

MDGs Conference 2005 - Documents

How to Make Poverty History:

The central role of local organisations in meeting the MDGs

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

The conference brought together 58 people from 23 countries.

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.

Poverty is caused by more than a lack of money: it is also evident in various forms of deprivation and marginalisation, many of which are locally-driven and need to be tackled at local level. For the poorest people, access to environmental resources often constitutes a critical element of their assets and security; conversely environmental hazards (floods, droughts, climatic change) have a disproportionately high impact on the poorest people.

Focusing only on policy processes at national, regional and global levels (as many donor agencies and multilateral institutions increasingly do) does not get to grips with the means to achieve change at local level: and cumulatively this constitutes a major barrier to reaching the Millennium Development Goals (MDGs).

Delivering improved outcomes depends crucially on strengthening poor people's rights and the provision of key services. The IIED conference highlighted many examples of locally-driven initiatives which are led by poor people and marginalised communities in Asia, Africa and Latin America: elected structures; village assemblies; co-operation around shared resource such as a forest or shared toilet facilities; producers' associations; farmer alliances; groups built around family ties; shared faith; common status in society; and in running small-scale credit and savings activities.

Such activities are often invisible to outsiders – in many cases they are not set up by government agencies or external NGOs – but their existence gives a sense of the power of local actors to deliver needed services and understand local needs.

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, the increasingly damaging impacts from processes of global warming are most acutely felt by poor people who are least responsible for causing the problem.

The lack of coherence between development and trade policies is a major problem which is unlikely to be resolved in the forthcoming Hong Kong Ministerial Meeting of the World Trade Organisation. Despite the fact it is in the middle of a 'development round' the WTO and broader multilateral trade policy currently does not prioritise the achievement of development objectives.

It is not the role of transnational corporations and the private sector to lead efforts to achieve the Millennium Development Goals, but they can and should contribute. Public institutions at all levels of governance have a responsibility to lead in ensuring provision of basic services, securing rights and livelihoods, cutting out exploitation and reducing inequality. Major companies are primarily motivated by short-term profits and shareholder return – but successful companies recognise longer-term societal goals and work with partners including local communities and institutions.

We should not think about the private sector as entirely separate from poor people: for example, **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.

International aid creates unintended adverse consequences through **the 'pendulum swing' of donor fashion:** for example, in Nepal all power plants were nationalised in the 1970s under pressure from the World Bank and others. Now the push is to 'unbundle' the sector and privatise. Donors also shift over time from concentrating all financial

support in central government – as at the moment, through the current trend towards Direct Budgetary Support – to bypassing government altogether and channelling support directly to NGOs, which often distorts their activities and fosters corruption.

There has not been enough open, external oversight of development assistance, notably by parliaments from North and South – and internal evaluation reports are almost always self-referential and don't reflect other perspectives or longer time-frames.

A compelling case can be made that local institutions can play an integral role in development . 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.

'Direct Budgetary Support' (DBS) is still a hypothesis – despite the current tendency among donors to see it as a sacred concept. A pragmatic approach is to consider how to work with budget support models and not take a completely hostile position against it. DBS entails giving money to Treasuries: it makes central governments less accountable to their electorates and more concerned about the views of donors; it favours the status quo and marginalises complexity.

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. But there are positive sides: there is an obvious niche here for relations between sovereign governments where they can help one another. If DBS is about long term, predictable supplies of flexible aid to allow governments to respond to the needs of their communities then it could be beneficial. It is interesting that in many middle-income countries DBS has been used in this way to support the effective decentralisation of environmental management – so there are signs that it can work.

It is essential to recognise local institutions as partners and there is not enough about this in current models for DBS and aid harmonisation. **We need to promote local organisations as one of the principal means to improve the accountability structure** that is required under DBS. This will require more local watchdogs as there is much greater scope for corruption and mismanagement. Such scrutiny is not just about looking at how the money is used: it extends to assessment of how local assets and livelihoods have changed as a result of government interventions.

We should also promote the many complements to direct budgetary support. DBS is currently about 25% of all aid: it is never likely to rise above 50%. Other aid instruments should be used to promote project experiments; technical assistance (with weaker ministries and institutions); area-based projects (supporting what local institutions are doing); and sector-wide approaches.

There is a 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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