housing projects for pavement dwellers, community-managed resettlement programmes. Aid is provided through a Community Led Infrastructure Finance Facility on which the Indian organisations can draw to implement many different projects. It can also be used to leverage funds from the Indian government and other local sources, so the impact of the aid is multiplied. But this kind of finance facility supporting local processes designed and implemented by poor groups is very rare.

### **Trade versus aid**

The United Nations has 'conferences of good intentions' (like the Millennium Summit where heads of government committed themselves to the Millennium Development Goals) which are undermined by the 'conferences of hard negotiations' (like Cancun where negotiations are based on national self-interest). Poor countries lose far more from rich nations' unfair trade practices than they gain from aid. Imagine how much poverty would be reduced if:

- the 10 million cotton producers in Africa did not have to compete with heavily subsidised producers in high-income nations and got access to these nations' markets
- clothing producers in low-income nations did not face large tariff barriers around the world's most prosperous markets
- tariffs and other measures did not prevent 'value-added' in low-income nations
- coffee producers had not seen their share of total income generated by coffee drop so dramatically.

These collectively represent not only hundreds of billions of dollars lost every year to low- and middle-income nations but also a loss of income that directly affects tens of millions of poor households. It also diminishes the capacity within these nations to fund schools, health centres and improved provision for water and sanitation.

### ***The inadequate data for monitoring progress***

Many of the indicators chosen for monitoring the MDGs are inaccurate. For instance, for water and sanitation, there are no accurate statistics for most nations on who has 'safe' water and adequate provision for sanitation. Existing data sources (mostly censuses and household surveys) only ascertain who has access to some facility (a well, a pipe, a latrine) and not the quality of provision, the price that users have to pay, or the ease of access. Yet, the health benefits of water and sanitation depend on good quality, affordable, easily accessible provision.

The World Bank and other international agencies use a 'dollar a day' poverty line. For eradicating extreme poverty and hunger, this poverty line is not appropriate, partly because the costs of avoiding extreme poverty are higher than this in many locations, and partly because so much deprivation is not the result of inadequate income but of government failures (for instance in protecting civil and political

rights and ensuring provision of basic services). Imagine having to pay for food, accommodation and utility bills in London or New York with only US\$1 a day. But is it any more realistic in Sao Paulo, Seoul or Johannesburg? While much international effort goes into improving the data for international comparisons, what is actually needed is more accurate local data to support local decisions.

### **Who will implement the MDGs?**

*Hitting the Target* draws attention to the very notable successes of organisations of the poor and their federations – slum and pavement dwellers organisations, women’s groups, small farmers – that are reducing poverty. Urban poor federations are active in 12 nations and are being established in several others. In Thailand, urban and rural poor groups are working together. These groups are not only building or improving homes, installing infrastructure and managing savings schemes on a very large scale but they are also developing cost-effective partnerships with governments. They show how much can be achieved with very limited funding. Thus, perhaps the two greatest challenges for the international agencies are:

- what must they change in their own structure to support the local processes through which the ambitious goals will be met; and
- what national and international changes are needed to remove constraints on effective local processes (including trade policies)?

For more background see [www.meetingthemdgs.org](http://www.meetingthemdgs.org)

- **A full list of the Millennium Development Goals**
- **Background briefing summary to IIED’s report (1300 words)**
- **IIED’s full report, ‘The Millennium Development Goals and Local Processes: Hitting the target or missing the point?’ edited by David Satterthwaite (160 pages – hard copies on request)**
- **List of participants for IIED’s Press Briefing (17 November) and conference (18 November)**
- **Full Agenda for Conference at Canada House on 18 November**

From 18 November the website [www.meetingthemdgs.org](http://www.meetingthemdgs.org) will be updated regularly with case studies and stories from the participants and other Southern activists.

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<sup>3</sup> Conference title