

# The Millennium Development Goals and Local Processes



## Hitting the target or missing the point?

Edited by David Satterthwaite

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International  
Institute for  
Environment and  
Development

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## The Global Challenge: Goals and targets

The Millennium Development Goals are an ambitious agenda for reducing poverty and improving lives that world leaders agreed on at the Millennium Summit in September 2000. For each goal one or more targets have been set, most for 2015, using 1990 as a benchmark.

### 1. Eradicate extreme poverty and hunger

*Target for 2015:* Halve the proportion of people living on less than a dollar a day and those who suffer from hunger.

### 2. Achieve universal primary education

*Target for 2015:* Ensure that all boys and girls complete primary school.

### 3. Promote gender equality and empower women

*Targets for 2005 and 2015:* Eliminate gender disparities in primary and secondary education preferably by 2005, and at all levels by 2015.

### 4. Reduce child mortality

*Target for 2015:* Reduce by two-thirds the mortality rate among children under five.

### 5. Improve maternal health

*Target for 2015:* Reduce by three-quarters the ratio of women dying in childbirth.

### 6. Combat HIV/AIDS, malaria and other diseases

*Target for 2015:* Halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases.

### 7. Ensure environmental sustainability

*Targets:*

- Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.
- By 2015, reduce by half the proportion of people without access to safe drinking water.
- By 2020 achieve significant improvement in the lives of at least 100 million slum dwellers.

### 8. Develop a global partnership for development

*Targets:*

- Develop further an open trading and financial system that includes a commitment to good governance, development and poverty reduction – nationally and internationally.
- Address the least developed countries' special needs, and the special needs of landlocked and small island developing States.
- Deal comprehensively with developing countries' debt problems.
- Develop decent and productive work for youth.
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
- In cooperation with the private sector, make available the benefits of new technologies – especially information and communications technologies.

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# The Millennium Development Goals and local processes: a summary

Any discussion of development assistance and of the role of international agencies has to consider the relevance of the Millennium Development Goals (MDGs) for at least two reasons: most governments and international agencies have publicly committed themselves to these goals; and many are making changes in their institutional structures that they hope will increase their effectiveness in meeting these goals.

This publication focuses attention on the local processes that can deliver the MDGs with regard to poverty reduction and sustainable resource use. It is perhaps stating the obvious that the deprivations faced by “the poor” are experienced locally – inadequate food intakes, inadequate 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) and in getting children into schools (or in affording to keep them there), and the long hours worked, in often



**“To meet the MDGs, international agencies need to determine what role they can have in supporting diverse local processes through which the needs and priorities of the poor are identified and addressed”**

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”; rather, they need changes in the way external investments are made and in who determines what investments are made and how external resources are used; also changes in to whom those who make these decisions and investments are accountable. Improved “local governance” has a critical role in ensuring local development processes do address the MDGs within each locality.

To meet the MDGs, international agencies need to determine what role they can have in encouraging, supporting, catalyzing and legitimating the diverse local processes through which the needs and priorities of the poor are identified and addressed, and through which poverty is reduced and natural resource management is improved. This includes supporting solutions that the poor develop themselves, together with the processes by which they negotiate with government and other external agencies in doing so. This means supporting change on many fronts and recognizing the multiple interconnections between them.

This is not to suggest that only local processes are needed. Within all low- and middle-income nations, these kinds of local processes can benefit greatly from the economic changes that debt relief and more trade opportunities can bring. These local processes also have importance in ensuring that such economic changes are pro-poor, since rapid economic growth without the kinds of local processes noted above can bring rapid impoverishment for large sections of the (rural and urban) population.

### **The MDGs and IIED**

The MDGs contain much of what IIED has been promoting for 30 years. At their core is a strong and explicit



commitment to reducing poverty and to integrating the principles of sustainable development into all nations' policies and programmes. This has been at the centre of IIED's work since 1972, when its President, Barbara Ward, pointed to the need "...to clearly define what should be done to maintain the earth as a place suitable for human life not only now but also for future generations."<sup>(1)</sup> During the 1970s, IIED sought to persuade international agencies to make explicit their commitment to many of the goals that are now among the MDGs, including commitments to sustainable development and to adequate water and sanitation for all. During the 1980s, IIED fought to keep the principles of sustainable development alive, as interest waned among both governments and international agencies – and this included our work to support the Brundtland Commission and its 1987 report on *Our Common Future*, as well as preparations for the UN's Earth Summit in 1992.

### Changing processes to achieve desired outcomes

If all the MDGs are met by their target dates (mostly by 2015), this would be a significant change in the effectiveness of partnerships between development assistance agencies and governments in low- and middle-income nations. It would end the many setbacks of the 1990s (where many nations had increasing poverty and hunger, rising child mortality and declining per capita incomes). It would bring major improvements to the health of many of the poorest groups and significant reductions in income-poverty.

But there are also concerns that while the MDGs may have broadened the set of outcomes by which development assistance will be judged, there has been too little reflection on the processes that need to change to ensure these outcomes are achieved. Target-driven approaches may pay no attention to the process through which the targets are

**"If all the MDGs are met by their target dates this would be a significant change in the effectiveness of partnerships between development assistance agencies and governments in low- and middle-income nations"**

1. See the Introduction by Barbara Ward, in Ward, Barbara and Rene Dubos (1972), *Only One Earth: The Care and Maintenance of a Small Planet*, Andre Deutsch, London, 304 pages.



“While the MDGs may have broadened the set of outcomes by which development assistance will be judged, there has been too little reflection on the processes that need to change to ensure these outcomes are achieved”

addressed. IIED has always sought to base its promotion of sustainable development on knowledge gained from local engagement, working with partners in Africa, Asia and Latin America – for instance, through its work on sustainable livelihoods in agriculture and forestry, on provision for water and sanitation, and on community-driven development in urban areas. Such a local engagement allows a check on whether global programmes actually deliver what they promise. It also helps identify what changes are needed to make sure that they do. IIED’s work suggests that six points need particular attention, as outlined below.

**How can international agencies ensure support for the local processes needed to achieve the MDGs “on the ground”?** Examples of needed local processes are:

- ◆ Water and sanitation systems to ensure “adequate” provision, which are designed, built and managed locally; as the Conference documentation describes, government–NGO–community partnerships have a much better record of improving provision for low-income groups than privatization. In addition, the problem of inadequate provision is often incorrectly attributed to water stress and this often leads to inappropriate or ineffective “solutions”.
- ◆ Health care centres that are well staffed, well equipped and accessible to all, and that have the resources to radically cut infant, child and maternal mortality. Such centres also need to know how to take the lead in supporting local processes to reduce the incidence of malaria, tuberculosis, Aids and other major diseases, and help those infected with these diseases and their families to cope.
- ◆ Local schools that are also well staffed, well equipped and accessible to all, with resources to allow special provision to support gender equality and help the poorest families to keep their children at school.
- ◆ Local governments with the capacity and commitment to support such schools and health centres and



improvements in water and sanitation – and also to support local economic development and food security provision that benefit poorer groups. This also means local governments where the capacity for corruption and unaccountable actions is kept in check. The quality of local governance also influences whether resource conservation and poverty reduction objectives can be combined.

- ◆ Supporting solutions that the poor develop themselves, especially for significantly improving the lives of slum dwellers, together with the processes by which slum dwellers, rural smallholders and agricultural workers can negotiate better deals with government and other external agencies. The Conference documentation includes many examples of innovation in this – including a finance facility supported by DFID and Sida that allows federations of slum dwellers in India to develop a range of projects for improving housing conditions and basic services there, while working with local and national government (CLIFF – the Community-Led Infrastructure Finance Facility).

No international agency finds it easy to support a multitude of local institutions (including local governments and those of civil society) and to work with them in necessarily diverse ways. Bilateral and multilateral donor agencies were set up and structured to work directly with national governments, not diverse local actors. The challenge for international agencies in meeting the MDGs is as much to do with developing ways to support bottom-up processes accountable to low-income groups (and often initiated and managed by low-income groups) as it is to do with total financial flows.

**How can natural resource management be compatible with poverty reduction?** The only natural resource management indicators for monitoring the MDGs’ commitment to ensuring environmental sustainability are the proportion of land area covered by forest, and the ratio of area protected for maintenance of biological diversity to

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“ ‘Ensuring environmental sustainability’ is one among eight MDGs, when the achievement of many of the other goals depends on good natural resource management, especially eradicating extreme poverty and hunger and the targets relating to provision for water and sanitation”

surface area. Whether the achievement of these goals benefits the poor depends very much on how this is done. It can be achieved through national governments and international agencies establishing controls on protected areas and forests (a “fences and fines” approach) in ways that exclude or displace the poor populations that draw resources from them. Some conservation organizations have adopted the rhetoric of poverty reduction and sustainable livelihoods without changing practices that actually exacerbate poverty on the ground and undermine local livelihoods. There is also the worry that “Ensuring environmental sustainability” is one among eight MDGs, when the achievement of many of the other goals depends on good natural resource management, especially eradicating extreme poverty and hunger and the targets relating to provision for water and sanitation.

**Ridding the world of hunger requires action on many fronts.** Three goals have to be combined: making agriculture more productive and ecologically sustainable; ensuring poor rural households have access to the land and water they need (most poverty and hunger is related to this); and ensuring all those who need to purchase food can afford it, as well as affording non-food necessities. Prosperous smallholder agriculture is important not only for rural development but also for urban development and for off-farm employment too. It often underpins the economies of expanding urban centres and creates new employment opportunities for rural and urban dwellers.

Getting agricultural development right will contribute to many of the MDGs. But to do so, and to make it ‘pro-poor’ requires:

- ◆ A more equitable distribution of land ownership and/or secure rights to use land and water resources;
- ◆ Policies and public investments that do not discriminate against small- and medium-sized farms and rural enterprises;
- ◆ Cost-reducing and resource-conserving technologies;



- ◆ Agricultural services and markets that work for all;
- ◆ Reasonable infrastructure and education; and
- ◆ For many agricultural products, the removal of trade barriers around the markets of high-income nations and of the large subsidies to rich country farmers.

The chapter on West Africa (chapter 7) highlights how successful family farms often are in providing livelihoods and in terms of production and productivity per hectare. But to make their incomes and their production more secure and their resource-use more sustainable, they need support:

- ◆ Globally, to curb their loss of income from trade barriers and subsidies paid to farmers in high-income nations; to improve market access for processed raw materials; and to address heightened risks of climatic variability;
- ◆ Regionally, to facilitate movement of people and goods throughout the region;
- ◆ Nationally, to promote agricultural development in ways that do not favour agribusiness and ignore smallholders; also curb imports of cheap foodstuffs that destroy markets for local food producers and strengthen decentralised government; and
- ◆ Locally, to encourage a fair and accountable system of local government, able to respond to diverse interest groups (farmers, agricultural labourers, pastoralists, urban dwellers...), manage collective resources and reform land tenure in ways that protect the rights of the poorer groups, including secondary right holders.

**High-income nations have to align their domestic policies with their development cooperation policies so that policies on trade, industry, agriculture, exports and employment do not undermine the achievement of the MDGs.** More aid for the MDGs will have limited impact if there is no shift in the way that high-income nations approach their trading, investment and business relations with low- and middle-income nations.

**“High-income nations have to align their domestic policies with their development cooperation policies so that policies on trade, industry, agriculture, exports and employment do not undermine the achievement of the MDGs”**



“Imagine the benefits for many of the poorest nations if the development finance institutions and export credit agencies in high-income nations were to base their financial decisions on development criteria, not domestic priorities”

Low- and middle-income nations currently lose far more from unfair trade practices (as high-income nations protect their markets and subsidize their producers) than they gain from development assistance. Imagine how much more progress towards most of the MDGs would have been achieved if the 10 million cotton producers in Africa were allowed fair prices and access to high-income markets, if clothing producers in low-income nations did not face large tariff barriers around the world’s most prosperous markets, if non-tariff barriers around these same markets were not used to keep out imports, if tariffs and other measures did not prevent “value added” in low-income nations, and if coffee producers had not seen their share of total income generated by coffee drop so dramatically. These represent not only hundreds of billions of dollars lost every year but also a loss of income that directly affects tens of millions of poor households. One of the key characteristics of prosperous smallholder agriculture in low- and middle-income nations is the number of jobs and enhanced incomes it supports through local forward and backward multiplier linkages. It can also help build stronger, more diversified economies. Also imagine the benefits for many of the poorest nations if the development finance institutions and export credit agencies in high-income nations were to base their financial decisions on development criteria, not domestic priorities. Finally consider the implications if governments in high-income nations could ensure that the investment activities and supply-chain relationships of their transnational companies in low and middle-income nations were bringing benefits to these countries rather than forcing out local producers.

**Target-driven approaches with time-bound goals need accurate data to monitor progress.** Target-driven approaches with time-bound goals place much emphasis on monitoring. But if this monitoring is based on inappropriate indicators or indicators based on inappropriate assumptions, it will not show which people reach adequate income levels or service provision levels. Some of the indicators chosen for monitoring the MDGs or their targets have serious deficiencies while, for others, the



data on which they are based are of such poor quality as to be of very limited value. For instance:

- ◆ For water and sanitation, there are no accurate data on who has “safe” and “sustainable” provision for water and adequate provision for sanitation in most nations. 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 and the ease of access. Yet, the health benefits of water and sanitation depend on good quality, affordable, easily accessible provision.
- ◆ For eradicating extreme poverty and hunger, the “dollar a day” poverty line is not an appropriate indicator, in part, because the costs of avoiding extreme poverty are higher than this in many locations and, in part, because so much deprivation is not the result of inadequate income.
- ◆ For “Ensuring environmental sustainability”, too much attention is given to quantitative measures for protected areas and forest cover when the concern should also be the form protection takes (and the extent to which it benefits or excludes local people, including poor people living in or around protected areas who are dependent on resources there). With regard to what is protected, there is too much emphasis on Northern priorities towards rare or endangered species and habitats rather than on species that are valued by local people for food and medicines, or are of cultural significance.

**If governments and international agencies focus more on the MDGs, what might be left out or marginalized** – especially with regard to civil and political rights, decentralization and democracy? The UN Secretary-General recently noted that insufficient progress was being made in meeting the broader objectives of the Millennium Declaration on such issues as human rights, democracy and good governance; also on conflict resolution and the special needs of Africa.

*“If this monitoring is based on inappropriate indicators or indicators based on inappropriate assumptions, it will not show which people reach adequate income levels or service provision levels”*



**“The MDGs include no time-bound targets for the removal of the trade barriers around the economies of most high-income nations or for debt relief”**

In addition, might the focus on the MDGs divert attention from changing a world economic system that locks many low- and middle-income nations into poverty? There is the worry that the governments in high-income nations will see the MDGs as the task only of their aid agencies, and so not address the needed policy changes towards fairer international trade regimes and debt relief. The MDGs include goals and targets related to stronger and more prosperous economies among low- and middle-income nations, including more international support for addressing the special needs of the least-developed countries, landlocked countries and small island states, and more attention to addressing debt problems and removing trade barriers. But the MDGs include no time-bound targets for the removal of the trade barriers around the economies of most high-income nations or for debt relief. Politically, it is easier for governments in most high-income nations to increase aid budgets than to reduce or remove the subsidies and other forms of protection around their agriculture and some of their industries, or to meet their commitments to reduce greenhouse gas emissions.

This booklet ends with a commentary on the difficulties currently facing Pakistan, including many that a focus on the MDGs may not resolve.

# 1

## Introduction

This booklet discusses the changes in the policies and practices of governments and international agencies that are needed to achieve the Millennium Development Goals (MDGs). It draws on the work of the International Institute for Environment and Development (IIED) over the last 30 years.<sup>(1)</sup>

Any discussion of development assistance has to consider the relevance of the MDGs for at least two reasons: most governments and international agencies have publicly committed themselves to meeting them; and many are making changes in their institutional structures that they hope will increase their effectiveness in meeting these goals. In addition, if all the goals are met by the dates specified (mostly by 2015), this would represent a significant change in the effectiveness of partnerships between development assistance agencies and governments in low- and middle-income nations. It would bring about major

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**1. This includes the work not only of IIED staff but also of its many partners, since much of the Institute's work is undertaken through partnerships with individuals and institutions in Africa, Asia and Latin America.**



**“IIED has always sought to base its promotion of poverty reduction and sustainable development on knowledge gained from local engagement, working with partners in Africa, Asia and Latin America”**

improvements to the health of many of the poorest groups in most low- and middle-income nations, and significant reductions in poverty.

The Millennium Development Goals contain much of what IIED has been promoting for 30 years. At their core is a strong and explicit commitment to reducing poverty and to integrating the principles of sustainable development into all nations’ policies and programmes. This has always been at the centre of IIED’s work. In 1972, the Institute’s President, Barbara Ward, pointed to the need “...to clearly define what should be done to maintain the earth as a place suitable for human life not only now but also for future generations.”<sup>(2)</sup> During the 1970s, IIED sought to persuade the international agencies to make explicit commitments to many of the goals that are now among the MDGs.<sup>(3)</sup> In 1979, IIED specified what a commitment to sustainable development would imply for international agencies.<sup>(4)</sup> Throughout the 1980s, IIED fought to keep the principles of sustainable development alive, as interest waned among both governments and international agencies – and this included our work to support the Brundtland Commission and its 1987 report on *Our Common Future*, as well as preparations for the UN’s Earth Summit in 1992.<sup>(5)</sup>

But IIED has always sought to base its promotion of poverty reduction and sustainable development on knowledge gained from local engagement, working with partners in Africa, Asia and Latin America – for instance, through its work on sustainable livelihoods in agriculture and forestry (including a special focus on drylands and on biodiversity), on provision for water and sanitation, and on community-driven development in urban areas. Such a local engagement allows a check on whether global goals

2. See the Introduction by Barbara Ward in Ward, Barbara and Rene Dubos (1972), *Only One Earth: The Care and Maintenance of a Small Planet*, Andre Deutsch, London, 304 pages.

3. See, for instance, the chapter entitled “The cost of justice”, in Ward, Barbara (1976), *The Home of Man*, W W Norton, New York; also IIED’s involvement in getting the United Nations to set explicit targets for improved provision for water and sanitation, as described in Cross, Nigel (editor) (2003), *Evidence for Hope; The Search for Sustainable Development; The Story of the International Institute for Environment and Development*, Earthscan Publications, London, 238 pages.

4. Stein, Robert E and Brian Johnson (1979), *Banking on the Biosphere?*, Lexington Books, D C Heath and Company, Lexington and Toronto, 203 pages.

5. See Cross (2003), *op. cit.*



actually deliver what they promise. It also helps identify what changes are needed to make sure that they do.

With regard to the theme of the Conference for which this booklet provides the background:

- ◆ How can international agencies and national governments support the local processes that are needed to deliver most of the MDGs “on the ground”? How might they best support a multitude of local institutions (including local governments and those of civil society), working effectively with them in necessarily diverse ways, and channelling useful resources through them? Achieving most of the MDGs depends on more effective and accountable local institutions.
- ◆ What changes are needed in monitoring progress towards meeting the MDGs? As several chapters in this booklet note, some of the indicators chosen for monitoring the goals have serious deficiencies while, for others, the data on which they are based are of such poor quality as to be of very limited value.
- ◆ If governments and international agencies focus more on the MDGs, what might get left out or marginalized – perhaps especially with regard to civil and political rights, decentralization and democracy? And might the focus on the MDGs divert attention from changing a world economic system that currently locks many low- and middle-income nations into poverty?

Underlying these is a concern that while the MDGs may have broadened the set of outcomes by which “development assistance” will be judged, there has been too little reflection on the processes that need to change to ensure that these outcomes are achieved. As discussed in Chapter 2, most of the commitments within the MDGs are not new, and several decades of development assistance have failed to deliver many of them. For instance, virtually all rural and urban populations were meant to have good provision for water and sanitation by 1990, according to a commitment agreed by virtually all governments and

**“While the MDGs may have broadened the set of outcomes by which ‘development assistance’ will be judged, there has been too little reflection on the processes that need to change to ensure that these outcomes are achieved”**



**“Achieving the MDGs depends on far more than an increase in development assistance and more effective development policies”**

international agencies in 1976 and 1977. This commitment had been formally endorsed by the UN General Assembly.<sup>(6)</sup> Chapter 2 notes just how far from this target the world currently is.

We hope that this booklet makes clear how important it is for us all that the MDGs be realized – and, hopefully, even exceeded. As a smallholder or a squatter struggling to feed their family might ask: are we part of “the half” who, according to the MDGs, will no longer suffer from hunger by 2015?<sup>(7)</sup> This booklet does not seek to be comprehensive in its discussion of the MDGs, but concentrates on those for which the findings of IIED’s work with its partners has relevance.

But this booklet and the issues it raises have relevance far beyond development assistance agencies, because achieving the MDGs depends on far more than an increase in development assistance and more effective development policies. At the Millennium Summit where the heads of state from most of the world’s nations committed themselves to the MDGs:

- ◆ Did heads of state from high-income nations leave the Summit really intending to remove the trade barriers that take several hundred billion dollars a year from producers in low- and middle-income nations (see Chapters 6 and 8)? Did they recognize that their commitment to ensuring environmental sustainability meant major changes in domestic policies, especially in reducing greenhouse gas emissions and changing the consumption patterns that underlie them?
- ◆ Did heads of state from lower-income nations leave the Millennium Summit really intending to make the institutional and governance changes on which poverty reduction and greater equity depends?

6. UN-Habitat (2003), *Water and Sanitation in the World’s Cities; Local Action for Global Goals*, Earthscan, London, 274 pages.

7. Bissio, Roberto (2003), “Civil society and the MDGs”, *NGLS Roundup 105*, July, pages 1–2, reporting on a comment by a Brazilian NGO.



We need to ask whether the heads of state have any possibility of acting on these concerns, even if they recognize the need and bring a commitment to doing so. Arif Hasan's commentary on the difficulties facing Pakistan (Chapter 9) has relevance for most low- and middle-income nations; within the current world system, it is difficult to see how such nations can develop an economic base that helps reduce poverty and provides a stable basis from which the MDG targets can be addressed.



# 2

## The Millennium Development Goals and poverty reduction<sup>1</sup>

David Satterthwaite

### I. WHAT ASPECTS OF POVERTY WILL THE MDGS REDUCE?

Most of the Millennium Development Goals (MDGs) are compatible with poverty reduction, because they demand better performance in outcomes that are important to poor groups. They have also set specific time-bound goals and targets. These include:

- ◆ achieving universal primary education by 2015;
- ◆ reducing infant and child mortality by two-thirds between 1990 and 2015;
- ◆ reducing maternal mortality by three-quarters between 1990 and 2015;
- ◆ halving the number of people without safe drinking water, adequate incomes and food intakes by 2015, as compared to 1990;

**1. This develops and expands on points raised in an earlier paper focusing on urban poverty, published in *Environment and Urbanization* Vol 15, No 2, October 2003.**



“The MDGs are unprecedented in the range of goals and targets chosen, in the recognition that most are interconnected, and in the public commitment from international agencies that they will be judged by whether these goals and targets are achieved”

- ◆ significantly improving the lives of at least 100 million “slum” dwellers by 2020 (this includes increasing the proportion of people with “improved” sanitation and access to secure tenure); and
- ◆ halting and beginning to reverse the spread of Aids, malaria and other major diseases.

The MDGs also include other goals that have particular importance for poverty reduction, including:

- ◆ promoting gender equality and empowering women; and
- ◆ ensuring more work opportunities for youth.

Thus, international agencies (and, in part, national governments) have set themselves up to be judged by whether they can ensure these targets are met. Although comparable international goals and targets have been set in the past, the MDGs are unprecedented in the range of goals and targets chosen, in the recognition that most are interconnected, and in the public commitment from international agencies that they will be judged by whether these goals and targets are achieved.<sup>(2)</sup>

The MDGs also have goals and targets related to stronger and more prosperous economies among low- and middle-income nations, including more international support for addressing the special needs of the least developed countries, landlocked countries and small island states, and more attention to addressing debt problems and removing trade barriers.<sup>(3)</sup>

Despite their relevance to poverty reduction, these and the other Millennium Development Goals can be seen as:

- ◆ **too narrow**, as a greater focus on achieving these goals reduces support for other important poverty reduction initiatives;
- ◆ **too determined by “external” experts** – those suffering from deprivation have not determined the

2. However, the MDGs are also not new in the sense that they are largely a consolidation of commitments made by national governments at the various global UN conferences held since 1972.

3. See <http://www.developmentgoals.org> for the complete text of the Millennium Development Goals.



priorities; they also had no role in the definitions of “what is poverty” and of what is needed to reduce it;

- ◆ **too concerned with measurable outcomes**, which may mean too much support for top-down, targeted interventions to deliver on the chosen targets (and indicators), and a neglect of developments whose impacts are not easily measured, such as more accountable local governance, protection of poorer groups’ civil and political rights, and more possibilities for community-designed and managed initiatives;<sup>(4)</sup>
- ◆ **too reliant on indicators that are conceptually flawed** (especially the “US\$ 1 a day” poverty line) **and for which the data are inadequate or inaccurate**; and
- ◆ **too focused on the role of international agencies and national governments** – neglecting the investments and ingenuity that low-income groups and their organizations can bring to poverty reduction, and the extent to which poverty reduction requires local processes that are more responsive and accountable to low-income groups.

As noted in the Introduction, underlying all this is a concern that, while the MDGs may have broadened the set of outcomes by which “development assistance” will be judged, there has been too little reflection on the processes that need to change to ensure these outcomes are achieved. Development assistance in the past has failed to deliver good performance for many of the MDG targets. Many of the MDG concerns had already become a central part of the development discourse during the 1970s, including the recognition by most development assistance agencies that a greater priority to basic needs was required. See, for instance: the commitment made by virtually all governments during the 1970s to provide water and sanitation for all by

“While the MDGs may have broadened the set of outcomes by which ‘development assistance’ will be judged, there has been too little reflection on the processes that need to change to ensure these outcomes are achieved”

4. The UN Secretary-General noted that insufficient progress was being made in meeting the broader objectives of the Millennium Declaration on such issues as human rights, democracy and good governance, also on conflict resolution and the special needs of Africa; see “Results are mixed so far in implementation of Millennium Development Goals, Secretary-General Tells General Assembly”, Press Release GA/10072, 04/10/02.



1990; the estimates prepared in the early 1970s for the amount of international aid required to achieve an end to hunger and provide education, health care and water and sanitation for all;<sup>(5)</sup> the shift in health care towards “primary health care”, with its goal of universal coverage (and health for all); the global discussions about how to achieve a fairer international trade regime;<sup>(6)</sup> and the recognition of the particular problems faced by small and/or island states.<sup>(7)</sup> The US Government’s Secretary of State for Foreign Affairs had even stated publicly at the UN World Food Summit in 1974 that it was our duty to make sure that no child went to bed hungry by 1985.<sup>(8)</sup> Surely, no one working in any development assistance agency in the late 1970s would have predicted that more than 20 years later:

- ◆ under-five mortality rates would still be between 150 and 300 per 1,000 live births for many nations, and more than one-quarter of all children in low- and middle-income nations would be underweight or under height for their age;<sup>(9)</sup>
- ◆ average life expectancy would still be below 50 years for more than 20 nations, and below 40 in some – and that hunger and child mortality would be increasing in many nations;<sup>(10)</sup>
- ◆ some 2 billion rural dwellers and around 800 million urban dwellers would lack adequate provision for water and sanitation;<sup>(11)</sup>
- ◆ more than one million people per year (mainly children) would be dying of malaria with around 2 million per year (mainly adults) dying of tuberculosis;<sup>(12)</sup>

5. See, for instance, the chapter entitled “The cost of justice” in Ward, Barbara (1976), *The Home of Man*, W W Norton and Co (USA), McLelland and Stewart (Canada) and Penguin (UK), which gives estimates drawn from the World Bank on the “basic investments” needed for food and nutrition, education, rural and urban water supply, and population and health.

6. See, in particular, all the discussions about a New International Economic Order during the 1970s.

7. Selwyn, Percy (1975), *Development Policy in Small Countries*, Croom Helm, London, 208 pages.

8. <http://www.gene.ch/gentech/1997/8.96-5.97/msg00014.html>.

9. UNDP (2001), *Human Development Report 2001; Making New Technologies Work for Human Development*, Oxford University Press, Oxford and New York, 264 pages.

10. UNDP (2003), *Human Development Report 2003; Millennium Development Goals: A Compact among Nations to End Human Poverty*, Oxford University Press, Oxford and New York, 367 pages.

11. WHO and UNICEF (2000), *Global Water Supply and Sanitation Assessment, 2000 Report*, World Health Organization, UNICEF and Water Supply and Sanitation Collaborative Council, 80 pages; also UN-Habitat (2003), *Water and Sanitation in the World’s Cities; Local Action for Global Goals*, Earthscan, London, 274 pages.

12. UNDP (2003), *op. cit.*



- ◆ poverty would be rising in many low- and middle-income nations, despite generally good economic performance in the world economy and rapid economic growth for most high-income nations.

Of course, part of the reason for the poor performance in some of these indicators in many nations was the rapid growth of HIV/Aids, but even here, the limitations of international action to support prevention and ensure good treatment for those who are infected should be noted.

*The MDGs are very clear in what they want to achieve, but not clear about the means through which they will be achieved. In a sense, they are a critique of development institutions and development theory, because they are pointing to desired outcomes that more than 40 years of international aid have failed to achieve. But they give little idea of how international development assistance should change, except that more international aid needs to be spent on interventions to support these goals.*

## II. CONTRASTING METHODS FOR ADDRESSING POVERTY

The extent to which these criticisms of the MDGs are valid will depend on the choices made by national governments and international donors with regard to the approaches taken to achieve these goals, and to the information bases they use to guide their policies and priority-setting and to monitor progress. This can be illustrated by considering two contrasting ways of addressing poverty. The first is through “poverty reduction” programmes, directed by national governments and international agencies, designed by “experts”, which draw on official data (usually woefully inadequate and often inaccurate) and official definitions of poverty (usually narrow and often inaccurate) to identify “target groups” and design policies to meet “basic” needs as defined by experts. There is a search for interventions that are considered to be most effective at delivering improved performance in some of the targets and indicators that the MDGs have chosen. Needs are conceived of in

*“The MDGs are very clear in what they want to achieve, but not clear about the means through which they will be achieved; they give little idea of how international development assistance should change, except that more international aid needs to be spent on interventions to support these goals”*



**“Poverty can be addressed by making resources available to low-income groups and their organizations in response to their needs and priorities, while also responding to and supporting local democratic processes which recognize the rights of all citizens to basic services, the rule of law and accountable institutions”**

physical terms, especially in terms of food intake and access to (a few) basic services. The standards set for what constitutes “basic services” are generally very low, and are often unlikely to produce the desired outcomes for falls in mortality – as discussed in a later section on water and sanitation. Not much attention is paid to the inequalities in power, incomes and asset bases that generally underpin malnutrition and the lack of basic services. Key poverty reduction issues such as safety nets, stronger asset bases, the protection of civil and political rights by the rule of law, and the right of all citizens to get fair responses from politicians and civil servants get little attention – in part because these are not issues in which the official development assistance agencies find it easy to engage successfully.

In contrast to this, poverty can be addressed by making resources available to low-income groups and their organizations in response to their needs and priorities, while also responding to and supporting local democratic processes which recognize the rights of all citizens to basic services, the rule of law and accountable institutions. It is stating the obvious that the deprivations faced by “the poor” are experienced locally: inadequate food intakes; inadequate 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; and 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”; what is needed is changes in the way external investments are made, in who determines what investments are made and how external resources are used, and to whom those who make these decisions and investments are accountable.



“National governments and international agencies need to demonstrate how the measures they design and implement to ‘reduce poverty’ will bring concrete benefits to (low-income) individuals and households in their daily lives”

### III. INSTITUTIONAL STRUCTURES AND LOCAL PROCESSES

If successful poverty reduction or “pro-poor change” is to have local manifestations, national governments and international agencies need to demonstrate how the measures they design and implement to “reduce poverty” will bring concrete benefits to (low-income) individuals and households in their daily lives in terms of:

- ◆ what they can consume, save and invest in;
- ◆ the quality and security of their homes and neighbourhoods;
- ◆ the infrastructure and services to which they have access; and
- ◆ their relationships with those who influence their incomes and other aspects of their lives (landowners; employers; local government or private infrastructure and service providers; the rule of law and those who are meant to enforce it; politicians; often landlords, community organizations and NGOs).<sup>(13)</sup>

To give some examples of the kinds of local processes that can reduce poverty:

- ◆ The Indian NGO, SPARC, and its Alliance with the women’s cooperatives, *Mahila Milan* (formed by “slum” and pavement dwellers) and the National Slum Dwellers Federation, are engaged in many different projects in different locations in India to improve housing and living conditions and basic services, successfully reaching hundreds of thousands of low-income dwellers. This Alliance has shown how work in many different areas such as community-based and community-managed savings and credit groups, house construction, the development of community-designed, built and managed toilet blocks, and community-managed resettlement programmes can contribute to poverty

**13. It may seem strange to include here community organizations and NGOs, but these can be as top-down and unaccountable to low-income groups as governments and international agencies.**



reduction, as long as these are based on what low-income groups and their organizations can do for themselves, and representative community organizations retain control.<sup>(14)</sup>

- ◆ The Thai Government's Community Organizations Development Institute (CODI) makes loans available to (rural and urban) community organizations for a wide range of activities relating to land acquisition and housing construction, housing improvement and income generation. It stresses the need to provide support for locally determined processes, and was set up because "...conventional development systems and processes are not designed for the conditions of the poor nor are they appropriate to the needs of the poor. There are almost always problems when the poor try to fit into these systems."<sup>(15)</sup> But to prevent it from being swamped by too many loan applications, this organization provides loans to networks or federations of community organizations (for instance, networks formed within a particular locality or based around particular occupations), which then on-lend to their members. These networks or federations of community organizations also have more capacity to negotiate with local or provincial authorities, or to influence development planning, or to work together on shared problems of housing, livelihoods or access to basic services. These networks also link communities so that they can share their experiences, learn from each other, work together and pool their resources. These networks also proved very important in helping member organizations cope with the effects of the economic crisis that started in Thailand in 1997, and most community networks also developed their own community welfare programmes. CODI demonstrates how far funding can go if organized and managed by community

14. Patel, Sheela and Diana Mitlin (2001), *The Work of SPARC and its Partners Mahila Milan and the National Slum Dwellers Federation in India*, IIED Working Paper 5 in Poverty Reduction in Urban Areas Series, IIED, London.

15. Boonyabancha, Somsook (2003), *A Decade of Change: From the Urban Community Development Office (UCDO) to the Community Organizations Development Institute (CODI) in Thailand*, IIED Working Paper 12 in Poverty Reduction in Urban Areas Series, IIED, London.



organizations or networks, and how many community-managed activities can achieve cost-recovery. CODI also has a major role in the Thai Government's "Cities without slums" programme but, as its director notes, large-scale slum upgrading programmes are only possible if the "infrastructure" of community processes and networks and their savings schemes are in place; representative community organizations have to be involved in decision-making, be able to own the decisions that are taken, and be in control of the activities that follow.<sup>(16)</sup> CODI is also unusual in that it supports community-directed poverty reduction in both rural and urban areas, and has found that many of the community networks it supports have both rural and urban members.

These are examples of institutions supporting the kinds of local processes that can deliver many of the MDGs: one an alliance of an NGO and two federations of people's organizations, the other a national government agency specifically set up to support community initiatives (in rural and urban areas). Both these institutions recognized that they had to support diverse local processes, each rooted in its particular local context, where low-income groups and their representative structures have influence. Many other development initiatives and institutions have sought to work with low-income groups directly, strengthening and supporting their organizations, building on their resources and capacities – see, for instance, the work of AKRSP in rural areas in Pakistan and the local governance innovations in Laborie (St. Lucia),<sup>(17)</sup> or the partnerships between local government and the organizations and federations of the urban poor in South Africa, Namibia, Zimbabwe, Kenya, the Philippines and Cambodia.<sup>(18)</sup>

Most of what these initiatives do is based on what poor people themselves design and implement. In many instances, the need for external support is limited or non-

**"In many instances, the need for external support is limited or non-existent – but the external funding is needed to support scaling up and to complement, rather than replace, locally generated resources"**

16. Boonyabancha (2003), *op. cit.*

17. Zehra, Maheen (2004), "Creating space for civil society in an impoverished environment in Pakistan" and Renard, Yves (2004), "The sea is our garden: coastal resource management and local governance in the Caribbean", in Bass, Steve et al., *Politics, Poverty and the Environment*, Earthscan Publications, forthcoming.

18. See case studies of most of these in *Environment and Urbanization* Vol 13, No 2, October 2001; also <http://www.homeless-international.org/> and <http://www.dialogue.org.za/>.

**Table 2.1: The most important aid project characteristics from two different viewpoints**

CHARACTERISTICS OF MANY SUCCESSFUL COMMUNITY-DRIVEN INITIATIVES	PROJECT CHARACTERISTICS WHICH MAKE IMPLEMENTATION EASY FOR OUTSIDE FUNDING AGENCY
Modest external funding available to support many and diverse initiatives in different locations	Large capital sum provided to one project; managing many “low-cost” projects is too costly in staff time
Multisectoral, addressing multiple needs of low-income groups	Single sector, because managing a multisectoral project implies coordinating different sections in the donor agency and different government agencies or departments within the project, which is time-consuming
Implementation over many years – less of a project and more of a longer-term process to improve conditions and services, and to improve relations between low-income communities and external agencies (including local government)	Rapid implementation (internal evaluations of staff performance in funding agencies are often based on the volume of funding supervised and the speed of implementation)
Substantial involvement of local people (and usually their own community organizations) in defining priorities, developing project design, and implementation	Project largely designed by agency staff (usually in offices in Europe or North America) or by consultants from the funding agency's own nation
Project implemented collaboratively with community-based organizations, often local NGOs, local government and, often, various government agencies or ministries	Project implemented by one construction company or government agency
High ratio of staff costs to total project cost (in part because the initiative sought to keep down costs and to mobilize resources locally) <sup>(a)</sup>	Low ratio of staff costs to total project cost (because this is seen within the agency or its funders as a measure of ‘efficiency’)
Capacity to change in response to changing local circumstances or external factors (or because of a recognition that new approaches are needed to increase effectiveness)	Very limited capacity to change from what was specified in the project documentation
Difficult to evaluate using conventional cost – benefit analysis because of multiple benefits and many qualitative improvements, including many that may not have been anticipated in the original proposal	Easy to evaluate by focusing on the achievement of quantitative outcomes that were identified and specified in the original project document
Little or no direct import of goods or services from abroad	High degree of import of goods or services from funding agency's own nation

(a) This is not always the case, and careful preparation may mean a low proportion of staff costs to total costs, especially if the initiative grows.

SOURCE: Developed from Hardoy, Jorge E, Diana Mitlin and David Satterthwaite (2001), *Environmental Problems in an Urbanizing World: Finding Solutions for Cities in Africa, Asia and Latin America*, Earthscan Publications, London, 448 pages.



existent – but this can change suddenly, as new opportunities open up (especially with regard to greatly increasing the scale of work). But the external funding is needed to support scaling up and to complement, rather than replace, locally generated resources. As the Indian NGO, SPARC, has commented, many donors find it difficult to support community-directed processes because their procedures require outputs to be defined at the outset, and this inhibits local groups from taking advantage of new opportunities. Donors are also unwilling or unable to support processes whose objective is to transform the interactions between the state and the poor. They also cannot see how support for local processes can strengthen poor communities' capacity to secure their own and external resources.<sup>(19)</sup> Table 2.1 compares the characteristics of many successful community-driven processes for reducing poverty with the project characteristics that make implementation easier for external agencies; the difficulty in reconciling the two is obvious. A shift by external funding agencies away from projects to budgetary support or to more funding decisions made by offices within recipient countries may not increase the scale and suitability of the support for community-driven processes.

It is very difficult for the official development assistance agencies to have an effective and supportive interface with these local processes. The national governments with whom they work often do not want development assistance allocated to these processes, or at least they want to manage the allocation of such resources and influence who gets them (and who does not). Similarly, within each locality, these local processes are working within political contexts in which a range of public agencies and private companies are seeking funding (or to control its allocation). Providing support to community-driven processes often lessens the role of contractors or reduces their profits.<sup>(20)</sup>

*“A shift by external funding agencies away from projects to budgetary support or to more funding decisions made by offices within recipient countries may not increase the scale and suitability of the support for community-driven processes”*

19. Patel and Mitlin (2001), *op. cit.*

20. See Patel, Sheela and Diana Mitlin (2003), “Grassroots-driven development: the Alliance of SPARC, the National Slum Dwellers Federation and Mahila Milan” and Baumann, Ted, Joel Bolnick and Diana Mitlin (2003), “The age of cities and organizations of the urban poor; the work of the South African Homeless People’s Federation”, in Mitlin, Diana and David Satterthwaite (editors), *Empowering Squatter Citizen: Local Government, Civil Society and Urban Poverty Reduction*, Earthscan Publications, London.



**“One major difficulty for any donor agency supporting the MDGs is their distance from ‘local needs’, and the long and complex process between a decision to allocate more funds to water supply and actually getting work on the ground that delivers ‘sustainable access to safe drinking water’ to those lacking it”**

Most international agencies and the “experts” on whom they draw have little detailed knowledge of the specifics of each city neighbourhood, village or pastoral area where the interventions they fund are implemented. They may have little or no engagement with the local population; foreign experts often cannot speak the language of those in the settlements where their recommendations will be implemented. Their recommendations are often biased by their experience in other nations, by their reading of other “success stories” (usually implemented in very different local contexts) or by their analysis of datasets that have grave limitations (as discussed in more detail later). What they recommend so often fails to support the kinds of local processes that benefit those with the least income, assets and political power (including those designed and implemented by “the poor” themselves) – in part because they do not see or understand these. Even if the “experts” make the right recommendations, they often undermine the local learning processes that are essential for effective local change.<sup>(21)</sup>

One major difficulty for any donor agency supporting the MDGs is their distance from “local needs”, and the long and complex process between a decision to allocate more funds to water supply and actually getting work on the ground that delivers “sustainable access to safe drinking water” to those lacking it. And how difficult it is for the international agency to ensure a fit between what is provided by their external support and what is actually needed in each locality. Between the allocation of funds for water and its use on the ground come so many factors that influence what is done – from the forms and procedures internal to the agency to the agreement arrived at with the recipient government, to the procedures used to determine who gets responsibility and funds for implementation, to the quality of agencies or contractors who undertake or are contracted to undertake the work, to the quality of the monitoring, to the provisions made to manage and maintain the new

21. See Patel and Mitlin (2003) and Baumann, Bolnick and Mitlin (2003), *op. cit.*



facilities... None of these processes within the international agencies and few of the processes within the recipient government are influenced by the “poor”, and rarely are the agencies with responsibilities for implementation accountable to the poor. In effect, the use and effectiveness of most donor agency funding has to rely on national and local governance structures within recipient nations as the main channels through which their decisions are implemented. Effective aid is very difficult to achieve if this national and local governance structure is ineffective, centralized and lacking democratic checks and balances at all levels. This explains the emphasis given by donor agencies in recent years to “good governance”. But a recognition of its importance does not imply a capacity to achieve it. “Better local governance”, which implies more competent, transparent and accountable local governments with more resources, may be the single most important underpinning for the achievement of many of the MDGs. But achieving this will reduce the power and the profits of many powerful vested interests. Reforming local government is intensely political and always contested; not something easily achieved by support from (distant) international agencies working through national governments.

In addition, many of the data used by international agencies are profoundly anti-local, because they are based on national sample surveys with limited or no capacity to inform local institutions of the specific problems in their own locality. For instance, the Demographic and Health Surveys may be able to identify some of the most serious health problems and inadequacies in infrastructure and service provision “for national populations”, but they provide no data of use to local institutions about who within their jurisdiction has these problems, and in which villages or urban neighbourhood they live.<sup>(22)</sup>

There are precedents showing how development assistance agencies can support local processes, but these almost

**“Many of the data used by international agencies are profoundly anti-local, because they are based on national sample surveys with limited or no capacity to inform local institutions of the specific problems in their own locality”**

22. See later section for more details.

### Box 2.1: The Community-Led Infrastructure Finance Facility (CLIFF) in India

This financing facility aims to support three local organizations to carry out and scale up community-driven infrastructure, housing and services initiatives in many different locations, in conjunction with local governments and the private sector (including banks and landowners). These three organizations are an Indian NGO (SPARC), women's cooperatives (*Mahila Milan*) formed by pavement and "slum" dwellers, and the National Slum Dwellers Federation (a federation of slum dwellers' organizations and local federations). This financing facility is also seen as a pilot from which to draw lessons for setting up comparable facilities in other nations. It is unusual in that it provides a funding base from which local projects can be developed (there is no specification of which projects can be funded in the initial project document), and does so on a larger scale than is usually available to NGOs and people's organizations. It is also unusual in that the funding is provided in a form that helps the local organizations leverage funds from other (mostly local) groups such as banks and government organizations and, where possible, to recoup the capital provided by the facility to allow its re-use and reinvestment.

The financing facility provides loans, guarantees and technical assistance to support a range of projects including community-led high-rise developments in crowded inner-city areas (so housing can be improved without displacing anyone); a variety of new housing projects (including one designed and managed by women pavement dwellers); community-managed resettlement programmes; and

community-designed, implemented and managed public toilet blocks. UK£ 6.1 million (c. US\$ 9.8 million) is available for bridging loans to kick-start large infrastructure, upgrading and resettlement projects, with the funding recovered from the Indian Government. Many schemes to benefit low-income groups can obtain government funding, but this funding only becomes available when a project has reached a certain stage, and this often leads to such funding not being used, as Indian NGOs cannot afford to start major construction projects before funds become available. CLIFF also provides hard currency guarantees to secure local bank financing of projects, technical assistance grants (to develop projects to the point when they are ready for financing) and knowledge grants (to ensure that learning from the initiatives supported by CLIFF are widely shared by communities, municipal officials, technical staff and policy makers).

A large part of the funding for the projects that CLIFF supports comes from the resources contributed by low-income households and their community organizations within the SPARC–*Mahila Milan*–NSDF Alliance that is implementing it. In effect, CLIFF is only possible because of the strength and capacity of the long-established federations and savings and loan schemes. Sida and DFID have contributed external funding to CLIFF, with this support being channelled through Cities Alliance and the UK charity Homeless International (which helped develop the concept of CLIFF with the Alliance, and which is responsible for management).

SOURCE: Patel, Sheela and Diana Mitlin (2003), "Grassroots-driven development; the Alliance of SPARC, the National Slum Dwellers Federation and *Mahila Milan*" in Mitlin, Diana and David Satterthwaite (editors), *Empowering Squatter Citizen: Local Government, Civil Society and Urban Poverty Reduction*, Earthscan Publications, London.

always involve channelling support through an intermediary institution based in that nation or locality. For instance, Sida has supported a range of initiatives in different Central American nations to improve housing and living conditions and basic services (and often better local governance and employment generation), but Sida's funding has always been managed by a local institution, because this can respond



more quickly, manage more, and more diverse, processes, and be more rooted in an understanding of local realities.<sup>(23)</sup> Some international donors (including the World Bank and the Japanese and Danish Governments' bilateral programmes) have supported local processes by providing funding to the Community Organizations Development Institute (CODI) in Thailand, whose work was outlined earlier (although this agency relies mostly on funds recovered from its loans, underpinned by a capital base provided by the Thai Government).

DFID and Sida are supporting a wide range of "local processes" through their support to the Indian NGO, SPARC, and the two networks of community organizations with whom they work (Box 2.1). This support is unusual in that it provides a funding base on which the local organizations can draw to undertake new initiatives and respond to new opportunities, much more flexibly than within any conventional project funding framework.

Thus:

- ◆ Will donor support for achieving the MDGs be based on strengthening and supporting local institutions (including community-based organizations) and local democratic processes – and the data collection systems that support this? Will international donors find the institutional means to support representative organizations of the poor and landless to negotiate better deals with landowners and local authorities? It is difficult to see how poverty will be reduced unless this happens.<sup>(24)</sup> Or will it be through top-down, "targeted" approaches, where external agencies choose the indicators and the means to address them, and where very simple indicators are used to measure progress on what are often complex and multifaceted local processes?

**"Will international donors find the institutional means to support representative organizations of the poor and landless to negotiate better deals with landowners and local authorities? It is difficult to see how poverty will be reduced unless this happens"**

23. Stein, Alfredo (2001), *Participation and Sustainability in Social Projects: The Experience of the Local Development Programme (PRODEL) in Nicaragua*, IIED Working Paper 3 in Poverty Reduction in Urban Areas Series, IIED, London; also Sida (1997), "Seeking more effective and sustainable support to improving housing and living conditions for low-income households in urban areas: Sida's initiatives in Costa Rica, Chile and Nicaragua", *Environment and Urbanization* Vol 9, No 2, October, pages 213–231.  
24. See the paper on the Programme for Land Tenure Legalization on Public Land in São Paulo, Brazil in *Environment and Urbanization* Vol 15, No 2, October 2003.



- ◆ Will the greater attention to indicators mean a focus on “better data” that are useful for local processes, or will it concentrate on “national surveys” that largely serve national governments and international agencies?
- ◆ Will donor support for the MDGs recognize the importance of more effective local processes over the particular measurable outcomes related to their own funding? For instance, as Chapter 4 on the MDGs and natural resource management describes, an emphasis by donors on supporting an increase in the protected land area (one of the indicators for Millennium Development Goal 7) can support the impoverishment and exclusion of poorer groups rather than help poverty reduction. For urban areas, will donor-funded initiatives to address the Millennium Development Goal of significantly improving the lives of at least 100 million slum dwellers by 2020 be rooted in supporting local processes, which are more citizen-directed and more accountable to slum dwellers and their organizations? Or in (often expensive), one-off, externally directed “upgrading” projects, over which “slum” dwellers have little influence and which can so often be judged to be “putting a shelter over poverty”?(25) The donor support record for upgrading to date suggests that the latter is more likely than the former.(26)

Most international agencies recognize the relevance of local processes, but all face constraints in supporting them. The multilateral and bilateral agencies can hardly open offices in hundreds of urban centres and thousands of villages (yet, in India or Brazil alone, there are thousands of urban centres and hundreds of thousands of villages). International agencies have to rely on the government structures within the nations to which they provide support. And the “local” governments in these “thousands of urban centres and hundreds of thousands of villages” are generally weak and

25. Díaz, Andrés Cabanas, Emma Grant, Paula Irene del Cid Vargas and Verónica Sajbin Velásquez (2000), *El Mezquital – A Community’s Struggle for Development*, IIED Working Paper 1 in Poverty Reduction in Urban Areas Series, IIED, London.

26. Hardoy, Mitlin and Satterthwaite (2001), op. cit.



often ineffective. Many are antithetical to the needs and priorities of the poor. Indeed, many local governments see “the poor” as “the problem”, and one that inhibits their attempts to attract foreign investment.<sup>(27)</sup> These local processes are also a long way from cities such as London, Brussels and Washington DC, where so many decisions about priorities are still made.

The Community Organizations Development Institute in Thailand, whose work was described earlier, is an example of an intermediary institution through which international agencies can support locally determined, community-driven processes – but comparable government institutions do not exist in other nations. International agencies can turn to non-governmental intermediary institutions, even if this is often opposed by the governments with whom they work. But it is difficult for international agencies to manage support for lots of small intermediary institutions, and difficult to ensure that these institutions do not reproduce the top-down, unaccountable, non-transparent processes they were meant to avoid.<sup>(28)</sup>

There is another constraint, especially strong for international financial institutions such as the World Bank and the regional development banks. Their very institutional basis depends on the lending of large sums. But support for local processes should try to minimize dependence on external funding in order to increase the potential for “going to scale” and for keeping going when external support is withdrawn. It is not in the interests of such international institutions to mobilize local and national resources and cut costs to the extent that their loans are no longer needed. When a Pakistan NGO, with long experience in supporting community-managed sewer construction and maintenance (the Orangi Pilot Project), demonstrated to Karachi’s government that an Asian Development Bank loan for improving sewers was not actually needed because a locally driven sewer construction and improvement

“Support for local processes should try to minimize dependence on external funding in order to increase the potential for ‘going to scale’ and for keeping going when external support is withdrawn”

27. See Benjamin, Solomon (2000), “Governance, economic settings and poverty in Bangalore”, *Environment and Urbanization* Vol 12, No 1, April, pages 35–56.

28. See, for instance, Jellinek, Lea (2003), “Collapsing under the weight of success: an NGO in Jakarta”, *Environment and Urbanization* Vol 15, No 1, April, pages 171–180.



“Most governments and international agencies still define and measure poverty based only on income levels or consumption levels, with an assumption that the poverty line is primarily determined by the cost of food”

programme to an alternative design could be built using local resources, not surprisingly the Bank objected. It had put staff time into developing the loan proposal, and the Bank depends on making loans to cover its staff costs.<sup>(29)</sup> Bilateral donors face a comparable contradiction between their need to spend their funding allocations and the small, diverse and often slow funding requirements of many local processes. This is not to imply that large capital sums are unnecessary – but many of the high-level debates and discussions on “aid” tend to assume that increased aid flows are fundamental to solutions, without considering whether there are channels and institutions to allow this aid to be used for the benefit of the (urban and rural) poor.<sup>(30)</sup>

#### IV. HOW SHOULD POVERTY BE DEFINED WITHIN A COMMITMENT TO THE MDGS?<sup>(31)</sup>

##### The many non-income aspects of poverty

The way in which any government or international agency defines poverty has large implications for how they address it (and measure the extent to which it is reduced). Most governments and international agencies still define and measure poverty based only on income levels or consumption levels, with an assumption that the poverty line (the income above or below which an individual or household is considered poor) is primarily determined by the cost of food.<sup>(32)</sup> For both rural and urban populations, this obscures the fact that many deprivations have little or no link with income level. In addition, since most nations set a single poverty line for their entire population, determined primarily by the cost of food, this understates the scale and

29. Hasan, Arif (1999), *Understanding Karachi: Planning and Reform for the Future*, City Press, Karachi, 171 pages.

30. Some years ago, one bilateral aid agency with whom IIED works closely suddenly faced a very considerable drop in its capital resources as a result of a change in government. Quite correctly, the staff of the bilateral agency opposed the cut but, privately, some of the staff noted that now, perhaps, they could spend the money better. Discussions with staff from both bilateral and multilateral agencies highlight how little time they have to manage projects, and how much pressure they are under to keep down staff costs.

31. This section draws on a work programme funded by the UK Government’s Department for International Development; the working papers from this will be available on <http://www.iied.org/urban/index.html> from December 2003.

32. Tabatabai, Hamid with Manal Fouad (1993), *The Incidence of Poverty in Developing Countries; an ILO Compendium of Data, A World Employment Programme Study*, International Labour Office, Geneva, 105 pages; also Wratten, Ellen (1995), “Conceptualizing urban poverty”, *Environment and Urbanization* Vol 7, No 1, April, pages 11–36; UNCHS (1996), *An Urbanizing World: Global Report on Human Settlements, 1996*, Oxford University Press, Oxford and New York; and Satterthwaite, David (1997), “Urban poverty: reconsidering its scale and nature”, *IDS Bulletin* Vol 28, No 2, April, pages 9–23.



depth of poverty in places where costs of non-food necessities are high. The fact that large sections of the poor have to pay high prices for (often very inadequate) housing, water, sanitation, transport, health care, keeping children at schools and so on is rarely considered in setting poverty lines. If it is, the calculations as to what “the poor” need for non-food essentials is usually based on “what the poor currently pay” for these, as determined by income and expenditure surveys, not on what income they would need to get adequate provision. A household of six living in a tiny shack, having to go considerable distances to collect water from a contaminated source and having to defecate in the open (because they have no toilet in their own home), may be found to be spending very little on housing, water and sanitation by an expenditure survey, but it hardly means that they need very little income for these. Get the poverty definition wrong and the result can be nonsense statistics – as in a recent paper in *World Development* which claimed that there was virtually no urban poverty in Kenya and Zimbabwe in the mid- or late 1990s (see the final section of this chapter for more discussion of this).

There are two key issues here. The first is “what is left out” by using poverty definitions based only on income levels or consumption levels. The second is whether the income level set as the poverty line actually reflects the income that is needed to avoid deprivation. The rest of this section considers the first of these; the next section considers the second, especially with regard to the “dollar a day” poverty line that is used by the MDGs.

The range of goals contained within the MDGs suggests that there is a shift in definitions of poverty from those that focus only on income or consumption to those that consider a much broader range of deprivations, and their interconnections. Implicit in any commitment to lowering infant, child and maternal mortality is a commitment to better health care and better provision for water and sanitation, as well as ensuring sufficient food intake. The commitments on universal primary education, greater

**“The range of goals contained within the MDGs suggests that there is a shift in definitions of poverty from those that focus only on income or consumption to those that consider a much broader range of deprivations, and their interconnections”**



**“Poverty reduction requires more than an official recognition of the poor’s needs; it has to include a renegotiation of the relationship between city and residents, between state and civil society, between poor and other stakeholders”**

gender equality, significantly improving the lives of slum dwellers, and halting and reversing the spread of major diseases all imply a recognition that poverty is more than “inadequate food intake”. Perhaps there is also an implicit recognition that many of the deprivations that the MDGs are trying to address have little or no direct link to income levels, while many relate much more to political systems and bureaucratic structures that are unwilling or unable to act effectively to address these deprivations.

Box 2.2 outlines eight different aspects of poverty. It includes a more complete set of factors than conventional definitions of poverty, including aspects that are rarely considered in official discourses on poverty (and are less easily measured), such as lack of voice and power within political systems and bureaucratic structures, inadequate protection of poorer groups’ rights by the law, and discrimination (for instance, that based on gender, age, religion or caste). As one NGO that works closely with organizations formed by men and women “slum” and pavement dwellers notes: *“Poverty reduction requires more than an official recognition of the poor’s needs; it has to include a renegotiation of the relationship between city and residents, between state and civil society, between poor and other stakeholders.”*<sup>(33)</sup>

Some of the aspects of poverty listed in Box 2.2 are not exclusive to low-income groups. For instance:

- ◆ in many societies, many of those with incomes that could be considered adequate in terms of paying for necessities lack voice within political systems and receive inadequate protection from the law (for instance, in terms of health and safety at work or protection from violence);
- ◆ some of the aspects of poverty noted above can be the result of non-democratic political systems, which restrict civil and political rights and freedoms of most or all “non-poor” individuals and households, as well as for “the poor”; and

## Box 2.2: Different aspects of poverty

- ◆ Inadequate and often unstable income (and thus inadequate consumption of necessities including food and, often, safe and sufficient water); often problems of indebtedness, with debt repayments significantly reducing the income available for necessities.
  - ◆ Inadequate, unstable or risky asset base (both non-material, including educational attainment, and material, including savings and stores) for individuals, households or communities.
  - ◆ Poor quality and often insecure, hazardous and overcrowded housing.
  - ◆ Inadequate provision of “public” infrastructure (piped water, sanitation, drainage, roads, footpaths, etc.), which increases the health burden and often the work burden.
  - ◆ Inadequate provision of basic services such as day care/schools/vocational training, health care, emergency services, public transport, communications and law enforcement.
  - ◆ Limited or no safety net to ensure basic consumption can be maintained when income falls or crops fail; also to ensure access to housing, health care and other necessities when these can no longer be paid for.
  - ◆ Inadequate protection of poorer groups’ rights through the operation of the law, including laws, regulations and procedures regarding civil and political rights; occupational health and safety; pollution control; environmental health; protection from violence and other crimes; and protection from discrimination and exploitation.
  - ◆ Poorer groups’ voicelessness and powerlessness within political systems and bureaucratic structures, leading to little or no possibility of receiving entitlements to goods and services; of organizing, making demands and getting a fair response; and of receiving support for developing their own initiatives. Also, no means of ensuring accountability from aid agencies, NGOs, public agencies and private utilities, and of being able to participate in the definition and implementation of their poverty reduction programmes.
- Low-income groups may also be particularly seriously affected by high and/or rising prices for necessities (food, water, rent, transport, access to toilets, school fees etc)

SOURCE: Drawn from Mitlin, Diana and David Satterthwaite (2003), “Introduction” in Mitlin, Diana and David Satterthwaite (editors), *Empowering Squatter Citizen: Local Government, Civil Society and Urban Poverty Reduction*, Earthscan Publications, London. This, in turn, draws on many other people’s work, especially Amis, Philip (1995), “Making sense of urban poverty”, *Environment and Urbanization* Vol 7, No 1, April, pages 145–157; Baulch, B (1996), “The new poverty agenda: a disputed consensus”, *IDS Bulletin* Vol 27, No 1, pages 1–10; Chambers, Robert (1995), “Poverty and livelihoods; whose reality counts?”, *Environment and Urbanization* Vol 7, No 1, April, pages 173–204; Moser, Caroline O N (1996), *Confronting Crisis: A Summary of Household Responses to Poverty and Vulnerability in Four Poor urban Communities*, Environmentally Sustainable Development Studies and Monographs Series No 7, The World Bank, Washington DC, 19 pages; Moser, Caroline, O N, Alicia J Herbert and Roza E Makonnen (1993), *Urban Poverty in the Context of Structural Adjustment; Recent Evidence and Policy Responses*, TWU Discussion Paper DP No 4, Urban Development Division, World Bank, Washington DC, 140 pages; and Wratten, Ellen (1995), “Conceptualizing urban poverty”, *Environment and Urbanization* Vol 7, No 1, April, pages 11–36.

- ◆ it is not only those with inadequate incomes who suffer from inadequate provision of “public” infrastructure and services, since large sections of the population with the capacity to pay for good quality infrastructure and services do not receive it; the deprivations they suffer, that arise from, for instance, inadequate provision for water, sanitation and drainage, are related more to the inadequacies within the organizations with responsibility for their provision.



“Understand poverty as involving multiple deprivations, many of them interconnected, and the scope for poverty reduction increases greatly, especially for local processes”

The list in Box 2.2 also has the limitation that many of the deprivations are linked, and that one may cause another (e.g. lack of income preventing an individual or household from being able to afford health care), while addressing one may also mean that others are resolved (or lessened). The deprivations suffered by low-income groups are generally the result of the interrelations between these different aspects. A five-person low-income household with only one income earner (who is illiterate), living in a rented room in an illegal settlement on a flood plain cannot be categorized as having five distinct problems – namely low income, high dependency ratio, lack of education, insecure tenure and unhealthy housing – because they are all related.<sup>(34)</sup> It is often those households that face such multiple deprivations that are the most vulnerable; a small change in one factor can result in increasing hardship and acute poverty.

It might be argued that the factors listed in Box 2.2 are muddling “poverty” with factors that are best seen as governance failures. But this list represents a more realistic characterization of the deprivations faced by large sections of the population in low- and middle-income nations than income-based poverty lines. Perhaps more to the point, especially with regard to local processes, it is also a reminder of the many possible entry points through which deprivations can be reduced. Define and measure poverty only in terms of food consumption or income and “poverty reduction” measures tend to centre only on how to address these. Understand poverty as involving multiple deprivations, many of them interconnected, and the scope for poverty reduction increases greatly, especially for local processes. Local processes will often have a limited capacity to increase incomes for large sections of the poor population (as this depends on many extra-local factors), but will have far more scope to reduce the other deprivations, including those that have the effect of increasing real incomes (by reducing costs or reducing health burdens, or by increasing skills or reducing discrimination).

34. Navarro, Lia (2001), “Exploring the environmental and political dimensions of poverty: the cases of the cities of Mar del Plata and Necochea-Quequén”, *Environment and Urbanization* Vol 13, No 1, pages 185–199.



**“Any definition of poverty that is based only on income has grave limitations, especially in nations where the governance structure is particularly weak, ineffective or anti-poor”**

The list of deprivations in Box 2.2 may not be contentious – and may, indeed, be considered as the kind of definition of poverty that is most appropriate for MDGs – but most governments and many international agencies still depend on poverty definitions and poverty statistics that are based only on consumption or income. The MDGs also set much store by monitoring how many people are poor or move out of poverty based on the “dollar a day” poverty line, and its limitations are discussed below.

### **Monitoring poverty with the “dollar a day” poverty line**

Any definition of poverty that is based only on income has grave limitations, especially in nations where the governance structure is particularly weak, ineffective or anti-poor. But in a world where access to necessities is increasingly monetized, obviously it has importance. However, any income-based poverty line should reflect the real monetary cost for individuals or households of meeting their needs. In most nations, the income-based poverty lines used by the government do not do this, because they take insufficient account of the real cost of non-food essentials, or do not include the cost of some non-food essentials in their calculations. Most do not allow for differences within national territories in the prices of essential goods and services. For those that do make some allowance, usually this adjustment is crude and limited to a differential between “rural” and “urban” areas, as if prices of essential goods and services were the same in all “rural” and “urban” areas.

Within most low- and middle-income nations, very considerable differences would be expected between locations in the prices of food staples, water, sanitation, fuel and shelter. At one extreme are particular rural locations, where significant sections of the population have little or no monetary costs for food (as the food they grow meets most of their nutritional requirements), for water (because of local open-access sources they can draw



**“The same income-based poverty line cannot be used for rural and urban extremes – it will greatly overstate income poverty in the rural area and understate it in the city location”**

on), for sanitation (because it is easy to build a latrine or to defecate in the open), for shelter (because they do not have to pay for the land on which they build their shelter and because most/all building materials can be gathered or made locally at no cost) and for fuel (also gathered locally, at no cost). At the other extreme are particular locations in cities, where low-income groups concentrate because of the advantages this provides with regard to livelihoods, but where access to all these goods and services is highly monetized – for instance, rent paid for tiny rooms (or even for the use of a bed or space to sleep in a public place), payments made for the use of toilets, and high prices paid for water, fuel, food and getting to and from work.<sup>(35)</sup> It is obvious that the same income-based poverty line cannot be used for both of these extremes – it will greatly overstate income poverty in the rural area and understate it in the city location.

This is not to claim that such rural locations are devoid of poverty, because poverty levels there can be high for other measures of deprivation – people may, for instance, have little or no provision for infrastructure and services, little or no rule of law (especially for poor groups), and no democratic channels that allow poor people political voice and influence. The water may be free, but it may involve long journeys to and from the source, and the water may be contaminated. Nor is this to imply that all rural locations have lower living costs than all urban locations. Particular rural locations may have high living costs for low-income groups – for instance, migrant labourers who live in temporary camps, or landless agricultural workers who rely on the farmer’s “shops” and who may also have to rent accommodation. At the same time, households in many urban centres (especially the smaller and less prosperous ones) may be able to access many essential goods for free

35. Wratten (1995), op. cit.; also Editors’ Introduction (1995), “The underestimation and misrepresentation of urban poverty”, *Environment and Urbanization* Vol 7, No 1, April, pages 3–10; UNCHS (1996), op. cit.; also Mitlin, Diana and David Satterthwaite (2001), “Urban poverty: some thoughts about its scale and nature and about responses to it”, Chapter 12 in Shahid, Yusuf, Simon Evenett and Weiping Wu (editors), *Facets of Globalization: International and Local Dimensions of Development*, World Bank, Washington DC, pages 193–220; and Montgomery, Mark R, Richard Stren, Barney Cohen and Holly E Reed (editors) (2003), *Cities Transformed; Demographic Change and its Implications in the Developing World*, The National Academy Press, Washington DC, 518 pages.



or cheaply. In addition, hundreds of millions of low-income urban dwellers grow part their food.<sup>(36)</sup>

The key point here is that in most nations, the use of a single income-based poverty line greatly understates who is poor in the higher-cost locations. Even using separate “rural” and “urban” income-based poverty lines may produce nonsense statistics because of the diversity in living costs in different rural and different urban locations. These differences in prices for many basics between locations are likely to be larger in most low- and middle-income nations than in high-income nations, where access to virtually all goods and services in most rural areas has become highly monetized. The same income-based poverty line for all locations within a nation, including the “dollar a day” poverty line, should not be used in nations with large differences in the extent to which access to essential goods and services is monetized.

International agencies may not acknowledge this for “poverty lines”, but they do acknowledge very large differences in the cost of living within low- and middle-income nations for their own staff, as the per diems they receive to cover their living costs are adjusted by location. Within most low- and middle-income nations, the daily rate that international agency staff receive to pay for hotels and for “other costs” varies by a factor of 2–4, depending on whether they stay in capital cities or other high-price cities, lower-price urban centres or rural areas; in some nations, the variation is much higher than this (Table 2.2).

Table 2.2 also includes the figures for the daily allowance independent of the hotel bill, and these vary by a factor of 2–3 for most nations and 4–5 for some. Thus, relatively sophisticated measures have been taken to guarantee that international agency staff and international consultants have their “daily cost of living” adjusted to meet the differences in cost between locations within nations – but no such recognition is accorded to “the poor” in poverty lines.

**“Within most low- and middle-income nations, the daily rate that international agency staff receive to pay for hotels and for ‘other costs’ varies by a factor of 2–4, depending on whether they stay in capital cities or other high-price cities, lower-price urban centres or rural areas”**

36. Smit, Jac, Annu Ratta and Joe Nasr (1996), *Urban Agriculture: Food, Jobs and Sustainable Cities*, Publication Series for Habitat II, Volume One, UNDP, New York, 302 pages.

**Table 2.2: Intra-national variations in the per diems paid to international staff to cover their living costs**

Nation	Variations between locations in daily subsistence allowance (US\$), including hotel	Variations between locations in daily subsistence allowance not including hotel (US\$)
Angola	103–229	58–99
Argentina	60–158	28–41
Bangladesh	38–187	18–67
Bolivia	45–132	11–42
Brazil	46–150	17–59
Burundi	17–193	13–73
Cambodia	27–177	13–62
Chad	59–215	26–95
Colombia	41–126	13–40
Côte d'Ivoire	42–212	23–85
Ethiopia	39–235	17–92
Ghana	59–199	29–76
Kenya	56–200	24–72
Lesotho	56–110	29–30
Malaysia	30–118	12–57
Mexico	93–252	42–88
Mozambique	68–165	34–74
Namibia	25–90	13–32
Uganda	37–209	16–54
Venezuela	77–213	36–81
Zambia	44–170	22–66
Zimbabwe	51–160	11–66

SOURCE: Drawn from the UN web site, based on April 2003 rates. There are a few exceptions that fall outside these ranges – for instance, where a hotel rate includes all meals.

These differences in the monetary income needed to avoid poverty within nations means that any single poverty line will have limited validity, including the “dollar a day” poverty line. But the validity of the “dollar a day” poverty line for international comparisons is also in doubt. The fact that the “dollar a day” poverty line for each nation is adjusted for purchasing power parity is meant to make it useful for international comparisons. But if this adjusted “dollar a day” poverty line is meant to work for all low- and middle-income nations, from the poorest sub-Saharan African nations to the more prosperous middle-income nations such as Brazil and Mexico, then why shouldn't it



also work in high-income nations? Would a “dollar a day” poverty line have any meaning in high-income nations? According to this measure, there would be virtually no absolute poverty in high-income nations. But it is absurd to think that a “dollar a day” poverty line has any validity for New York, London, Zurich or Tokyo with regard to allowing an individual or a household to rent reasonable quality accommodation and to pay for food, utility bills (water, sanitation, garbage collection, heating, electricity), access to health care and, for families with children, funding the costs of keeping children in school. But then, does it have validity for São Paulo and Mexico City? Or for most major cities in nations with much lower average incomes than Brazil or Mexico – for instance, Delhi and Mumbai in India, Dakar in Senegal and Nairobi in Kenya? Has anyone actually investigated what income is needed for the households living in tenements or informal settlements in cities such as these to avoid poverty – instead of assuming that the “dollar a day” has validity here?

It is ironic that governments and international agencies talk about the proportion of people who “live in poverty” but that no account of living conditions is taken when defining and measuring poverty. Of course, there are links between income poverty and many of the other deprivations listed in Box 2.2, as higher incomes permit more to be spent on housing and basic services. But low-income groups often face prices for basic services that are much higher than they should be because weak, ineffective and unaccountable local governments do not take the measures that help increase supply and reduce prices. Low-income groups in many rural locations simply do not have the services they need. As noted already, some aspects of poverty may have very little direct link to income levels – for instance, discrimination in labour markets, police harassment and absence of the rule of law.

**“Has anyone actually investigated what income is needed for the households living in tenements or informal settlements in cities such as Dakar and Delhi to avoid poverty – instead of assuming that the ‘dollar a day’ has validity here?”**



**“In most low-income nations and many middle-income nations, there is no information on who has ‘safe drinking water’ ”**

## V. DATA NEEDED TO MONITOR PROGRESS ON THE MDGS

Although the MDGs demand much attention to monitoring and give much attention to defining indicators that will form the basis of this monitoring, there is not much discussion about the validity of the indicators chosen or of the accuracy of many of the current data sources on which the performance of nations in meeting the MDGs will be monitored. But how accurate are most of these statistics? Our research programme has looked in some detail at the statistics on water and sanitation provision and on national governments’ measurement of poverty, and found serious limitations in their quality and detail. At their root is the failure of national (and local) governments to collect appropriate data (although many international agencies have exacerbated the problem by not supporting the kinds of data-gathering systems that support good local development, and by refusing to acknowledge the grave limitations of most of the international statistics they use).

### Take the issue of water

There is no global or regional information base for ascertaining how many people have the MDG requirement of “sustainable access to safe drinking water”. In most low-income nations and many middle-income nations, there is no information on who has “safe drinking water” – as the World Health Organization, UNICEF and Water Supply and Sanitation Collaborative Council’s 2000 *Global Water Supply and Sanitation Assessment* makes clear. The only information for which there are data for virtually all nations is estimates as to who has access to “improved” water sources, and these are taken to include not only household connections but also public standpipes, boreholes, protected dug wells, protected springs and rainwater collection, with an acknowledgement that many “improved” sources are not safe.<sup>(37)</sup> “Reasonable access” is taken to mean the availability of at least 20 litres per person per day within one kilometre of the user’s dwelling,<sup>(38)</sup>

37. For a discussion of how “improved” water does not imply a major reduction in the health risks, see Priuss, Annette, David Kay, Lorna Fewtrell and Jamie Bartram (2002), “Estimating the burden of disease from water, sanitation and hygiene at a global level”, *Environmental Health Perspectives* Vol 110, No 5, May, pages 537–542.



“The drafting of the water goal missed the key issue that it is not only access to safe water but convenient access to safe, sufficient and affordable water supplies that is important for health”

so it certainly does not mean convenient access; water needs to be much closer and with much larger volumes available to be adequate for washing, laundry, cooking and personal hygiene. Hundred of millions of people classified as having “improved” supplies still have to fetch and carry water from distant sources and/or have to queue for long hours each day to get the water. There is no information on whether their access is “sustainable”, and large sections of both the urban and the rural populations suffer from irregular water supplies. The drafting of this goal missed the key issue that it is not only access to safe water but **convenient** access to safe, **sufficient and affordable** water supplies that is important for health.<sup>(39)</sup> For urban areas, the number of people lacking “adequate” provision for water (i.e. provision to a standard that greatly reduces health risks from contaminated or inadequate supplies) is estimated to be four to five times the number lacking “improved” provision;<sup>(40)</sup> a significant proportion of rural dwellers said to have “improved” provision are also likely to lack “adequate” provision. So achieving the MDG goal of halving the proportion of people without sustainable access to safe drinking water by 2015 is a much larger and more difficult task than halving the proportion without “improved” access. Monitoring this goal will need more detailed data than are currently available.

## Sanitation

There is no global or regional information base covering low- and middle-income nations on who has adequate sanitation. The questions asked by censuses or household surveys about sanitation are too lacking in detail to allow any judgement as to whether the provision for sanitation is adequate in terms of its most basic function, namely, to dispose of human wastes while minimizing the risk of human contact with excreta and excreta-contaminated wastes. The World Health Organization, UNICEF and Water Supply and Sanitation Collaborative Council’s *Global Water Supply and Sanitation*

38. WHO and UNICEF (2000), *op. cit.*

39. Cairncross, Sandy (1990), “Water supply and the urban poor”, in Hardoy, Jorge E, Sandy Cairncross and David Satterthwaite (editors), *The Poor Die Young: Housing and Health in Third World Cities*, Earthscan Publications, London, pages 109–126.

40. UN Habitat (2003), *op. cit.*



**“One point of particular relevance for meeting many of the MDGs is the importance of ‘better’ local governance – both in what local governments do and in what they permit or actively support regarding civil society”**

*Assessment* carefully explains why it cannot report on the proportion of urban and rural dwellers with “adequate” or “safe” sanitation; it can only report on the proportion that have “improved” sanitation, which includes access to a private or shared toilet or pit latrine. Hundreds of millions of people who are reported as having access to “improved” sanitation only have access to pit latrines, and these are often shared with many other households, are poorly maintained and are not cleaned.<sup>(41)</sup> For instance, by 2000, around 400 million people lacked “improved” provision for sanitation in urban areas, but at least 850 million lacked “adequate” provision.<sup>(42)</sup> The number of rural dwellers lacking “adequate” provision from a health perspective is also likely to be much greater than the number lacking “improved” provision. The MDG indicator for sanitation relates to who has “improved” provision, but either this has to be changed to who has “adequate” provision, or the criteria used to define “improved” provision has to be changed so as to reflect a quality of provision that is more likely to deliver health benefits. Certainly, the ambitious MDGs with regard to reducing infant and child mortality are unlikely to be achieved without more attention to increasing the proportion of urban and rural dwellers who have “adequate” provision for water and sanitation rather than just “improved” provision.

### **Local data for local needs**

Many of the data needed for an accurate monitoring of the MDGs have to come from local data collection – which is then aggregated to provide national coverage. But perhaps more importantly, many of the data needed to get action to meet these goals within countries (and within villages, towns and cities) need to be locally generated. One point of particular relevance for meeting many of the MDGs is the importance of “better” local governance – both in what local governments do and in what they permit or actively support regarding civil society. “Better” local governance needs better local data – for instance, on who within the

41. UN Habitat (2003), *op. cit.*

42. UN Habitat (2003), *op. cit.*



local government area lacks health care (including the special provision that is needed for maternal health, infant and child health, and for the prevention and control of the main killer diseases), safe, convenient and affordable water, and “adequate” sanitation. Household surveys for representative samples of national populations are not much use for local action; they may tell the government the proportion of national (or of urban and rural) people who are malnourished or lacking piped water, but they do not tell them where these people live. The Demographic and Health Surveys and the Living Standards Measurement Surveys may have provided national governments and international agencies with a stronger base for priority setting at a national level but they do not serve local decision-making processes.

Censuses should provide local authorities and their local partners with basic information on housing conditions and basic service provision in each home and neighbourhood – but most local authorities never get the census data returned to them or, if they do, they are in a form that is too aggregated to allow them to be used for local planning. If there is a growing recognition that more effective local action, local institutions and local partnerships are critical for meeting many of the MDG goals (including poverty reduction), then national statistical services need to be reoriented to serve this. New forms of “bottom-up” data collection are also needed – as illustrated by the remarkable large-scale “slum censuses” that some national federations of the urban poor have organized, which provide the database for local action to improve housing conditions and basic services.<sup>(43)</sup>

## VI. GOING BEYOND THE POLARIZATION BETWEEN RURAL AND URBAN INTERESTS

### The MDGs and the marginalization of urban poverty

There is a danger that the attention given by international agencies to the Millennium Development Goals will ignore

“If there is a growing recognition that more effective local action, local institutions and local partnerships are critical for meeting many of the MDG goals, then national statistical services need to be reoriented to serve this”

43. See Mitlin and Patel (2003) op. cit. and Baumann, Bolnick and Mitlin (2003), op. cit.



**“There is a danger that the attention given by international agencies to the Millennium Development Goals will ignore urban areas and will perpetuate the marginalization of urban issues within most development assistance”**

urban areas and will perpetuate the marginalization of urban issues within most development assistance. At first sight, this seems unlikely because the goals include explicit mention of urban issues, especially by including the goal of significantly improving the lives of at least 100 million slum dwellers.<sup>(44)</sup> One of the task forces set up to advise the United Nations on the MDGs is focused specifically on this topic. The MDGs also include a commitment to increasing the proportion of the population with secure tenure, which has particular importance for hundreds of millions of urban dwellers whose homes occupy land that is illegally occupied or illegally sub-divided.<sup>(45)</sup>

But there are two worries with regard to urban poverty reduction. The first is what the MDGs leave out – as discussed earlier. For example, safety nets, stronger asset bases and the protection of civil and political rights by the rule of law have particular importance for most urban poor groups. The second is the capacity of those discussing the implementation of the MDGs to ignore the “urban” bits. For instance, there are articles or papers discussing the MDGs that completely ignore the goal related to improving the lives of slum dwellers, and which suggest that urban poverty is so much less serious than rural poverty that it has little or no relevance to the achievement of the MDGs.<sup>(46)</sup>

There is no lack of nonsense statistics on levels of urban poverty. Anyone with knowledge of Nairobi or any other urban centre in Kenya would be astonished to see that only 1.2 per cent of Kenya’s urban population was considered “poor” in 1998 (Table 2.3), or that only 4 per cent of its urban population lacked sanitation in 2000 (Table 2.4). These are statistics that can only be produced (or believed) by people with no knowledge of Kenya. Kenya’s capital, Nairobi, has over one-fifth of the nation’s urban population. Half of Nairobi’s population live in informal settlements that are so overcrowded

44. However, it is worth noting that most targets are much more ambitious, such as halving the proportion of people who suffer from hunger; a significant improvement in the lives of 100 million slum dwellers means that only around 15 per cent of the “slum” population in 2000 would have been reached (and given long-term urbanization trends, a smaller proportion than this for the urban population in 2020).

45. UNCHS (1996), *op. cit.*

46. See Sahn, David E and David C Stifel (2002), “Progress towards the Millennium Development Goals in Africa”, *World Development* Vol 31, No 1, pages 23–52.



that they occupy less than 5 per cent of the land area,<sup>(47)</sup> under conditions so challenging that 150 of every 1,000 children die before they are five years old.<sup>(48)</sup> How is it possible to reconcile this with only 1.2 per cent of the urban population being poor? Only a small proportion of the households in these informal settlements have their own toilets, and it is common for 200 people to share each pit latrine.<sup>(49)</sup> How can 96 per cent of Kenya's urban population be considered to have adequate sanitation? Perhaps levels of poverty in Nairobi are particularly high and provision for sanitation particularly poor in comparison to other urban centres in Kenya – but there is no evidence that this is so.<sup>(50)</sup> There must also be some profound differences in the ways in which poverty is defined if the Kenyan Bureau of Statistics can suggest that 49 per cent of Kenya's urban population were in absolute poverty in 1997,<sup>(51)</sup> while the source from which Table 2.3 draws can suggest that 1.2 per cent were poor in 1998.

The statistics in Table 2.3 for Senegal and Zimbabwe are no more credible for anyone with any knowledge of conditions in Dakar and Harare (especially in the informal settlements around Harare) or other urban centres in Senegal and Zimbabwe. There is documentation on poverty in these urban areas (although usually more on poor living conditions, health outcomes and access to basic services than on income levels, for which there are little data).<sup>(52)</sup>

47. Alder, Graham (1995), "Tackling poverty in Nairobi's informal settlements: developing an institutional strategy", *Environment and Urbanization* Vol 7, No 2, October, pages 85–107.

48. APHRC (2002), *Population and Health Dynamics in Nairobi's Informal Settlements*, African Population and Health Research Centre, Nairobi, 256 pages.

49. See Alder (1995), op. cit. and APHRC (2002), op. cit.; also Lamba, Davinder (1994), "The forgotten half: environmental health in Nairobi's poverty areas", *Environment and Urbanization* Vol 6, No 1, April, pages 164–173; and Wegelin-Schuringa, Madeleen and Teresia Kodo (1997), "Tenancy and sanitation provision in informal settlements in Nairobi: revisiting the public latrine option", *Environment and Urbanization* Vol 9, No 2, October, pages 181–190.

50. See, for instance, statistics for poverty in Mombasa, Kenya's second largest urban centre, in Rakodi, Carole, Rose Gatabaki-Kamau and Nick Devas (2000), "Poverty and political conflict in Mombasa", *Environment and Urbanization* Vol 12, No 1, April, pages 153–170. In addition, in sub-Saharan Africa, provision for water and sanitation is generally much worse in smaller urban centres than in the larger cities; see UN-Habitat (2003), op. cit.

51. APHRC (2002), op. cit.

52. For Senegal, see Ngom, Thiecouta (1989), "Appropriate standards for infrastructure in Dakar", in Stren, Richard E and Rodney R White (editors), *African Cities in Crisis*, Westview Press, Boulder, Colorado, USA, pages 176–202; also Gaye, Malick and Fodé Diallo (1997), "Community participation in the management of the urban environment in Rufisque (Senegal)", *Environment and Urbanization* Vol 9, No 1, April, pages 9–29; and Champetier, Séverine, Daouda Sakho and Malal Touré (2000), *Independent Water and Sanitation Providers in Africa: Dakar, Senegal*, Case Study 9, Water and Sanitation Programme – East and Southern Africa, Nairobi, 8 pages. For Zimbabwe, see Kanji, Nazneen (1995), "Gender, poverty and structural adjustment in Harare, Zimbabwe", *Environment and Urbanization* Vol 7, No 1, April, pages 37–55; also Potts, Deborah and Chris Mutambirwa (1998), "Basics are now a luxury: perceptions of the impact of structural adjustment on rural and urban areas in Zimbabwe", *Environment and Urbanization* Vol 10, No 1, April, pages 55–75; Chitekwe, Beth and Diana Mitlin (2001), "The urban poor under threat and in struggle: options for urban development in Zimbabwe, 1995–2000", *Environment and Urbanization* Vol 13, No 2, October, pages 85–101; and COHRE (2001), *Land, Housing and Property Rights in Zimbabwe*, COHRE Africa Programme Mission Report, Centre on Housing Rights and Evictions, 88 pages.

**Table 2.3: Examples of nonsense statistics on levels of urban poverty**

Nation	% of urban population that is poor (and date, first survey)	% of urban population that is poor (and date, last survey)
Burkina Faso	6.3 (1992)	5.4 (1999)
Ghana	15.6 (1988)	6.8 (1998)
Kenya	1.5 (1988)	1.2 (1998)
Senegal	7.5 (1988)	0.9 (1997)
Zimbabwe	0.3 (1988)	2.1 (1994)

SOURCE: Sahn, David E and David C Stifel (2002), "Progress towards the Millennium Development Goals in Africa", *World Development* Vol 31, No 1, pages 23–52.

Similarly, anyone with any knowledge of urban centres in Bangladesh, India, Tanzania and Zimbabwe will know that the statistics in Table 2.4 are misleading. Those who live in Dhaka and Chittagong (or in Bangladesh's many smaller urban centres) would be astonished to hear that 99 per cent have "improved" provision for water and 82 per cent have "improved" provision for sanitation. A high proportion of Tanzania's urban population rely on very poor quality pit latrines (often shared), which often overflow because of flooding.<sup>(53)</sup> How can Tanzania have 98 per cent coverage for urban sanitation? In India, many city studies show that inadequacies in provision for water affect 30–60 per cent of the population.<sup>(54)</sup> How can 92 per cent of India's urban population have "improved" water? The reason for these differences is the gap between what constitutes "adequate" and "improved" provision, as discussed above.

There are many other dubious statistics for particular nations or particular cities. One of the most memorable is the claim that 100 per cent of Mumbai's population had access to piped water supplies by 1995<sup>(55)</sup> – this is difficult to reconcile with many local studies, especially with a series of interviews recently undertaken in different parts of Mumbai

53. See UN-Habitat (2003), *op. cit.*; also Kulaba, Saitiel (1989), "Local government and the management of urban services in Tanzania", in Stren, Richard E and Rodney R White (editors), *African Cities in Crisis*, Westview Press, Boulder, Colorado, USA, pages 203–245; and CARE Tanzania (1998), "Dar-es-Salaam urban livelihood security assessment", Summary Report, June, Dar-es-Salaam.

54. See UN-Habitat (2003), *op. cit.*, which includes details of the inadequacies in many Indian cities and smaller urban centres.

55. Official statistics quoted in McIntosh, Arthur C and Cesar E Yñiguez (1997), *Second Water Utilities Data Book*, Asian Development Bank, Manila, 210 pages.

**Table 2.4: Examples of dubious statistics on levels of provision for water and sanitation in urban areas, 2000**

Nation	% of urban water supply coverage	% of urban sanitation coverage
Bangladesh	99	82
India	92	73
Kenya	87	96
Tanzania	80	98
Zimbabwe	100	99

N.B. The source of these statistics (WHO and UNICEF (2000), *Global Water Supply and Sanitation Assessment, 2000 Report*, World Health Organization, UNICEF and Water Supply and Sanitation Collaborative Council, 80 pages) is not at fault, since it is explicit about the limitations in available data and makes clear that these figures are not giving the proportion of the population with “adequate” water and sanitation. It also explains why official data are not able to do so. The problem arises from the many international agencies that use these statistics and assume that they represent the proportions with “adequate” provision.

in which “slum” dwellers were asked about the difficulties they faced in getting water.<sup>(56)</sup>

At their root, most dubious statistics like this are based on dubious definitions or assumptions. An urban dweller who answers “yes” to the question “Do you have access to a latrine?” is often classified as having access to sanitation. There are no enquiries into the quality of the latrine, the ease of access, the cost (many urban dwellers only have access to public pay-to-use toilets with charges they cannot afford) or the provisions made for anal cleaning and hand washing. The utility of this statistic is clearly in doubt, especially if it is meant to help achieve reductions in infant and child mortality (infants and young children rarely use poor-quality latrines).<sup>(57)</sup> The same is true if access to water is judged only on the basis of distance to a well or standpipe, with no attention to water quality, ease of access, regularity of supply or cost. There is not much point in having a water standpipe within 100 metres of your home if there is no water in the pipe most of the time, or if the queues are so long that households are unable to collect the water they need.<sup>(58)</sup> If the criteria by which to judge who

56. Bapat, Meera and Indu Agarwal (2003), “Our needs, our priorities; women and men from the ‘slums’ in Mumbai and Pune talk about their needs for water and sanitation”, *Environment and Urbanization* Vol 15, No 2, October, pages 71–86.

57. Bartlett, Sheridan (2003), “Water, sanitation and urban children: the need to go beyond ‘improved’ provision”, *Environment and Urbanization* Vol 15, No 2, October, pages 57–70.

58. See Hewett, Paul C and Mark R Montgomery (2002), *Poverty and Public Services in Developing Country Cities*, Population Council, New York, 62 pages, for further discussion on this.



**“Many urban dwellers are close to water mains, sewer lines, hospitals and institutions of higher education, but it does not mean that they are able to use them. Proximity does not mean access”**

has provision for water and sanitation are set too low, the problem disappears. In a sense, 100 per cent of all rural and urban populations have “access to water” as, without that access, they would die.

There is a growing body of literature on the underestimation of the scale and depth of urban poverty in statistics used by international agencies.<sup>(59)</sup> This applies both to statistics on “income poverty” and statistics on other aspects of deprivation. But this literature is ignored by most development specialists. There are other ways in which urban and rural comparisons give a false picture of urban realities. Large sections of the rural population use urban centres for access to services. A statistic that apparently shows “too high a proportion of health workers or teachers” in urban centres may reflect the fact that most secondary schools and many health care facilities used by rural dwellers are in nearby small urban centres. Statistics that show urban populations as being closer to facilities than rural populations have little meaning if no attention is paid to whether these populations actually have access to these facilities. Many urban dwellers *are* close to water mains, sewer lines, hospitals and institutions of higher education, but it does not mean that they are able to use them. Proximity does not mean access.

If those who make decisions about the allocation of resources for the achievement of the MDGs ignore urban areas, they not only miss large sections of the population with unmet needs but also the potential advantages that urban areas provide for meeting most of the MDGs, by providing economies of scale and proximity for most forms of infrastructure and services, greater possibilities for community action, and greater possibilities for cost-recovery.<sup>(60)</sup> There are many examples of how housing conditions and much improved provision for water and sanitation can be achieved for large sections of the urban

59. Wratten (1995), *op. cit.*; also Editors' Introduction (1995), “The underestimation and misrepresentation of urban poverty”, *Environment and Urbanization* Vol 7, No 1, April, pages 3–10; UNCHS (1996), *op. cit.*, Mitlin and Satterthwaite (2001), *op. cit.* and Montgomery, Stren, Cohen and Reed (2003), *op. cit.*

60. Hardoy, Mitlin and Satterthwaite (2001), *op. cit.*



poor population, with very modest external funding. Also, how appropriate financial services can help “significantly improve the lives of slum dwellers”, without requiring massive external funding (as illustrated by examples given earlier from India and Thailand).

The fact that the scale and depth of urban poverty has been underestimated does not mean that resources should be taken from rural poverty reduction – but it does mean that international agencies need to look at how they can support local processes that can deliver on the MDGs in urban areas too. It is also important not to overstate the scale of urban populations and urban poverty; urban populations in many low-income nations have probably grown more slowly than current UN estimates suggest, but this is disguised by the lack of recent census data.<sup>(61)</sup> Even if many international agencies still fail to grasp the scale of the urban population in many low-income nations (Africa now has a larger urban population than North America and twice as many urban children), most of the poorest nations remain predominantly rural. Existing statistics may also understate many aspects of deprivation for rural populations too.

### Understanding rural–urban linkages and transformations

Some international agencies now recognize the inaccuracies inherent in seeing “rural” and “urban” development as separate, and assuming that they are in opposition to each other. It is still important to recognize that urban poverty and rural poverty have different characteristics underpinned by different contexts – although the lines between the two are often blurred, with some rural areas having urban characteristics and many urban or peri-urban areas having rural characteristics.<sup>(62)</sup> However, both rural and urban

“Some international agencies now recognize the inaccuracies inherent in seeing ‘rural’ and ‘urban’ development as separate, and assuming that they are in opposition to each other.”

61. Satterthwaite, David (2002), *Coping with Rapid Urban Growth*, RICS International Paper Series, Royal Institution of Chartered Surveyors, London, 35 pages; also Potts, Deborah (2001), *Urban Growth and Urban Economies in Eastern and Southern Africa: an Overview*, Paper presented at a workshop on “African Urban Economies: Viability, Vitality or Vitiolation of Major Cities in East and Southern Africa”, Netherlands, 9–11 November, 19 pages plus annex.

62. Tacoli, Cecilia and David Satterthwaite (2003), *The Urban Part of Rural Development: the Role of Small and Intermediate Urban Centres in Rural and Regional Development and Poverty Reduction*, IIED Working Paper 9 in Rural–Urban Interactions and Livelihood Strategies Series, IIED, London, 63 pages.



**“Both rural and urban specialists need to recognize the multiple connections between rural and urban areas”**

specialists need to recognize the multiple connections between (most) rural and urban areas.<sup>(63)</sup>

- ◆ many (poor and non-poor) urban households have rural components to their livelihoods as they farm or own farmland or livestock;
- ◆ for thousands of urban centres, the main basis for their prosperity and employment base is a combination of demand from rural producers and consumers for goods and services and the value-added that is derived from local crops;
- ◆ the urban labour market may include a significant number of rural commuters or rural dwellers who work seasonally in urban centres. Non-farm employment is often an important part of rural livelihoods and a large part of this is in urban areas, as rural dwellers commute or work there seasonally; much of what is termed “rural industrialization” is actually located in small urban centres.<sup>(64)</sup> Many rural households’ incomes include remittances from urban-based family members (including those who work abroad). Income from urban areas is important for reducing rural poverty and often important for increasing farm investment;
- ◆ urban boundaries may be drawn in such a way that they include large areas of agricultural land and significant proportions of the “urban” labour force working in agriculture that is not “urban agriculture”;
- ◆ most farming households depend on urban demand (from consumers or industries) for part of their livelihood. Higher rural incomes often come from urban demand for higher-value crops or other foodstuffs that give better returns per hectare and/or per unit labour, and for goods produced in rural areas. Most rural

63. This list is drawn from more than 20 years of IIED research on rural–urban linkages and on small and intermediate size urban centres in Africa, Asia and Latin America, and from the work of other specialists who have been published in IIED’s journal, *Environment and Urbanization*. See, in particular, the special issue of the journal on rural–urban transformations (Vol 15, No 1, April 2003); also Tacoli and Satterthwaite (2003), *op. cit.*; and Tacoli, Cecilia (1998), *Bridging the Divide: Rural–Urban Interactions and Livelihood Strategies*, Gatekeeper Series No 77, IIED Sustainable Agriculture and Rural Livelihoods Programme, London, 17 pages.

64. Tacoli and Satterthwaite (2003), *op. cit.*



producers rely on urban centres for access to markets, agricultural services, credit, and farm equipment and supplies; and

- ◆ much of the rural population rely on local urban centres for most of their retail purchases, access to private and public sector services (for instance, secondary schools and hospitals – with primary schools and primary health care centres more commonly located in rural areas), post, telephones and access to government services.

Thus, there are multiple connections between most rural areas and urban areas, including many (poor and non-poor) households that have livelihoods that draw on both rural and urban areas, and many urban enterprises that depend on rural resources and rural markets, while many rural enterprises depend on urban demand or urban services. Multiple rural–urban connections are often particularly important for poverty reduction.

## VII. CONCLUSIONS

This Chapter is recommending that a lot more attention be given to supporting local processes that deliver for the poor and that are accountable to the poor (including many that the poor themselves define and implement). But it is not suggesting that local processes alone can deliver on the MDGs. Within all low- and middle-income nations, these kinds of local processes can benefit greatly from the economic changes that debt relief and more trade opportunities can bring. Indeed, these local processes have an important role in making sure that such economic changes are pro-poor, as rapid economic growth without the kinds of local processes discussed above can bring rapid impoverishment for large sections of the (rural and urban) population. There is also the worry that international agencies will focus on meeting the MDG targets within low- and middle-income nations, but will be unable to influence the necessary policy changes in high-income nations towards fairer international trade regimes and debt relief (as discussed in Chapter 8). The MDGs include no time-bound

**“Within all low- and middle-income nations, accountable local processes can benefit greatly from the economic changes that debt relief and more trade opportunities can bring”**



**“A large part of the challenge for international agencies with regard to meeting the MDGs is determining what role they can have in encouraging, supporting, catalyzing and legitimating the diverse local processes through which the needs and priorities of the poor are identified and addressed, and through which poverty is reduced”**

targets for the removal of the trade barriers around the economies of most high-income nations, or for debt relief.

Many of the Millennium Development Goals are important for the poor; monitoring progress towards their achievement is also important. But if this monitoring is based on inappropriate indicators or indicators based on inappropriate assumptions, it will not serve to monitor poverty reduction with regard to who gets adequate income levels or service provision levels. The “dollar a day” poverty line is not an appropriate indicator for monitoring who suffers from extreme poverty, in part because the costs of avoiding extreme poverty are higher than this in many locations, and in part because so much deprivation is not the result of inadequate income. The current information base on provision for water and sanitation cannot monitor progress on who obtains safe, sufficient water, or who has adequate provision for sanitation.

A large part of the challenge for international agencies with regard to meeting the MDGs is determining what role they can have in encouraging, supporting, catalyzing and legitimating 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 the processes through which they negotiate with government and other external agencies. This means supporting change on many fronts and recognizing the multiple interconnections between them. The challenge for international agencies here is as much in developing ways to support bottom-up processes accountable to low-income groups (and often initiated and managed by low-income groups) as it is to do with total financial flows.

# 3

## Beyond inaccurate crisis narratives: meeting the water and sanitation MDGs

Gordon McGranahan

### I. THE ISSUE AND THE OPPORTUNITY

Water continues to attract a great deal of attention in the international development community, and has become the focus of a wide array of research and development activities. New global and regional organizations, networks and partnerships have been established;<sup>(1)</sup> new global reviews of water use and water scarcity have been undertaken;<sup>(2)</sup> and new commitments have been made to increase investments in the water sector.<sup>(3)</sup> Targets for reducing the proportion of the world's population without adequate water and sanitation have been agreed upon and have become an

1. For example, the Global Water Partnership, the World Water Council and the UN Millennium Project.

2. Cosgrove, W J and F Rijsberman (2000), *World Water Vision: Making Water Everybody's Business*, World Water Council, World Water Vision and Earthscan, London; also Gleick, P H et al. (2002), *The World's Water 2002-2003, The Biennial Report on Freshwater Resources*, Island Press, Washington DC; Seckler, D et al. (1998), *World Water Demand and Supply, 1990 to 2025: Scenarios and Issues*, Research Report No 19, International Water Management Institute, Colombo, Sri Lanka; and WHO (World Health Organization) and UNICEF (United Nations Children's Fund) (2000), *Global Water Supply and Sanitation Assessment 2000 Report*, United Nations, Geneva.

3. For example, major water initiatives were announced at the WSSD in Johannesburg in August 2002 by the USA, which said it would spend up to US\$ 970 million over the next three years in the water sector; the EU, which at present spends more than 1 billion euros a year on its European Water Initiative; and US\$ 500 million from the Asian Development Bank for the Water for Asian Cities programme.



**“There is still a cavernous gap between the ‘pro-poor’ rhetoric of water crisis and response, and the vested interests and competing priorities that continue to drive developments in the water sector, internationally as well as locally”**

important part of the Millennium Development Goals.

Unfortunately, there is still a cavernous gap between the “pro-poor” rhetoric of water crisis and response, and the vested interests and competing priorities that continue to drive developments in the water sector, internationally as well as locally. Even the global statistics, narratives and agendas fail to represent the interests of the rural and urban poor, whose water and sanitary conditions are meant to be their primary concern. Local deficiencies in water and sanitation services are often far worse than global indicators imply. As described in Chapter 2, hundreds of millions of households classified in official statistics as having “improved” provision still have unsafe and inconvenient provision. Contrary to the global water crisis narrative, there is little evidence that these deficiencies are the result of growing water resource scarcity.<sup>(4)</sup> Low-income communities face a wide range of practical and political obstacles that widely touted global agendas, such as Integrated Water Resource Management and private sector participation, do not address.<sup>(5)</sup>

This makes it all the more important that we take the opportunity provided by the Millennium Development Goals to help realign water sector priorities, and secure more support for those local initiatives most likely to improve water and sanitary conditions for the hundreds of millions of currently deprived rural and urban households. More local evidence, knowledge and opinion will have to be brought to bear on the international agendas in order to achieve this. These local contributions may not be able to provide the basis for “best practices” that can be promoted internationally, but at least they should help challenge the “bad practices” that divert so many international initiatives from their stated aims. Ideally, they should also provide a better basis for identifying the sort of local initiatives that deserve international support.

4. McGranahan, G (2002), *Demand-side Water Strategies and the Urban Poor*, IIED, London, 67 pages.

5. McGranahan (2002), op. cit.; also UN-Habitat (2003), *Water and Sanitation in the World's Cities: Local Action for Global Goals*, Earthscan, London, 274 pages.



## II. TARGETS AND INDICATORS

Indicative targets for water supply and sanitation coverage were developed by the Water Supply and Sanitation Collaborative Council as part of the process leading up to the Second World Water Forum in The Hague, in March 2000. The targets were presented in the report *VISION 21: A Shared Vision for Hygiene, Sanitation and Water Supply and A Framework for Action: Achieving a Vision* by the Global Water Partnership. The targets to be achieved were:

- by 2015, to reduce by one-half the proportion of people without access to hygienic sanitation facilities (which was endorsed by the Second World Water Forum, The Hague, March 2000);
- by 2015, to reduce by one-half the proportion of people without sustainable access to adequate quantities of affordable and safe water (also endorsed by the Second World Water Forum); and
- by 2025, to provide water, sanitation, and hygiene for all.

The target for halving the proportion of people without sustainable access to safe drinking water was formally adopted by the United Nations General Assembly in September 2000 in its Millennium Declaration, which included it under the goal “Ensure environmental sustainability”. In August 2002, the international “environment and development” community met at the World Summit on Sustainable Development in South Africa, where water supply and sanitation again took centre stage as part of the ambitious WEHAB agenda.<sup>6</sup> Through the Johannesburg Plan of Implementation that emerged from these deliberations, countries committed themselves to halving the proportion of people lacking access to proper sanitation and safe water by 2015.

These targets are set against narratives and policy agendas that are often contradictory and, in some cases, may undermine efforts to achieve the targets. At the same time,

“Through the Johannesburg Plan of Implementation, countries committed themselves to halving the proportion of people lacking access to proper sanitation and safe water by 2015”

6. WEHAB: Water and Sanitation–Energy–Health and Environment–Agriculture–Biodiversity and Ecosystem Management.



“Freshwater scarcity at river basin, regional and global levels is not the reason why so many people lack reasonable access to adequate water and sanitation”

the lessons from local initiatives are not sufficiently integrated into a comprehensive, effective strategy to guide international, national and local stakeholders in reaching the goals. Similarly, local evidence of water and sanitary conditions is difficult to feed into the international system of water and sanitation indicators, which inevitably favours international comparability over local relevance, or even accuracy. *In any case, international initiatives tend to respond to threats of crisis rather than evidence of persistent distress.*

### III. CRISIS NARRATIVES

The dominant freshwater narrative is one based on crisis, with an emphasis on increasing resource scarcity and excessively low prices. But this is misleading: freshwater scarcity at river basin, regional and global levels is not the reason why so many people lack reasonable access to adequate water and sanitation. Indeed, according to the admittedly misleading statistics, urban water coverage is actually better in countries with less water resources per capita, even controlling for countries' per capita income.<sup>(7)</sup> More realistic assessments of how water resource problems affect the pursuit of water and sanitation targets are much needed, but have to be based on local rather than global narratives, and should be open to a diverse range of resource and affordability issues.

### IV. INTERNATIONALLY DRIVEN POLICY AGENDAS

*Private sector participation and Integrated Water Resource Management* have both been promoted heavily in the international policy arena over the past decade, and water services have even been the subject of negotiations to liberalize international trade. None of these agendas really provides the basis for the major improvements financed by user fees in most low-income villages and urban districts, where neither water nor sewerage networks are likely to be economical, and water resource management alone is not sufficient to improve water and sanitary conditions. In

7. McGranahan (2002) and UN-Habitat (2003), *op. cit.*



partial recognition of this, local participation and community-managed water and sanitation have also received continued support in the international arena, at least as the means to reach those unlikely to be served by private operators or public–private partnerships. However, this support has been peripheral to the major direction of international water and sanitation policy.<sup>(8)</sup>

Integrated Water Resources Management is meant to overcome the many problems that can arise from the uncoordinated use of increasingly scarce water resources. While its goals may be laudable, it will not ensure that poor people gain better access to water and sanitation, since the principal reason they do not have adequate access lies in entitlement failures, not in water resource scarcity. From the perspective of water and sanitation targets, the tendency of Integrated Water Resources Management to emphasize conservation and economic aspects is problematic, since better management of upstream resources rarely improves access to adequate provision for currently deprived downstream residents. And demand-side management, a concept that has emerged along with Integrated Water Resource Management as a response to the prevailing, narrow supply-side approach, needs to pay more attention to securing better access to water for the poor, promoting sanitation and the hygienic use of water, and empowering deprived groups, especially women in low-income households.

The case for private sector participation in improving provision for water and sanitation relies heavily on the failures of public utilities. But there is little evidence in the long history of the private sector’s engagement in water and sanitation to indicate that it will help meet the MDG water and sanitation targets. Nor is there evidence that it will attract large amounts of private finance, de-politicize provision and ensure greater efficiency of the utilities – which were the justifications used to promote privatization.<sup>(9)</sup> Rather than debating the relative merits of public versus

“There is little evidence in the long history of the private sector’s engagement in water and sanitation to indicate that it will help meet the MDG water and sanitation targets”

8. Budds, Jessica and Gordon McGranahan (2003), “Are the debates on water privatization missing the point? Experiences from Africa, Asia and Latin America”, *Environment and Urbanization* Vol 15, No 2, October, pages 87–114.  
9. Budds and McGranahan (2003), *op. cit.*



“It is important that liberalization of the water sector does not sideline community-managed services and private small-scale vendors, who are likely to continue to be important in securing access for low-income and marginalized groups”

private provision, or putting pressure on countries to increase private sector participation, it is crucial to address the causes of both private and public failure (including corruption, land tenure issues and the lack of a sound regulatory framework preventing operators from ignoring the needs of economically and politically deprived groups), and create the basis for locally made, informed choices.

A third emerging policy agenda linked to private sector participation, **trade liberalization**, is also beginning to engage with water and sanitation services. Within the General Agreement on Trade and Services (GATS), water services have been included at the request of the European Union. While, to date, no country has liberalized water services within GATS, it is important that liberalization of the water sector does not sideline community-managed services and private small-scale vendors, who are likely to continue to be important in securing access for low-income and marginalized groups.

Over the years, community-managed water and sanitation has also attracted the interest of international non-governmental organizations, international donor agencies and, to a limited extent, that of multinational companies searching for more cost-effective strategies to extend supplies. Defined broadly, community-managed water and sanitation describes the international agenda being pursued by a number of international NGOs (e.g. WaterAid), and advocated in at least one international manual.<sup>(10)</sup> It could also be extended to include the efforts of many national and local civil society groups working to extend provision in low-income areas, often without international funding.

Many low-income groups have benefited from locally driven community-managed initiatives. Although most such initiatives are relatively small scale, some have reached hundreds of thousands of low-income people, usually through a combination of careful community management

10. Lammerink, M P and E Bolt (2003), *Supporting Community Management: A Manual for Training in the Water and sanitation sector, Occasional Paper Series*, IRC International Water and Sanitation Centre, Delft/Haarlem, 113 pages.



to keep down unit costs (so that limited resources go further) and getting cost-recovery or charging for services (so that funds can be recovered for reinvestment in further extending provision). See, for instance, the work of:

- the Pakistan NGO Orangi Pilot Project in community-managed sewers in Karachi and in other cities in Pakistan;<sup>(11)</sup>
- the work of various Bangladeshi NGOs in improving provision for water and sanitation for hundreds of thousands of low-income groups in Dhaka and Chittagong, with support from WaterAid;<sup>(12)</sup>
- the hundreds of community-designed, built and managed toilet blocks in different Indian cities, arising from the work of the Indian NGO, SPARC, and its partnership with *Mahila Milan* (cooperatives of women slum and pavement dwellers) and the National Slum Dwellers Federation;<sup>(13)</sup> and
- the community provision for water and toilets developed in Luanda, Angola, by Development Workshop–Angola.<sup>(14)</sup>

None of these programmes were without problems, and none could be considered as “perfect” solutions; their importance lies in their demonstration that it is possible to develop local responses that reach large numbers of low-income groups with significant improvements at relatively low capital costs (and, in some instances, with most of the costs recovered).

It is tempting to present community-managed water and sanitation as the locally driven alternative to the dominant

“It is possible to develop local responses that reach large numbers of low-income groups with significant improvements at relatively low capital costs and, in some instances, with most of the costs recovered”

11. Hasan, Arif (1997), *Working with Government: The Story of the Orangi Pilot Project's Collaboration with State Agencies for Replicating its Low-cost Sanitation Programme*, City Press, Karachi, 269 pages; also Alimuddin, Salim Arif Hasan and Asiya Sadiq (2000), *Community-driven Water and Sanitation: The Work of the Anjuman Samaji Behood and the Larger Faisalabad Context*, IIED Working Paper 7 in Poverty Reduction in Urban Areas Series, IIED, London, 84 pages.

12. Hanchett, Suzanne, Shireen Akhter and Mohidul Hoque Khan summarized by Stephen Mezulianik and Vicky Blagbrough (2003), “Water, sanitation and hygiene in Bangladesh slums; a summary of WaterAid–Bangladesh’s Urban Programme Evaluation”, *Environment and Urbanization* Vol 15, No 2, October, pages 43–56.

13. Burra, Sundar, Sheela Patel and Tom Kerr (2003), “Community-designed, built and managed toilet blocks in Indian cities”, *Environment and Urbanization* Vol 15, No 2, October, pages 11–32.

14. Cain, Allan, Mary Daly and Paul Robson (2002), *Basic Service Provision for the Urban Poor: The Experience of Development Workshop in Angola*, IIED Working Paper 8 in Poverty Reduction in Urban Areas Series, IIED, London, 40 pages.



**“Many of the most innovative and successful examples of community-managed water and sanitation see themselves not as replacing public or private provision but as showing new ways in which public or private provision could reach poorer groups”**

international policy agendas of recent years. Community management does typically imply that users participate in the management of their water and sanitation resources and facilities, and some advocates of community participation are very critical of private sector participation as well as the “top-down” water and sanitation planning associated with public utilities. However, many of the most innovative and successful examples of community-managed water and sanitation saw themselves not as replacing public or private provision but as showing new ways in which public or private provision could reach poorer groups. The programmes mentioned above, in India, Pakistan, Bangladesh and Angola, were always intended as models and methods to demonstrate how much provision could be improved by local authorities or by community–local government partnerships. In addition, in many instances, community provision needs to draw on larger systems – for instance, on water mains or reservoirs.

Thus, community management can also be presented as complementary to private sector participation and Integrated Water Resource Management; an approach to be applied in areas where conventional public or private utilities cannot operate, or in conjunction with such utilities through what have come to be termed public–private–community partnerships (see, for example, the cases documented by the Business Partners for Development Water and Sanitation<sup>(15)</sup>).

Moreover, whether as an alternative to, or an integral part of, the internationally dominant policy agendas, if community management is promoted inappropriately, it too can override local evidence, knowledge and opinion. In discussions of how to achieve the water and sanitation MDGs, there is a need to find the best way of securing international support for the local initiatives most likely to help achieve the water and sanitation targets, not to define what those initiatives will look like.

15. <http://www.bpd-waterandsanitation.org/english/index.asp>.

# 4

## The Millennium Development Goals and natural resources management: reconciling sustainable livelihoods and resource conservation or fuelling a divide?

Dilys Roe<sup>(1)</sup>

### I. NATURAL RESOURCES AND SUSTAINABLE LIVELIHOODS

Natural resource management is central to the achievement of most of the Millennium Development Goals. Natural resources provide food and a wide range of other goods (fuel, fodder, timber, medicines, building materials, inputs to industries, etc). Natural resources provide services on which all human activity depends (including watersheds, carbon sequestration and soil fertility). Natural resource exploitation provides the livelihoods for a high proportion of the world's population.<sup>(2)</sup> This includes not only agriculture in rural areas; 1.6 billion people rely on forest resources for all or part of their livelihoods,<sup>(3)</sup> while around 150 million people count wildlife as a valuable livelihood asset<sup>(4)</sup> and 200 million derive part or all their livelihood from

1. With contributions from Michel Pimbert, Krystyna Swiderska and Sonja Vermeulen.

2. Pimental, D, M McNair, L Buck, M Pimental and J Kamil (1997), "The value of forests to world food security", *Human Ecology* 25, pages 91–120.

3. Mayers, J and S Vermeulen (2002), *How Good Forest Governance Can Reduce Poverty*, WSSD Opinion Paper, IIED, London.

4. LWAG (2002), *Wildlife and Poverty Study*, Livestock and Wildlife Advisory Group, Department for International Development, London.



**“It is not just the rural poor who are reliant on natural resources – food, medicines and ecosystem services such as clean water supply also serve urban populations”**

fishing.<sup>(5)</sup> Natural resources also provide opportunities for income generation through jobs and small enterprises (e.g. in forestry, tourism and wildlife trade).

Moreover, numerous studies have found that it is often the poorest people and households that are most dependent on these resources.<sup>(6)</sup> “Millions of rural South Africans depend upon biological resources for day-to-day survival. Access to this “natural capital” provides a crucial contribution to livelihoods, a buffer against poverty and an opportunity for self-employment”.<sup>(7)</sup> Of the 1.2 billion people estimated to live on less than US\$ 1 a day (i.e. those that are the target of MDG1), 70 per cent live in rural areas with a high dependence on natural resources for all or part of their livelihoods.<sup>(8)</sup> But it is not just the rural poor who are reliant on natural resources – food, medicines and ecosystem services such as clean water supply also serve urban populations, and hundreds of millions of urban dwellers derive part of their income from urban agriculture<sup>(9)</sup> or from industries or services that depend on agriculture, forestry or fishing.<sup>(10)</sup>

This dependency brings with it a theoretically strong incentive to conserve natural resources. But in practice, given the weak access and tenure rights of many poor people, there is a strong potential for local overexploitation. Moreover, it means that the impacts arising from the loss of natural resources and ecosystem services fall most heavily on

5. IUCN (2003), “Sustainable livelihoods”, Media Brief for the World Parks Congress, IUCN, Gland.

6. Prescott-Allen, R and C Prescott-Allen (1982), *What's Wildlife Worth? Economic Contribution of Wild Plants and Animals to Developing Countries*, London, IIED–Earthscan; also Scoones, I, M Melnyk and J N Pretty (1992), *The Hidden Harvest, Wild Foods and Agricultural Systems: a Literature Review and Annotated Bibliography*, IIED, London; Arnold, J E M (1995), “Socioeconomic benefits and issues in non-wood forest products use”, in FAO (editor), *Report of the International Expert Consultation on Non-wood Forest Products in Yogyakarta, Indonesia*, 17–27 January 1995, FAO, Rome; Neumann, R P and E Hirsch (2000), *Commercialization of Non-timber Forest Products: Review and Analysis of Research*, CIFOR, Bogor; Nasi, R and T Cunningham (2001), *Sustainable Management of Non-timber Forest Resources: a Review with Recommendations for the SBSSTA*, Secretariat to the Convention on Biological Diversity, Montreal; and Rietbergen, S, J Bishop and S Mainka (2002), *Ecosystem Conservation: A Neglected Tool for Poverty Reduction*, WSSD Opinion Paper, IIED, London.

7. Wynberg, R (2002), “A decade of biodiversity conservation and use in South Africa: tracking progress from the Rio Earth Summit to the Johannesburg World Summit on Sustainable Development”, *South African Journal of Science* No 98, May/June 2002.

8. LWAG (2002), op. cit.

9. Smit, Jac, Annu Ratta and Joe Nasr (1996), *Urban Agriculture: Food, Jobs and Sustainable Cities*, Publication Series for Habitat II Vol 1, UNDP, New York, 302 pages.

10. Tacoli, Cecilia and David Satterthwaite (2003), *The Urban Part of Rural Development: the Role of Small and Intermediate Urban Centres in Rural and Regional Development and Poverty Reduction*, IIED Working Paper 9 in Rural–Urban Interactions and Livelihood Strategies Series, IIED, London, 63 pages.



the poor,<sup>(11)</sup> even though the cause of degradation may lie with richer or more powerful groups.

Despite the close interlinkages between resource conservation and poverty reduction, there is still considerable polarization between the conservation and development communities. On the one hand, because the goods and services generated by natural resources are generally unaccounted for in national statistics, development agencies have often undervalued the potential role they can play in poverty reduction – as shown by the decreasing emphasis on environment in the project portfolios of many donors and the limited integration of natural resource and environmental issues into national poverty reduction strategies. On the other hand, conservation organizations have viewed poverty concerns as outside their core business. A recent study on wildlife and poverty linkages noted that: *“Much conservation money is still invested with only limited consideration of poverty and livelihoods concerns, despite a growing consensus that poverty and weak governance are two of the most significant underlying threats to conservation”*.<sup>(12)</sup> Do the MDGs provide an appropriate framework for reconciling this divide?

## II. MDG7: RECONCILING OR FUELLING THE CONSERVATION–DEVELOPMENT DIVIDE?

### The danger of a narrow focus

Only one of the Millennium Development Goals deals specifically with the management of natural resources. Goal 7, “Ensure Environmental Sustainability”, includes a target to: “Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.” Of the seven indicators for MDG7, two specifically address resource conservation:

- ◆ Indicator 25: the proportion of land area covered by forest; and

**“Despite the close interlinkages between resource conservation and poverty reduction, there is still considerable polarization between the conservation and development communities”**

11. Rietbergen, Bishop and Mainka (2002), op. cit.

12. LWAG (2002), op. cit.



“Simple measures of land area or forest cover fail to address a fundamental dimension of sustainability: how the costs and benefits of protected areas and forests are spread among society”

- ◆ Indicator 26: the ratio of area protected for maintenance of biological diversity.

This focus only on increasing protected area and forest coverage could be dangerous for sustainable development for a number of reasons: the narrow focus on the **quantity** of land area ignores the **quality** of the natural resources contained within these areas, their **management and governance regimes** (how they are managed, by whom and for what), and the **land and resource rights of people** living in and around them.

Further, simple measures of land area or forest cover fail to address a fundamental dimension of sustainability: **how the costs and benefits of protected areas and forests are spread among society**. Large-scale forest concessions and plantations, for example, tend to benefit the big companies that own them and central governments that collect taxes, while placing enormous costs on local residents who are excluded from using the land. Similarly, the benefits arising from protected areas tend to accrue largely to the international community (in terms of the existence value of rare species) and to national governments and the private sector in the form of revenues from tourism and hunting, while a disproportionate amount of the costs are borne by those living in or around them – or those displaced by them.

### Some natural resources are “more equal” than others

The focus on protected areas and forests assumes that these alone are the key to natural resource conservation. This assumption completely overlooks the value of other productive landscapes including agricultural land, rangelands, coastal strips, wetlands and so on. Not only do these ecosystems contain large amounts of biodiversity but they often have more potential than traditional protected areas and forests for contributing to poverty reduction. Agricultural biodiversity, for example, contributes to productive and environmental sustainability, as well as supporting rural development.<sup>(13)</sup>

13. Pimbert, M (1999), *Sustaining the Multiple Functions of Agricultural Biodiversity*, Gatekeeper Series No 88, IIED, London.



Similarly, marine resources play a significant role in contributing to food security and sustainable local livelihoods (1 billion Asians rely on fish for their primary source of protein, while the global fishing industry employs some 200 million people.<sup>(14)</sup> The latest calculation of protected area coverage notes however that only 1.7 million square kilometres (or 0.5 per cent) of ocean area is protected (of which 20 per cent is in one site – the Great Barrier Reef in Australia).<sup>(15)</sup>

Moreover, there is contradictory evidence as to the efficacy of protected areas in conserving natural resources: the IUCN–UNEP list shows that protected area coverage has increased from 2.4 million square kilometres in 1962 to 18.8 million square kilometres today – and yet, biodiversity and other natural resources are still being lost.

### Quantity at the expense of quality?

The assumption underlying the land area indicators for MDG7 is that increasing the amount of forest land or protected area land will address the problem of resource loss. Such has been the focus on the quantity of land that little attention has been paid to the quality of resources within. A huge area of scrubland could be protected and meet the target, while a small patch of resource-rich land remains unprotected next door!

In terms of the forest indicator, a key problem relates to the fact that “forest” can be defined in many ways – and has different meanings for different social groups. The FAO, for example, defines forests as land of more than half a hectare, with the canopies of the trees covering more than 10 per cent of the area, and which is not under mainly agricultural or urban use. This sounds simple, but it excludes agroforestry, often a high-value and high-sustainability land use, and does not distinguish natural forest from less sustainable monoculture plantations.<sup>(16)</sup> Similarly the term

“The assumption underlying the land area indicators for MDG7 is that increasing the amount of forest land or protected area land will address the problem of resource loss. Such has been the focus on the quantity of land that little attention has been paid to the quality of resources within”

14. IUCN (2003), *op. cit.*

15. Chape, S, S Blythe, L Fish, P Forx and M Spalding (2003), *2003 United Nations List of Protected Areas*, IUCN and UNEP–WCMC, Gland and Cambridge.

16. Wunder, S (2003), *Oil Wealth and the Fate of the Forest: A Comparison of Eight Tropical Countries*, Routledge, London.



“Local values remain poorly documented and poorly represented in the global political arena”

“protected area” means, for some, those areas officially gazetted by national governments or international organizations as protected – such as national parks, biosphere reserves, wildlife reserves and so on. This excludes many areas that have been designated for protection by indigenous peoples or local communities, as well as those under private land ownership and which may contain more biodiversity than official protected areas.

Where attention has been paid to the nature of the resources rather than the land area, the emphasis has reflected a Northern priority towards rare or endangered species and habitats rather than species that are valued by local people for food, medicines, cultural significance and so on. *“Local values... remain poorly documented and poorly represented in the global political arena”*. <sup>(17)</sup>

Furthermore, natural resource management and biodiversity conservation are imprecise sciences. Not only do we not know how many species exist – since they have not yet all been identified and counted – we also don’t know what all their functions are and how many are enough to maintain ecosystem services and life support systems. More is not necessarily better.<sup>(18)</sup>

### The rights and wrongs of protected areas

Within the international conservation community, core business has focused on expanding the amount of land area under protection. In 1992, the IUCN World Parks Congress set a target for protected area coverage at 10 per cent of the world’s land area – a target endorsed by the World Summit on Sustainable Development in 2002. Recently, IUCN and UNEP published a new directory of the world’s protected areas, which revealed that total coverage is actually 12 per cent.<sup>(19)</sup> This was a finding which, along with announcements of increases in protected area

17. Vermeulen, S and I Koziell (2002), *Integrating Global and Local Values: A Review of Biodiversity Assessment, Natural Resource Issues Paper*, IIED, London.

18. Vermeulen and Koziell (2002), *op. cit.*; also Norton-Griffiths, M (2003), “How many wildebeest do you need? Dilemmas, contradictions and compromises in modern day conservation”, an Address to the East African Wildlife Society, March 13th 2003.

19. Chape et al. (2003), *op. cit.*



coverage in specific countries, was greeted almost evangelically by many participants, with clapping and cheering, at this year's World Parks Congress in Durban.

The protected area approach to natural resource management has generated significant social, economic and environmental benefits. It has undoubtedly helped to ensure the survival of populations of many species and habitats. It has also contributed to the generation of foreign exchange earnings in low- and middle-income countries through international tourism. Some protected areas have also helped to sustain natural resources on which neighbouring communities depend and from which (access permitting) they benefit, for example, by protecting water catchments for the benefit of downstream water users, and preventing the destruction of forest resources by outsiders.

However, protected areas have not been without their costs. In some cases, protected areas have failed to sustain the wildlife populations they were designed to protect while, at the same time, having a negative impact on the food security, livelihoods and cultures of local people.<sup>(20)</sup> Designation of many protected areas has been associated with forced displacement and loss of access to natural resources for the people living in and around them, with no or inadequate compensation. *"As a result, protected areas have often increased poverty amongst the poorest of the poor."*<sup>(21)</sup>

Further, many low-income nations have set aside far higher proportions of their land mass for protection than high-income countries (in Tanzania, for example, the figure is almost 25 per cent), and often at significant opportunity costs (particularly to local residents) in terms of the development value that land would have in other uses.<sup>(23)</sup> Moreover, protected areas are expensive to establish and maintain, and are rarely financially sustainable in the face of competing demands on dwindling government budgets.

*"Will the new extension of protected areas be, again, predicated on the forced displacement and impoverishment of their resident and mobile peoples?"<sup>(22)</sup>*

20. Ghimire, K and M Pimbert (1997), *Social Change and Conservation*, Earthscan, London.

21. McShane, T (2003), "Protected areas and poverty", in *Community Empowerment for Conservation*, special edition of *Policy Matters* No 12, pages 52–53.

22. Cernea, M and K Schmidt-Soltau (2003), "The end of forcible displacements? Making conservation and impoverishment incompatible", in *Community Empowerment for Conservation*, special edition of *Policy Matters* No 12, pages 42–51.



International conservation flows of revenue from sources such as the GEF, the World Bank and international NGOs only meet a small percentage of the costs of maintaining protected areas in poor countries.<sup>(24)</sup>

The growing realization of the limitations of state-run protected areas and the need to address local peoples' concerns and aspirations influenced a shift in international conservation policy during the 1980s and 1990s towards community-based natural resource management (CBNRM). However, in recent years, the conservation literature has documented a growing criticism of this approach and advocated a return to more traditional, protectionist approaches<sup>(25)</sup> – although without addressing the fundamental socioeconomic problems with which they are associated. Ironically, MDG7 could provide legitimacy for this in the name of development!

### III. RETHINKING THE INDICATORS

While it is agreed that resource conservation is critical, **how** that happens, **what** is conserved, and **for whom** requires a complex set of trade-offs that land area alone can not achieve. As well as the need to include a wider range of land uses and resource types in the indicator set, as discussed above, this also implies a need to include indicators that reflect local perceptions of the environment as well as global priorities.

The existing indicators could be improved if the crude focus on land area were supported by additional qualifications. For example, the forest indicator is easy to use in that it is easy to measure (e.g. from satellite data) and allows for comparability among countries and over time. However, the simple cover measurement would be much more useful to

23. Roe, D and J Elliott (2003), "Pro-poor conservation: the elusive win-win for conservation and poverty reduction?", Paper presented at the 5th World Parks Congress, Durban.

24. Roe, D, J Hutton, J Elliott, K Chitepo and M Saruchera (2003), *In Pursuit of Pro-poor Conservation: Changing Narratives or More? in Community Empowerment for Conservation*, special edition of *Policy Matters* Vol 12, pages 52–53.

25. See for instance, Spinage, C (1998), "Social change and conservation misrepresentation in Africa", *Oryx* Vol 32, No 4, pages 265–276; also Terborgh, J (1999), *Requiem for Nature*, Island Press, Washington DC; and Oates, J F (1999), *Myth and Reality in the Rainforest: How Conservation Strategies are Failing West Africa*, University of California Press, Berkeley, CA.

### Box 4.1: Protected areas and good governance

"In the 21st Century the size, number and complexity of protected areas systems has increased to impressive proportions. In accordance with good governance principles, consolidating, expanding and improving this global system of protected areas should be done while respecting the rights, interests and concerns of all stakeholders, including their right to participate in decision-making in the establishment and management of protected

areas. The sharing of protected area management authority, responsibilities, benefits and costs should be distributed among relevant actors, according to legitimate entitlements. Such entitlements should be defined through a negotiation process that specifically involves disadvantaged groups, and results in stronger engagement of civil society in conservation." Recommendation 5.16 from the IUCN World Parks Congress, 2003.

assessing progress towards sustainability if supported by qualifications, as follows:

- ◆ measurements of the actual goods and services coming from forests and other landscapes with tree cover, for example, water quantity (e.g. dry season flows, flood events) and quality (e.g. siltation, purity), or the range of forest products available and utilized;
- ◆ consideration of forests' ability to provide these goods and services, compared to other land uses;
- ◆ assessment of the distribution of costs and benefits of forest land uses among social groups – leading to practical pathways towards greater equity; and
- ◆ measurement of the relative proportions of forest under community, state and commercial management.

Ensuring that the protected area indicator for MDG7 contributes to poverty reduction rather than exacerbating poverty implies a need for ***different approaches to resource conservation*** that provide benefits for poor people and meet social justice objectives. As one of the recommendations arising from the recent IUCN World Parks Congress notes: *"The degree to which protected areas meet conservation objectives, contribute to the well-being of society, and achieve broad social, economic and environmental goals is closely related to the quality of their governance."* (Box 4.1)

Traditional forms of protected areas have been state-controlled, imposed structures based on nineteenth-century American conservation ideology that suggested that people



“Other governance structures exist that build on the traditional knowledge, local management practices and traditional institutions of indigenous peoples and local communities, although these are currently not recognized in the official categorization of protected areas”

and nature should be kept separate. Yet **other governance structures** exist that build on the traditional knowledge, local management practices and traditional institutions of indigenous peoples and local communities,<sup>(26)</sup> although these are currently not recognized in the official categorization of protected areas. Emphasis is therefore needed within the protected area indicator on increasing coverage through alternatives to the top-down “fences and fines” structures with which the term “protected area” is commonly associated.

One such alternative is community-conserved areas – natural and modified ecosystems with significant biodiversity, ecological services and cultural values that are voluntarily conserved by indigenous peoples and local communities, through customary laws or other effective means. Many community-conserved areas already exist, but they have largely gone unrecognized in national and international conservation systems. This may be due in a large part to the fact that their resource management systems are often based on customary tenure systems, norms and institutions that are not formally or legally recognized in many countries.<sup>(27)</sup> Other alternative governance structures include **co-managed protected areas** (where management is shared among a variety of stakeholders, including government, local people, private landowners etc.<sup>(28)</sup> and private parks.<sup>(29)</sup>)

Some of the “new” forms of protected area require more thought. For example, the concept of “conservation concessions” has recently been introduced, whereby payments are made to a government or, in some cases, to indigenous/community groups in return for a long-term lease on a tract of land to a conservation organization. The

26. Roe, D, J Mayers, M Grieg-Gran, A Kothari and C Fabricius (2000), *Evaluating Eden: Exploring the Myths and Realities of Community-based Wildlife Management*, IIED, London; also Borrini-Feyerabend, G (2003), “Governance of protected areas: innovations in the air”, in *Community Empowerment for Conservation*, special edition of *Policy Matters No 12*, pages 92–101; and Jareith, H and D Smyth (2003), *Innovative Governance: Indigenous Peoples, Local Communities and Protected Areas*, Ane Books, New Delhi.

27. Phillips, A (2003), “Turning ideas on their head: a new paradigm for protected areas”, in Jareith, H and D Smyth (editors), *Innovative Governance: Indigenous Peoples, Local Communities and Protected Areas*, Ane Books, New Delhi.

28. Borrini-Feyerabend, G, M Pimbert, T Farvar, A Kothari and Y Renard (forthcoming), *Sharing Power: Learning by Doing in Co-management of Natural Resources throughout the World*, IIED and IUCN, London and Gland.

29. See also Recommendations arising from the 2003 World Parks Congress on indigenous peoples, governance, poverty, community-conserved areas and co-managed protected areas:

<http://www.iucn.org/themes/wcpa/wpc2003/english/outputs/recommendations.htm>



implications of this type of approach for the livelihoods of poor people are not well understood, but a recent review of markets for environmental services suggested the need for caution: “As markets for biodiversity protection raise the value of biodiversity-rich forest areas, competition for control over these areas can only intensify. Poor communities living in these areas without formal title may be pressured to leave. Far from strengthening forest stewards’ natural assets, markets may lead to exclusion.” (30)

Traditional, state-run protected areas do have the potential to contribute to the achievement of the MDGs, but only if certain conditions are fulfilled:

- ◆ their establishment must be based on the prior informed consent of indigenous peoples and local communities;
- ◆ thorough impact assessments must be undertaken with the full participation of indigenous people and local communities to identify potential negative impacts, and provision made for full and fair compensation or mitigation where appropriate;
- ◆ marginalized groups – e.g. nomadic pastoralists, indigenous people – must be given recognition as well as those who are more powerful;
- ◆ mechanisms for including local values (based on utility) as well as global values (based on intrinsic worth) must be introduced in determining conservation priorities; and
- ◆ equitable sharing of rights, responsibilities, costs and benefits is required between all relevant actors – this implies mechanisms for enhancing North–South financial flows, balancing customary and formal norms and institutions, and recognizing historic tenure rights.

#### IV. BEYOND MDG7

The relegation of environment into one of eight development goals is one of the weaknesses of the MDGs as a framework for poverty reduction and sustainable

“Traditional, state-run protected areas do have the potential to contribute to the achievement of the MDGs, but only if certain conditions are fulfilled”

30. Landell Mills, N, J Bishop and I Porras (2002), *Silver Bullet or Fools Gold? A Global Review of Markets for Environmental Services and their Impacts on the Poor*, IIED, London.



“Natural resources management is not just the business of MDG7, rather, it underpins the achievement of the majority of the other seven goals”

development. The very nature of sustainable development emphasizes the integration of its three pillars – economics, society and environment – and this implies a need not just to focus on one goal in order to achieve environmental sustainability but to examine how environment – and natural resource management – can be **integrated across the set of goals** (and equally to consider how progress towards the other goals might impact on environmental sustainability). Natural resources management is not just the business of MDG7, rather, it underpins the achievement of the majority of the other seven goals, as this section will describe.

◆ **Income poverty (MDG1):** The role of natural resources in underpinning or contributing to the livelihoods of much of the world’s poorest households was noted earlier. Many poor countries have a comparative advantage in their natural resource base, and natural resources can provide opportunities for jobs, small and microenterprise, and payments for environmental services offering potential for pro-poor growth, especially in marginal areas where there are few other alternatives. In Guyana, for example, forestry employs 19,000 people, and is the main income source for the rural poor. Agriculture is the foundation on which the majority of rural livelihoods are based and on which many urban economies depend.<sup>(31)</sup> “Ecoagriculture” is an approach which attempts to integrate food production with biodiversity conservation, as well as generating increased incomes for poor farmers.<sup>(32)</sup>

In Africa, tourism (within which nature-based tourism is an important and rapidly growing niche) is a likely source of a significant volume of investment and employment over the coming decade. While some are sceptical of the fit between international tourism and poverty reduction, others are promoting “pro-poor tourism”, arguing that tourism is a great source of local economic development opportunity given that it offers local employment and

31. Mayers and Vermeulen (2002), *op. cit.*

32. McNeely, J and S Scherr (2002), *Ecoagriculture: Strategies to Feed the World and Save Wild Biodiversity*, Island Press, Washington DC.

### Box 4.2: Income from wild resources in poor countries

**Brazil:** The sale of Babassu Palm *Orbignya martiana* fruit kernels supports over 2 million people. A 1985 study showed that income from collecting and processing these kernels in northeast Brazil accounted for 39 per cent of cash income and 34 per cent of the total household income during the seasonal slack period for agriculture.

**Cameroon:** Cola nuts account for 5–37 per cent of households' cash income.

**China:** One kilogram of matsutake mushrooms can earn a harvester more money than the average annual wage in Yunnan Province.

**Ghana:** The collection and sale of wild meat realizes an income similar to that received by government employees.

**Guyana:** Forest products account for 32 per cent of the economy of Assakata village.

**India:** 90 per cent of the population of the state of Manipur depend on forest products as a major source of income.

**Kenya:** In the Arabuko-Sokoke Forest, hunters can earn US\$ 275 per year by selling meat, compared to an average per capita income in this area of US\$ 38.

**Philippines:** Rattan sales are particularly important in the household economies of the poor.

**South Africa:** Trade in medicinal plants in KwaZuluNatal is estimated to be worth R 60 million per year, with the overall value of the trade in South Africa worth around R 270 million (US\$ 60 million) per year.

**Zimbabwe:** On average, wild resources account for 35 per cent of total household incomes.

SOURCE: Box adapted from: Roe, D, T Mulliken, S Milledge, S Mosha, J Mremi and M Grieg-Gran (2002), *Making a Living or Making a Killing? Wildlife Trade, Trade Controls and Rural Livelihoods*, IIED and TRAFFIC, London and Cambridge.

spin-off business opportunities in poor and often remote areas, and that it can attract investment in infrastructure and local markets.<sup>(33)</sup> Wild products can also be a significant source of cash income and employment for poor people, particularly in marginal agricultural areas (Box 4.2). Estimates of the number of people dependent on such products for at least part of their income range from 200 million worldwide to 1 billion just in Asia and the Pacific.<sup>(34)</sup>

- ◆ **Hunger (MDG1):** The close causal linkages between reducing hunger and the sustainable management of natural resources and ecosystems have been emphasised by the Food and Agriculture Organization.<sup>(35)</sup> The challenge is not simply to produce enough food to feed a growing population while preserving the natural resource base upon which the well-being of present and future generations depends but also to ensure the equitable distribution of productive assets backed up

33. Ashley, C, D Roe and H Goodwin (2000), *Pro-poor Tourism Strategies: Making Tourism Work for the Poor*, IIED, ODI and ICRT, London.

34. van Rijsoort, J, (2000), *Non-timber Forest Products (NTFPs): their Role in Sustainable Forest Management in the Tropics*, Theme Studies Series, Wageningen, National Reference Centre for Nature Management.

35. FAO (undated), [http://www.fao.org/es/ESS/mdg\\_kit/contrib.asp](http://www.fao.org/es/ESS/mdg_kit/contrib.asp)



“Natural resources underpin food security – both through direct consumption and the generation of income for food purchases”

with secure resource rights. Natural resources underpin food security – both through direct consumption and the generation of income for food purchases. Natural resource management also contributes to sustained productivity of food stocks, such as fisheries, and agricultural systems (e.g. through pest and disease management, genetic diversity, soil fertility, provision of water and fodder for livestock and so on). Numerous studies have noted the importance of wild food products, which are of particular importance to women, children and the poor – for whom securing access to such resources is important for sustaining their livelihoods.<sup>(36)</sup> Some species are used on a daily basis, while others are considered “famine foods” and are used only occasionally. Wild foods often fill a seasonal gap, and are used when little else is available.<sup>(37)</sup>

- ◆ **Health (MDGs 4, 5 and 6):** Natural resources are the basis of most medicines. In many cases, there is a direct reliance on wild resources as traditional medicines; the World Health Organization estimates that up to 80 per cent of the world population is dependent on these medicines.<sup>(38)</sup> This is particularly true of the poorest people, who often cannot afford modern drugs and/or don’t have access to clinics and doctors. At a workshop of the Equator Initiative in July 2003, a group from Lesotho described how they were working with traditional healers to identify plants to treat HIV. Some plants have been found to significantly boost the immune system without the side effects of expensive anti-viral drugs. In addition, the majority of the world’s modern drugs have their origin in natural products.<sup>(39)</sup>

36. Scoones, Melnyk and Pretty (1992), *op. cit.*; also Warner, K (1994), “Marketing, valuation and pricing of NWFPs”, *Beyond Timber: Social, Economic and Cultural Dimensions of Non-wood Forest Products in Asia and the Pacific*, Regional Expert Consultation, 28 November–2 December 1994, Bangkok; FAO (1995), *Non-wood Forest Products for Rural Income and Sustainable Forestry*, Non-wood Forest Products Series, FAO, Rome; Cavendish, M (1997), *The Economics of Natural Resource Utilization by Communal Area Farmers of Zimbabwe*, University of Oxford, UK; and Barnett, R (editor) (2000), *Food for Thought: The Utilization of Wild Meat in Eastern and Southern Africa*, TRAFFIC-ESA, Nairobi.

37. Scoones, Melnyk and Pretty (1991), *op. cit.*

38. WHO, IUCN and WWF (1993), *Guidelines on the Conservation of Medicinal Plants*, IUCN, Gland.

39. Koziell, I and C McNeill (2002), “Building on hidden opportunities to achieve the Millennium Development Goals: poverty reduction through conservation and sustainable use of biodiversity”, WSSD Opinion Paper, IIED, London.



- ◆ **Water and sanitation (MDG7):** Good water resource management (including the management of water catchments and floodplains) is important for meeting the MDGs for improving water and sanitation, both for rural and for urban populations – although as Chapter 3 notes, good water resource management of itself does not guarantee improved provision for low-income groups. Integrated water resource management is also important for flood prevention and protection for tens of millions of urban dwellers.

More broadly, meeting the basic needs of poor people as described above then allows them to further expand their options, investing in education, health care and so on. Natural resource conservation also provides options for improving the livelihoods of future generations – whereas ecosystem depletion and species extinction reduce the capacity to respond to future stresses such as climate change.<sup>(40)</sup>

## V. CONCLUSIONS

The Millennium Development Goals espouse the two key goals of sustainable development, that is, meeting the needs of the present without compromising the ability of future generations to meet their needs.<sup>(41)</sup> But “environmental sustainability” is still seen as separate from “development”, despite a recognition over 30 years ago of the need to integrate the two. Furthermore, the targets-driven approach of the goals pays no attention to the **process** by which those targets are achieved.

The strength of the MDGs lies in the overall framework they establish, and not necessarily in the individual goals, targets or indicators. Indeed, focusing on particular individual goals or targets has the potential to seriously undermine the achievement of other goals. In the field of natural resources management, some conservation organizations have

“Natural resource conservation provides options for improving the livelihoods of future generations – whereas ecosystem depletion and species extinction reduce the capacity to respond to future stresses such as climate change”

40. Rietbergen, Bishop and Mainka (2002), *op. cit.*

41. World Commission on Environment and Development (1987), *Our Common Future*, Oxford University Press, Oxford and New York, 383 pages.



“ ‘Environmental sustainability’ is still seen as separate from ‘development’, despite a recognition over 30 years ago of the need to integrate the two”

adopted the rhetoric of poverty reduction and sustainable livelihoods without necessarily changing practices that actually exacerbate poverty on the ground and undermine local livelihoods. The narrow focus of the indicators for MDG7 could lend legitimacy to this – allowing some organizations to continue with business as usual, while claiming to be contributing to the goals.

Realizing the contribution of natural resource management to the achievement of the goals therefore requires attention to the following.

**Ensuring that poverty reduction issues are integrated into MDG7’s focus on environmental sustainability:**

- ◆ the target for reversing the loss of environmental resources to be balanced with a requirement to do no harm to local peoples’ livelihoods;
- ◆ the assessment of quality of resources to integrate both local priorities – based on utilitarian values as well as spiritual and cultural factors – and global priorities – based on rarity and endangeredness – and to recognize trade-offs between the two value sets; and
- ◆ recognition that the governance of natural resources – particularly the rights, roles and responsibilities of different actors – is critical to delivering on poverty reduction and social justice objectives.

**Ensuring environmental issues are integrated into the other MDGs:**

- ◆ recognition of the role that natural resources can play in achieving the MDGs, and hence the requirement that other activities geared towards achieving individual goals do not undermine resource conservation;
- ◆ recognition that natural resource management cannot be compartmentalized into one goal, but contributes to many of the goals; and



- ◆ analysis of the potential impact that the targets and indicators for the other MDGs could have on natural resource management, and identification of strategies for meeting these goals without undermining the natural resource base on which the poor depend.

### **Expanding the indicators for reversing environmental resource loss:**

- ◆ recognition of the value of other types of land uses in conserving environmental resources, and the importance of marine and other water-based resources as well as those that are land based;
- ◆ recognition of the limitations of the traditional protected area approach to conservation, and its negative impacts on poverty, and the subsequent need to focus on alternative forms of protected areas (including those based on lived-in, productive landscapes) and alternative governance structures that build on local knowledge, processes and institutions but which are currently unrecognized in official conservation systems;
- ◆ recognition of the need to incorporate some assessment of “bio-quality” (reflecting local as well as global perceptions of resource quality and conservation priorities) into area-based indicators; and
- ◆ extension of the concepts of “forests” and “protected areas” to include areas that integrate production with conservation – e.g. agroforestry, ecoagriculture and areas that are designated by indigenous peoples and local communities as having cultural and spiritual significance, such as sacred groves.

Poverty reduction and sustainable development are global imperatives. Achieving these objectives requires integrated and concerted action by both conservation and development communities. It would be a tragedy if the internationally agreed framework for achieving these laudable objectives succeeded only in being the obstacle to its own success.

**“Poverty reduction and sustainable development are global imperatives. Achieving these objectives requires integrated and concerted action by both conservation and development communities”**



# 5

## The MDGs and sustainable development: the need for a strategic approach

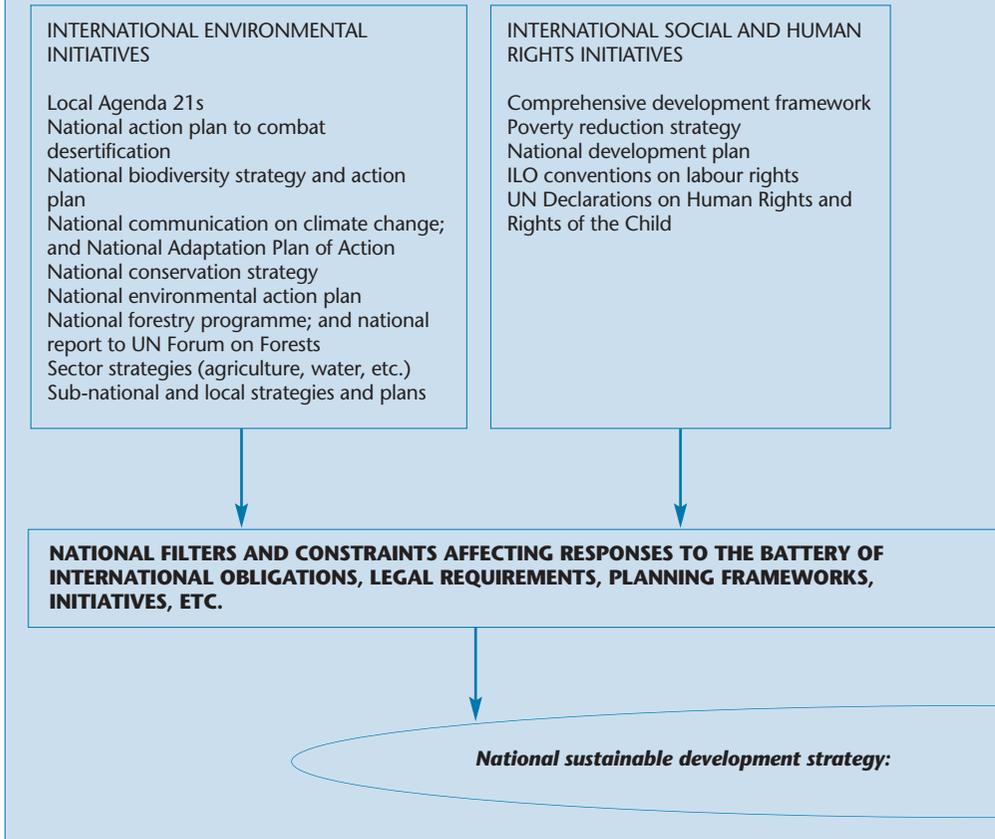
Barry Dalal-Clayton

***“Ultimately, sustainable development is not something that governments do for people; it is something people achieve for themselves through individual and collective change.”***  
***(Cielito Habito)***

### **I. FACING THE CHALLENGE**

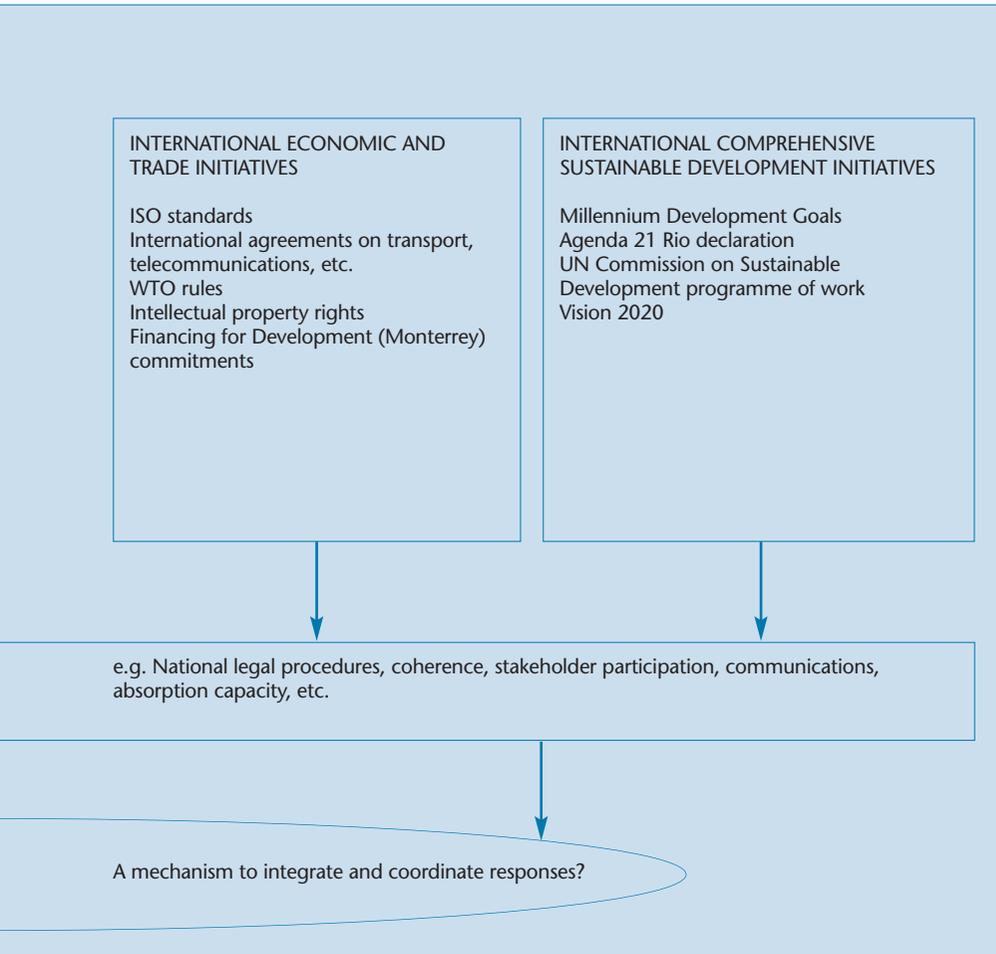
This chapter reviews the experience to date developing and implementing sustainable development strategies, and considers what can be learnt from this experience for implementing the Millennium Development Goals (MDGs). The eight goals (and their associated targets) provide a new framework for guiding the thinking and activities of the development cooperation community, although they integrate many previous commitments. But there is a danger that they will be seen by low- and middle-income countries as yet another external international precept that they are “required” to respond to – much like National Environmental Action Plans (NEAPs) and Poverty Reduction Strategy Papers (PRSPs). Countries are already

**Figure 5.1: Bombardment with strategic planning requirements: illustrative examples of international conventions and initiatives and national frameworks that typically challenge a country**



bombarded with international obligations (Figure 5.1), which place considerable strain on already overloaded institutions with limited capacity, and which may well lead to duplication of effort and reduction in policy coherence. The international community can only help if governments and civil society in low- and middle-income countries see the MDGs as important to them, and as a set of goals they see value in addressing.

This presents a major challenge. How can the MDGs be addressed, both individually and collectively, in policy-making, planning and decision-taking? How can the



implications of taking steps to meet the different MDG goals and targets be squared with each other – so that the steps that need to be taken in poverty reduction, natural resource management, water and sanitation and food security that were discussed in previous chapters are synergistic and not counter-productive, and are integrated with other national and local needs and priorities? Achieving progress towards the MDGs is at the core of operationalizing sustainable development, but the MDGs are only useful tools if they make sense to a range of key actors at local and national levels.



In the 10 years between the 1992 Earth Summit at Rio (UNCED) and the 2002 Johannesburg Summit (WSSD), international agencies, national and local governments, private sector organizations, NGOs and others have struggled to find ways of putting sustainable development into practice. But progress has remained elusive, despite all the rhetoric and the accords reached at conferences and summits.

Sustainable development means treating the issues of poverty, environmental management and economic development together, in the face of many difficult challenges. But how can environmental protection, poverty alleviation and money-making objectives be integrated in practice – or trade-offs acceptable to all parties be developed – if integration is impossible? How can long-term needs **really** be balanced with short-term imperatives, especially when change is so unpredictable? How can local demands be treated alongside broader national and global requirements? And how do you get a decision-making process “with the maximum possible participation” – as called for by Agenda 21, and again in the WSSD Plan of Implementation – that does not impose substantial costs in time or money? In effect, social, environmental and economic issues of almost unprecedented complexity need to be tackled at several levels in ways that are not merely conceptually neat but that also encourage significant behavioural and institutional change.

Achieving real progress on the MDGs, and finding an effective balance between them and the other dimensions of development and natural resource management not covered by the goals, will require structural changes to the ways societies manage their economic, social and environmental affairs. Different countries may settle for different solutions, but all will have to make hard choices. Strategies for sustainable development are about making and implementing such choices, in realistic, effective and lasting ways.



“Sustainable development strategies offer a way of managing and structuring a national response to the challenges of the MDGs in general, and to MDG8 in particular”

Sustainable development strategies were first called for in Agenda 21, and made a hard target in the WSSD Plan of Implementation:

*“States should:*

*(a) Continue to promote coherent and coordinated approaches to institutional frameworks for sustainable development at all national levels, including through, as appropriate, the establishment or strengthening of existing authorities and mechanisms necessary for policy-making, coordination and implementation and enforcement of laws;*

*(b) Take immediate steps to make progress in the formulation and elaboration of national strategies for sustainable development and begin their implementation by 2005. To this end, as appropriate, strategies should be supported through international cooperation, taking into account the special needs of developing countries, in particular the least-developed countries. Such strategies, which, where applicable, could be formulated as poverty reduction strategies that integrate economic, social and environmental aspects of sustainable development, should be pursued in accordance with each country’s national priorities.”<sup>(1)</sup>*

Such strategies offer a way of managing and structuring a national response to the challenges of the MDGs in general, and to MDG8 (“Ensure environmental sustainability”) in particular, and a mechanism to operationalize target 9 (“To integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources”).

## II. NEW THINKING ON STRATEGIES FOR SUSTAINABLE DEVELOPMENT

In the run up to WSSD, a review of experiences with sustainable development strategies, which included

1. Paragraph 162, Plan of Implementation, World Summit on Sustainable Development final version, 24th March 2003, [www.un.org/esa/sustdev/documents/WSSD\\_POI\\_PD](http://www.un.org/esa/sustdev/documents/WSSD_POI_PD).



“Donors will need to consider carefully how to avoid repeating the experience of earlier strategy approaches which were, effectively, conditionality vehicles for aid”

organized stakeholder dialogues in a range of countries,<sup>(2)</sup> showed that most low- and middle-income countries are engaged in the simultaneous performance of multiple strategy exercises (Box 5.1), which give rise to policy inflation. But they face remarkably similar problems – and many of these will challenge countries and international agencies as ways are sought to implement the MDGs:<sup>(3)</sup>

- ◆ **Externally driven:** A large number of strategies have not been **country-led** but have been induced or even imposed by external agencies. (“*A long form to fill in if we are to get aid*” was how one minister described one major strategy process.) Many governments may also view the MDGs as something “cooked up” by the outside world. Although some governments have demonstrated a commitment to addressing the MDGs, it is mostly international agencies that have pushed the MDGs strongly, and have (rapidly) made them a central focus of their policies, almost to the exclusion of other fundamental aspects of the sustainable development agenda. Donors will need to consider carefully how to avoid repeating the experience of earlier strategy approaches which were, effectively, conditionality vehicles for aid.
- ◆ **Lack of integration:** Different international agencies push their own strategy “brands” in their dealings with governments, leading to **competition**, “policy inflation” and overburdening of local capacities. Consequently, many strategies are not **integrated** into a country’s

2. IIED/UNDP/DFID (2002), “National strategies for sustainable development: new thinking and time for action”, Opinion Paper for the World Summit on Sustainable Development, IIED, London, in cooperation with United Nations Development Programme and UK Department for International Development, IIED, London, <http://www.iied.org/pdf/wssd-09-nssd.pdf>; also OECD DAC (2001), *The DAC Guidelines: Strategies for Sustainable Development: Guidance for Development Cooperation*, Development Cooperation Committee, Organization for Economic Cooperation and Development, Paris, available on [www.SourceOECD.org](http://www.SourceOECD.org); OECD/UNDP (2002), *Sustainable Development Strategies: A Resource Book*, prepared by Barry Dalal-Clayton and Stephen Bass, IIED, for the Organization for Economic Cooperation and Development and United Nations Development Programme, Earthscan Publications, London; UN DESA (2002), “Guidance in preparing a national sustainable development strategy: managing sustainable development in the new millennium”, Background Paper No 13 (DESA/DSD/PC2/BP13), submitted by the Division for Sustainable Development, Department of Economic and Social Affairs, United Nations to the Commission on Sustainable Development acting as the Preparatory Committee for the World Summit on Sustainable Development Second Preparatory Session, 28 January–8 February 2002, New York, available on <http://www.johannesburgsummit.org>.

3. Bass, S and D B Dalal-Clayton (2002), “Bridging the knowledge gap in SD strategies: research partnerships for sustainable development”, Opinion Paper for the World Summit on Sustainable Development, July 2002, IIED, London, in association with the Regional and International Networking Group (RING), [http://www.iied.org/wssd/pdf/27\\_RPSD\\_Strategies\\_for\\_SD.pdf](http://www.iied.org/wssd/pdf/27_RPSD_Strategies_for_SD.pdf).

### Box 5.1: Examples of the array of strategy approaches

*For addressing poverty reduction* – Poverty Reduction Strategy Papers (PRSPs) are the predominant approach, promoted by the World Bank (often as part of the requirement for securing debt relief). Many bilateral development agencies have accorded PRSPs a central place in their support to Southern countries. The World Bank's particular requirements have meant that existing "home-grown" poverty strategies may have been displaced and/or superseded by the PRSPs.<sup>(a)</sup>

*For environmental conservation* – The environmental conventions spawned by the 1992 UN Earth Summit each demand some form of national response. The predominant frameworks include National Biodiversity Strategies and Action Plans under the CBD; National Communications on climate change under the FCCC; National Action Plans on desertification under the CCD; and National Forest Programmes to implement the IPF Proposals for Action. In some countries, frameworks that were developed in the 1980s and early 1990s – National Environmental Action Plans and National Conservation Strategies – are still in operation. These do not relate to international obligations, but national environmental action plans are often strongly associated with the World Bank.

*For an integrated approach to sustainable development* – Three recognized frameworks are predominant, and one "organic" option has

emerged in practice.

- ◆ At local level, Local Agenda 21s have been developed in over 6,400 local districts or municipalities as the means to put Agenda 21 into action. Some of these have led to significant innovation and changed behaviour.
- ◆ The national-level equivalent is the National Sustainable Development Strategy (NSDS), but far fewer of these have been developed. There has never been a strong international political push for these, in spite of their centrality to Agenda 21 recommendations and the international target agreed in 1997 at a UN Special Session (Rio+5), renewed at WSSD. Indeed there were no official UN guidelines until 2002.
- ◆ The World Bank's Comprehensive Development Framework (CDF) was introduced as the means to ensure integrated development. But this approach has now been largely subsumed under the international focus on PRSPs (CDF principles are applied in HIPC countries).

Other integrated approaches to sustainable development have developed more organically, most notably the evolution of environmental strategies (for example, Pakistan), which have progressively had to deal with social and economic issues during implementation, or through the evolution of national development plans, which have had to face up to pressing social and environmental concerns (as in Thailand).

<sup>(a)</sup> ODI (2001), *PRSP Institutionalization Study: Final Report*, submitted to the Strategic Partnership with Africa, 15 October 2001.

SOURCE: OECD/UNDP (2002), *Sustainable Development Strategies: A Resource Book*, prepared by Barry Dalal-Clayton and Stephen Bass, IIED, for the Organization for Economic Cooperation and Development and United Nations Development Programme, Earthscan Publications, London.

mainstream decision-making systems (notably, government economic planning and private sector investment decisions). Potential incentives for local institutions and mechanisms to contribute to, or make use of, the strategy are missed. The results are often not more than "planners' dreams", with little political, civil society or business commitment and demand for further action.



“There are often few links between policy and on-the-ground realities, so that policy debate is unable to learn from the field, and people in the field cannot participate in debate”

- ◆ **Inadequate learning from real life:** There are often few links between *policy* and *on-the-ground realities*, so that policy debate is unable to learn from the field, and people in the field cannot participate in debate. As a result, opportunities to link progress in both areas are missed. Donors will need to ensure that efforts to implement the MDGs do not fall into the same trap but are built around learning processes that enable full stakeholder participation to identify needs and priorities, generate consensus on ways forward, and track what works.
- ◆ **Not enough prioritization:** Many strategies are little more than wish-lists, lacking clear *priorities* or achievable *targets*. The determination of many strategies to be comprehensive is a source of both strength (awareness of linked issues) and weakness (lack of focus). This is partly due to inadequate research to inform priorities and solutions (as discussed in more detail later) or to the progressive removal of research from the priority-setting process. As a result, usually, no one is interested in, or feels responsible for, the complete wish list, and those at the “centre” feel paralyzed by too many proposals.
- ◆ **Lack of ownership:** There is often a very narrow base of *participation*, usually due to a lack of time and resources, no recognized means of identifying the stakeholders that count most, and weak rules and institutions on participation processes and outcomes. Any participation is often late in the process. As a result, consensus is forced, fragile or partial, and few people feel a sense of “ownership”.
- ◆ **Poor data and analysis:** The *information base on natural resources and other environmental issues* is usually inadequate and often out of date or inaccurate (Box 5.2). Old analyses are repeated and dubious assumptions are not challenged. *Analytical methodologies* are often not up to the holistic tasks, or are inadequately tried, tested and trusted. Existing *sources of (local) knowledge* are often overlooked in favour of the analyses of (external) strategy consultants.

### Box 5.2: The lack of environmental information in Southern Africa

While there is a wealth of documentation on the environment in the countries of Southern Africa, a significant proportion of the data which they report has not been “ground-truthed” by field observations, but is based on information from other sources, and there is often uncertainty about the reliability of data in the original sources. This means that questionable information continues to be given currency without checking, and various “environmental myths”, which they are used to support, such as the extent and seriousness of land degradation in the region, are perpetuated.

In practice, for many environmental factors for which reliable data are required to assess trends meaningfully, key data are lacking or available data are questionable. In some cases, the problem is more one of “invisible information” – i.e. information exists, but it is dispersed, inaccessible (even kept secret) or unrecognized. A key challenge in addressing many sectoral and cross-sectoral information issues is to think creatively about accessing hidden and unconventional information sources, as well as making obvious existing information more useful.

SOURCE: Dalal-Clayton, D B (1997), “Southern Africa beyond the millennium: environmental trends and scenarios to 2015”, *Environmental Planning Issues* No 13, IIED, London.

As a result, the credibility of what is recommended is often low because the information base is not measured in terms of its relevance, utility and accountability to local stakeholders. In the earliest environmental strategies, such as the National Conservation Strategies and the National Environmental Action Plans, analysis was quite innovative, as there were fewer imposed norms and frameworks. But in the worst cases, pieces of “analysis” from one country strategy were “cut and pasted” into another country strategy; these served more to push the point of view of the external “drivers” of the strategy than to assess local needs and solutions.

These common failings have discredited the concept of “national strategies”, and the term has begun to be synonymous with external concepts rather than locally owned policy processes and commitments. Yet, the transition to sustainable development **will** require some kind of coordinated, structured – strategic – response that deals with priorities, that can manage complexity and uncertainties, and that encourages innovation. Tackling the knowledge limitations will be a key part of this.

New thinking on national<sup>(4)</sup> strategies for sustainable development has emerged from this work. This emphasizes

4. “National” is used to mean within the nation, and to be country owned and at multiple levels – from national to local.

**Table 5.1: Changing approaches to strategies**

FROM:	TO:
Develops and implements a single “master plan” for sustainable development (that gets increasingly out of date)	Builds a system of coordinated mechanisms and processes dealing with sustainable development priorities step by step
Fixed ideas and solutions	An adaptive, learning system offering coherence between activities
One-off initiative	A continuous process
Management based on precedent or evidence only	Management also drawing on experimentation and managing uncertainty
State alone is responsible	Society as a whole is responsible
Narrow participation	Multi-stakeholder approach
Focus on outputs (projects, laws, etc.)	Focus on outcomes (impacts) and the quality of participation and management processes
Sector-based research and planning	Partnerships and integrated research and planning
Focus on costly “projects” (and a consequent dependence on external assistance)	Focus on cost savings and domestically driven and financed investment and development

SOURCES: Adapted from OECD/UNDP (2002), *Sustainable Development Strategies: A Resource Book*, prepared by Barry Dalal-Clayton and Stephen Bass, IIED, for the Organization for Economic Cooperation and Development and United Nations Development Programme, Earthscan Publications, London; also Dalal-Clayton, D B and S Bass (2002), “Recent progress and new thinking on strategies for sustainable development”, Paper presented at the annual meeting of the International Association for Impact Assessment, 15–21 June 2002, The Hague, IIED, London.

multi-stakeholder processes, continuous learning and improvement, and effective mechanisms for coordinating strategic planning as captured in the following definition of a strategy:

*“A coordinated set of participatory and continuously improving processes of analysis, debate, capacity-strengthening, planning and investment, which seeks to integrate the short- and long-term economic, social and environmental objectives of society – through mutually supportive approaches wherever possible – and manages trade-offs, where this is not possible.”<sup>(5)</sup>*

National strategies for sustainable development can offer **systems** to integrate many initiatives – and keep sustainable



“Old notions of strategies as perfectionist ‘master plans’, which are invariably imposed from outside, are being dispensed with, and new thinking recognizes the need to build on approaches that actually work”

development on everyone’s agenda. Old notions of strategies as **perfectionist “master plans”**, which are invariably imposed from outside, are being dispensed with, and new thinking recognizes the need to build on approaches that actually work. Table 5.1 highlights these changing approaches; it is worth noting how much this table has in common with Table 2.1, which highlighted the gap between what international donors find easy to fund for poverty reduction and what actually works best on the ground. Success in implementing the MDGs depends on international agencies understanding the need for these shifts in approach.

In building effective systems and processes, governments in each country will need to identify and strengthen those mechanisms that they have found most effective in understanding and debating sustainable development issues, in planning experiments, in changing policy towards sustainable development and associated roles, and in monitoring sustainable development in ways that lead to improved action. In some countries, conservation strategies, environmental action plans, green plans and similar approaches have offered some of these mechanisms. But there have been other sources of innovation too – especially in the regular planning system, in corporate investment, in public–private partnerships, and in community development and decentralization initiatives. These other initiatives respond to different everyday pressures – local as well as (increasingly) global – and are often not coordinated with one another. But they embrace some of the desirable characteristics of a strategy for sustainable development, if they can somehow be brought together.

### III. COMMON PRINCIPLES AND CHARACTERISTICS OF SUSTAINABLE DEVELOPMENT STRATEGIES

A set of principles has been established for National Sustainable Development Strategies,<sup>(6)</sup> and agreement reached on a number of characteristics common to all such

6. OECD DAC (2001), *op. cit.*



“The particular label applied to a national sustainable development strategy is not important as long as the common characteristics of the strategy are adhered to”

strategies in all nations.<sup>(7)</sup> These principles and characteristics can be summarized as:

- ◆ integration of economic, social and environmental objectives;
- ◆ coordination and balance between sector and thematic strategies and decentralized levels, and across generations;
- ◆ broad participation, effective partnerships, transparency and accountability;
- ◆ country ownership, shared vision with a clear timeframe on which stakeholders agree, commitment and continuous improvement;
- ◆ developing capacity and an enabling environment, building on existing knowledge and processes;
- ◆ focus on priorities, outcomes and coherent means of implementation;
- ◆ linkage with budget and investment processes; and
- ◆ continuous monitoring and evaluation.

Although effective national sustainable development strategies have common characteristics, they can take different forms depending on national and local conditions. For example, established frameworks such as a National Vision, a National Agenda 21, a Poverty Reduction Strategy or a Comprehensive Development Framework can all provide a good starting point. The particular label applied to a national sustainable development strategy is not important as long as the common characteristics of the strategy are adhered to.<sup>(8)</sup>

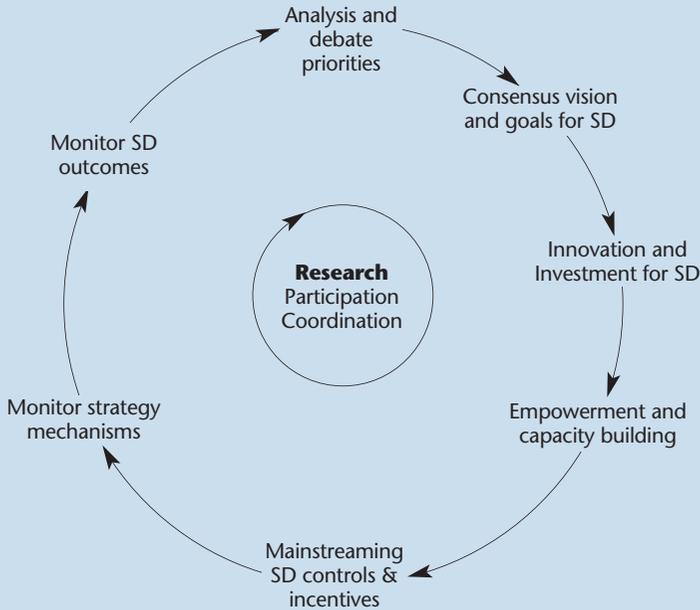
#### IV. STRATEGIES SHOULD BE LEARNING SYSTEMS

The emphasis within sustainable development strategies is now on demand-driven processes rather than on top-down agendas. “Strategy” is increasingly being used to imply a

7. UN DESA (2001) and (2002), *op. cit.*

8. UN DESA (2002), *op. cit.*

**Figure 5.2: A “continuous improvement” approach to sustainable development strategies**



SOURCE: OECD/UNDP (2002), *Sustainable Development Strategies: A Resource Book*, prepared by Barry Dalal-Clayton and Stephen Bass, IIED, for the Organization for Economic Cooperation and Development and United Nations Development Programme, Earthscan Publications, London.

continuous (or at least iterative) learning system to develop and achieve a shared vision, rather than a one-off exercise (Figure 5.2). The associated challenges are now more clearly about governance and institutional change; about generating awareness; about building relationships between government, civil society and the private sector; about reaching consensus on values; about building commitment; about creating an environment with the right incentives; and about working on shared tasks – and doing so at a pace with which stakeholders can cope. The means to do this involves integrated systems of participation, analysis, debate, experiment, prioritization, transparency, monitoring, accountability and review. All countries will have some elements of these systems within existing strategic planning mechanisms. The challenge is to find them, bring them together and strengthen them.



“Putting a National Sustainable Development Strategy into operation would, in practice, probably consist of using promising existing processes as entry points”

Putting a National Sustainable Development Strategy (by whatever label) into operation would, in practice, probably consist of using promising existing processes as entry points, and strengthening them in terms of the key principles and characteristics listed above.

## V. ESTABLISHING A COORDINATED SYSTEM

A national strategy should be seen as a set of coordinated mechanisms and processes which operate at national to local levels in an integrated way to implement the above principles and help society work towards sustainable development, and not as “master plans” developed just at national levels (which usually ignore local needs and priorities and which rapidly get out of date). This will help improve convergence between existing strategies, and will avoid duplication, confusion and straining developing country capacity and resources. It should help build effective links and synergies in policy-making and decision-taking between local and national levels – something that is lacking in almost all countries but which is vital to realizing the MDGs and progressing towards sustainable development. Indeed, a sustainable development strategy may best be viewed as a ***system comprising various components***:

- ◆ regular multi-stakeholder fora to debate issues connected with realizing the MDGs and achieving sustainable development, and means for negotiation at different levels – from national to local – with links between them so that they can inform and learn from each other and work together;
- ◆ a shared vision for realizing the MDGs in particular, and sustainable development more broadly, developed through such fora, incorporating broad strategic objectives;
- ◆ a set of mechanisms to pursue these objectives in ways that can adapt to change (notably an information system with key sustainable development indicators; communication capabilities; analytical processes; international engagement; and coordinated means for



policy coherence, budgeting, monitoring and accountability). Such mechanisms will need to operate across the local to national spectrum and be designed, developed/adapted and tailored according to specific needs and capacities at different levels;

- ◆ strategic principles and locality- or sector-specific criteria, indicators and standards adopted by sectors and stakeholders, through legislation, voluntary action and market-based instruments;
- ◆ pilot activities – from an early stage – to generate learning and commitment. Most of these should be locally rooted and address real community needs so that citizens can see that sustainable development approaches are working and feel that their engagement in developing a strategy is worth their effort;
- ◆ a secretariat or other facility, with clear authority and powers, to coordinate these mechanisms; and, finally,
- ◆ a mandate for all these activities from a high-level, central authority such as the Prime Minister’s office and, to the extent possible, from community, citizens’ business organizations. Such a mandate, with official government backing as well as support from civil society and the private sector, is vital if a sustainable development strategy is to be implemented effectively.

## VI. THE NEED TO BUILD AND USE KNOWLEDGE

Sustainable development, in general, and the MDGs in particular, require continually updated understanding of many issues. As noted earlier, the priorities and solutions set out in many strategies for sustainable development have failed to take account of available knowledge – and particularly local knowledge – and have not been based on adequate research, particularly local analyses of needs, priorities and knowledge. In practice, much knowledge already exists, but needs to be identified, applied and kept under review. Equally, there are major data gaps and particularly so for local data for most localities.

### Box 5.3: Scope of knowledge needed for sustainable development to support progress towards the MDGs

#### Understanding poverty in its various dimensions:

As Chapter 2 described, there are many aspects to poverty with complex interlinkages between many of them. Attention needs to be paid to poor people's access to financial, physical, natural, social and human assets; their conditions of vulnerability, resilience and opportunity; their associated rights and powers; and well-being relative to others. Both aggregate and stratified information is needed. Of particular importance is understanding the nature of chronic poverty, i.e. identifying those people or groups who seem "immune" to development efforts from one generation to the next.

#### Understanding environmental conditions:

The extent of particular ecosystems and their productive capability (yields or waste assimilation capacity), diversity and current use; and both the potential hazards they face and the actual degradation being caused. It is especially important to identify the status of ecosystems of importance to human well-being and to the main economic sectors (e.g. farm systems, or air and water quality), and to identify those under most threat.

#### Understanding multiple links between poverty and environmental conditions:

There are few simple, linear and one-way

relationships. At one time, it was widely assumed that poor people were a major contributor to environmental degradation, even though their "poverty" was often related to their lack of access to environmental resources. Now it is generally realized that people are poor because they do not have effective access to environmental resources and other benefits and to means to sustain them; also, that most environmental degradation is linked to the consumption patterns of non-poor groups (especially high-income groups) and the production structures that serve them. But simple development myths are still bandied about in the absence of dynamic and locally specific information. Isolating the major causes of environmental degradation or environmental health risks is nearly always a matter of long-term research, independent from any vested interests, coupled with transparent debate processes and a high-level mandate to get to the (sometimes ugly) truth.

#### Understanding change and possible future scenarios:

Uncertainties abound but one thing is certain: sustainable development will not be described by the end-point illustrations offered in the average sustainable development strategy. Change is constant in economic, social and environmental systems, and dis-equilibrium is often on the increase,

Underlying assumptions or "myths" need to be tackled. Gaps in knowledge need to be identified. Processes of innovation need to be generated when new problems emerge. Particular programmes to capture knowledge need to be put in place in order to organize the exploration of this vast terrain. Box 5.3 outlines what such knowledge-building needs to cover. And those who hold knowledge, particularly at local levels, need to be brought into strategy and decision-making processes so that their knowledge can be incorporated.

It is clear that there are both needs and the potential for improving the links between knowledge generation, policy development and sustainable development practice.

especially in small and vulnerable communities and countries. Sustainable development requires the ability to assess vulnerabilities and sources of resilience in relation to uncertain changes. Scenario planning provides rigour to test resilience (it is not a forecasting exercise). Yet, sustainable development research too often bases its conclusions on existing conditions or (at best) an extrapolation of current trends.

**Understanding stakeholder powers, capacities, needs and motivations:** An assessment of the particular powers (or lack of them) of stakeholders is crucial both to an understanding of each sustainable development issue (who are the dominant, the marginalized and the excluded), and to the structuring of strategy processes (who needs to be involved to remedy problems and realize opportunities).

**Understanding policy and decision-making processes:** including the institutional, legislative and administrative drivers and dynamics of development at all levels. In sustainable development strategies, for example, stakeholders establish an intention to undergo a participatory process to renegotiate goals and their own roles in achieving them. Research is needed to identify which are the most promising existing mechanisms for this.

Subsequently, the strategy process itself, and all of its components, need to be well understood for the strategy to keep on track.

**Understanding practice – the impacts of “solutions”:** There is a vast range of field-based innovation at the interface between economic, environmental and social systems. Much more effort is needed to assess such innovations, their impact and the conditions that make them a success. This helps to avoid the cult of the “local success story”, the “miracle cure” or the “demon to be exorcised”. It is too easy to say “this local project is good, so we’ll have a hundred more of them” without understanding the particular context and enabling policy and institutional conditions. Policy should be improved by knowing what works on the ground, why, where and when.

**Understanding and testing theories of the development process:** Development agencies tend to favour fashions and miracle solutions, which are replete with assumptions. “Sustainable development” itself can be viewed as an hypothesis – requiring research to establish the right integration and trade-offs, to assess impacts, to review whether the process has worked, to make adjustments as necessary, and to revisit assumptions, fashions and theories.

SOURCE: Dalal-Clayton, D B and S Bass (2002), “Recent progress and new thinking on strategies for sustainable development”, Paper presented at the annual meeting of the International Association for Impact Assessment, 15–21 June, The Hague, IIED, London.

**Strategy processes** that effectively link all the centres of debate and decision-making – government, business and civil society – on a continuing basis will lead to demand for relevant sustainable development knowledge generation.

**Information-building and research programmes** that bring together many sources of knowledge in effective inter-disciplinary methodologies – on a continuing basis – will lead to better strategies.

A practical approach for doing this is the “continuous improvement” framework (Figure 5.2) that integrates knowledge-building and policy actors in a step by step, learning and adaptation process of change, driven by multi-stakeholder groups.



**“There are limits to what even the best corporations and NGOs can do on their own, especially in the absence of a forum to debate integration and trade-offs with one another, and with government”**

## VII. SEIZING THE OPPORTUNITY

Sustainable development strategies emerged as a fundamental issue at WSSD, when countries and organizations gave considerable thought to how they might organize themselves to address the MDGs and implement the agreements embedded in the WSSD Plan of Implementation. The guidance offered by the OECD and UN<sup>(9)</sup> provides a timely and effective way forward at national and local levels. It offers a “fitness for sustainable development” diagnostic and a “gap analysis” to identify processes and mechanisms that are missing. Because national strategies are now understood as being based on what works from civil society, private sector and government sources, they should be able to spur countries into real institutional change, by clarifying the issue as one of “identify and scale-up” rather than one of “start again”. Because the new thinking on national strategies treats national environmental action plans, poverty reduction strategies, comprehensive development frameworks, etc. as optional means to an end rather than as ends in themselves, it encourages an inclusive approach that should be able to defuse tensions between these “branded” initiatives. By emphasizing integration with budget/investment processes, and by seeking clarity of goals and evidence of priorities, effective strategy processes are also more likely to attract investment than in the past.

National strategies can provide many “entry points” for concerned civil society and business groups. Many such groups are seeking effective means of engagement with one another and with government. There are limits to what even the best corporations and NGOs can do on their own, especially in the absence of a forum to debate integration and trade-offs with one another, and with government. It is clear that the emerging, pragmatic approach to national strategies has dispensed with the notion of a government-led plan, and has replaced it with a government-facilitated process. This process integrates many functions (debate,

9. OECD DAC (2001), OECD/UNDP (2002) and UN DESA (2002), *op. cit.*



information-gathering, analysis, decision-making, experimentation, role changes, policy changes, monitoring and review), and incorporates principles of inclusiveness and innovation; thus, it is an efficient and equitable way of bringing together concerned groups. In short, it offers a practical way of keeping sustainable development on everybody's agenda.

This chapter argues that national sustainable development strategies that are genuinely domestically owned and driven offer a key vehicle for achieving the MDGs, not only by providing a framework for achieving MDG7 but also by allowing for an integration of sustainable development concerns into the other MDGs. But, in reality, there remains a tendency among international agencies to press "external frameworks" onto governments (Figure 5.1). It is extremely important that all strategic planning and decision-making frameworks (domestically or externally driven) support local processes that deliver the MDGs for local communities, e.g. local processes that are inclusive, incorporate and build on local knowledge, that address poverty reduction, and recognize that there are many real conflicts at the local level for which the best local fits need to be brokered.



# 6

## Feeding the future? Agri-food systems and the Millennium Development Goals

John Thompson

### I. INTRODUCTION

Ridding the world of hunger is a complex goal involving many interrelated factors. No single economic, political or technological approach offers the solution. Yet, there is sufficient evidence to suggest that investments in and improvements to the agri-food system can make significant contributions to attaining several of the MDGs. It not only provides most food and many inputs into industry but is the sector from which most of the rural poor derive their incomes. Urban agriculture also provides a significant proportion of the urban poor with part of their income or food.<sup>(1)</sup> As Chapter 2 notes, prosperous agriculture can create many income-earning opportunities in urban centres, for both rural and urban households. As agriculture depends heavily on the natural resource base, it influences environmental sustainability. The performance of the

1. Smit, Jac, Annu Ratta and Joe Nasr (1996), *Urban Agriculture: Food, Jobs and Sustainable Cities*, Publication Series for Habitat II, Volume One, UNDP, New York, 302 pages.



**“If we are to attain the goal of reducing food insecurity by half, we will need a much better understanding of the key dynamics and driving forces affecting agri-food systems in different regions”**

sector is also closely linked to human health, both through its contribution to food supplies and to livelihoods.

## II. REDUCING RURAL POVERTY AND FOOD INSECURITY

Hunger persists because food-insecure people are unable to obtain access to the food that is available or to the land and other natural resources that would allow them to grow it. Although the quality and accuracy of global statistics on poverty is in doubt, as discussed in Chapter 2, most of the poorest households live in rural areas.<sup>(2)</sup> Smallholder farmers dependent on rain-fed agriculture, pastoralists, artisanal fisherfolk, landless labourers, indigenous people, people in female-headed households, displaced people, and, in all categories, women are generally the rural people most affected by poverty.

Agreement was reached at the 1996 World Food Summit to take concerted action to reduce the number of food-insecure people by one-half, by no later than 2015, a goal reaffirmed at the 2000 Millennium Summit. At the current rate of progress, the number of food-insecure people will fall by only 24 per cent by that date.<sup>(3)</sup> If we are to attain the goal of reducing food insecurity by half, we will need a much better understanding of the key dynamics and driving forces affecting agri-food systems in different regions – particularly those in complex, diverse, risk-prone environments where large numbers of poor people reside.

### Key MDG Targets Aimed at Reducing Rural Poverty and Food Insecurity

- ◆ Halve, between 1990 and 2015, the proportion of people whose income is less than US\$ 1 per day
- ◆ Halve, between 1990 and 2015, the proportion of people who suffer from hunger

2. However, many will derive part of their incomes from seasonal work in urban areas or from remittances from one or more family members working in urban areas.

3. Von Braun, J (2003), “Action to Address World Hunger”, Statement by Dr Joachim von Braun, Director General, International Food Policy Research Institute (IFPRI), prepared for presentation to The Committee on Foreign Relations, United States Senate, 25 February 2003; <http://foreign.senate.gov/testimony/2003/VonBraunTestimony030225.pdf>



A substantial body of research shows that food insecurity and poverty are strongly correlated.<sup>(4)</sup> Poverty is the main cause of food insecurity, and hunger is a significant cause of poverty. Food insecurity and malnutrition reduce poor people's productivity and impair their ability to develop skills and capacities to solve their own problems. It inhibits children's learning. If progress is to be made towards achieving the MDGs, much effort is needed to address the long-run causes and dynamics of poverty, and to put in place the policies and practices that effectively reduce poverty, rather than more narrowly reducing undernourishment or boosting food production.

### III. AGRICULTURE AND PRO-POOR GROWTH – LOOKING FOR THE TRIPLE “WIN”

A prosperous agriculture that benefits smallholders brings many advantages to national economies. It brings benefits to large numbers of the poorest households – both the smallholders and the many livelihoods that depend on forward and backward linkages with agriculture (supplying inputs and machinery to farmers, transport and marketing, credit, industries that draw on agricultural produce, etc).<sup>(5)</sup> Nearly one-quarter of GDP in low-income countries is agriculturally related, and the figure would be higher if consideration were given to all the goods and services that depend on agriculture or on demand from farmers. The key issue is not only to increase food production and agricultural productivity but to do so in ways that are pro-poor.

Making agricultural growth “pro-poor” requires:

- ◆ a more equitable distribution of land ownership or the right to use land, and of the right to access water;
- ◆ policies and public investments that do not discriminate against small and medium farms and rural enterprises;
- ◆ cost-reducing and resource-conserving technologies;

“Poverty is the main cause of food insecurity, and hunger is a significant cause of poverty. Food insecurity and malnutrition reduce poor people's productivity and impair their ability to develop skills and capacities to solve their own problems”

4. FAO (Food and Agriculture Organization of the United Nations) (2002), *The State of Food Insecurity in the World 2002*, FAO, Rome; <http://www.fao.org/docrep/005/y7352e/y7352e00.htm>

5. DFID (UK Department for International Development) (2002), *Better Livelihoods for Poor People: The Role of Agriculture*, DFID, London.



- ◆ agricultural services and markets that work for all;
- ◆ reasonable infrastructure and education; and
- ◆ for many crops, the removal of trade barriers around the markets of high-income nations and of the large subsidies to rich-income nation farmers (as discussed in Chapter 8).

Government has a crucial role to play in promoting pro-poor agricultural growth. It can:

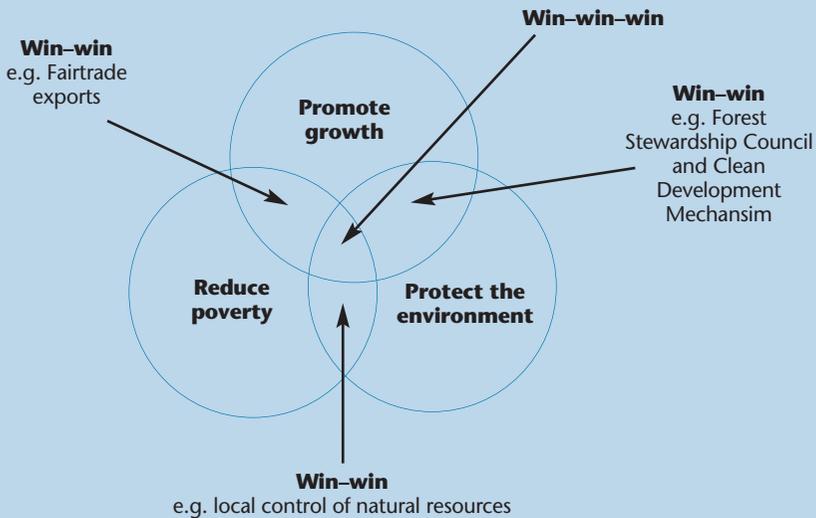
- ◆ promote more pro-poor land distribution, property rights and land markets;
- ◆ ensure small farmers have access to key inputs and markets;
- ◆ invest in agricultural research and development that responds to the needs and priorities of small farmers; and
- ◆ provide targeted input subsidies to boost productivity.

Assisting the poor to find agriculturally based pathways out of poverty depends on increasing their access to key assets, improving the productivity of those assets, and reducing risk and uncertainty and increasing their ability to cope with shocks and stresses. One particularly important determinant for improving the well-being of the rural poor and improving the performance of agri-food systems is investing in women.

#### **IV. PROMOTING GENDER EQUALITY AND EMPOWERMENT OF WOMEN**

Women are responsible for half of the world's food production and between 60 and 80 per cent of the food produced in most low- and middle-income nations.<sup>(6)</sup> Not only are women the mainstay of agricultural production, they are also largely responsible for post-harvest activities. Their specialized knowledge about natural resources also makes them essential custodians of agricultural biodiversity.

6. FAO (2003), *FAO Gender and Development Plan of Action (2002–2007)*, FAO, Rome; [http://www.fao.org/sd/2002/PE0103\\_en.htm](http://www.fao.org/sd/2002/PE0103_en.htm)

**Figure 6.1: The win-win-win in agriculture**

But women's contribution is continually under-appreciated and under-supported, and is often adversely affected by prevailing economic policies and other development conditions. Sustainable rural development through agriculture cannot be achieved without the full participation of women.

## V. ACHIEVING ENVIRONMENTAL SUSTAINABILITY

The natural resource base of suitable land, water, forests and biodiversity largely determines the potential of agriculture. These resource endowments have a major influence on human activity in agriculture and, in turn, are affected by them. Historically, agricultural development policies responded only to the need for food. Much later, they sought to respond to poverty-reduction mandates as well. **Now agricultural policies must seek to simultaneously help meet the triple objectives of poverty reduction, food security and environmental sustainability, to create a "win-win-win" situation** (see Figure 6.1).

Most of the land suitable for agriculture is already in



**“To avoid achieving food security at the expense of the environment, farmers must intensify agricultural production in a sustainable way, by achieving a higher yield per unit of land and water over time”**

production, so meeting current and future food requirements will require rapid increases in productivity to avoid an undesirable expansion onto fragile and marginal lands. There is widespread concern that deforestation and land degradation are severely diminishing the potential of ecosystems. The main causes of these conditions go well beyond agriculture, although agriculture does have a central role: when policies are inappropriate, such as when property rights are insecure or when perverse subsidies distort the production system, unsustainable agricultural practices are often used.

Biodiversity supports the production of an ecosystem’s goods and services essential for life as well as for many cultural values. Improving crops, livestock and feeds, increasing soil fertility, and controlling pests and diseases often depend on these resources. However, increasing population pressure, deforestation and unsustainable agricultural practices are contributing to degradation of these key assets.

To avoid achieving food security at the expense of the environment, farmers must intensify agricultural production in a sustainable way. That is, they must achieve a higher yield per unit of land and water over time. This needs concomitant improvements in institutional support, infrastructure, incentives and inputs. Secure property rights and other policies offering poor farmers incentives for investing in resource management, as well as access to yield-increasing and resource-conserving technologies, are critical. Policies should also serve to raise the value of forests and pastures and offer incentives for sound management. The productivity and sustainability of alternative farming practices, including organic agriculture, require additional investments to enhance their viability.

**Land management.** Soil degradation reduces agricultural productivity and affects about 25 per cent of the world’s agricultural land. Between 5 and 12 million hectares of arable land are lost each year as a result of salinization, flood-induced erosion or nutrient mining.<sup>(7)</sup> These factors



also reduce productivity on an estimated additional 20 million hectares annually.<sup>(8)</sup> Water and wind account for 80 per cent of all erosion.<sup>(9)</sup> Slow-onset disasters caused by soil fertility decline are real possibilities in the fragile lands of some regions. Research is needed on policies for landscapes and land use that protect soil fertility, promote integrated nutrient management, ensure that poor farmers have information about plant nutrient use in various production systems, and foster efficient and effective plant nutrient markets.

**Water management.** Water is obviously indispensable for agriculture and its availability is central to agricultural development. But freshwater supplies are unevenly distributed both regionally and among certain marginalized populations, and many regions are water stressed. Agriculture is the largest user of water, accounting for more than 70 per cent of total freshwater withdrawals globally and between 87 and 95 per cent in low- and middle-income countries.<sup>(10)</sup> Current water use by agriculture may not be sustainable because of both scarcity and competition for use from other sectors such as human consumption, health, sanitation and industry.

Worldwide, about 250 million hectares of land are under irrigation. Irrigation helps to boost yields and stabilize food production and prices. Over the next few decades, however, water withdrawals for domestic and industrial uses will increase, especially in growing economies, and this may be at the expense of agriculture and of water quality. A scenario of worsening trends in water availability and investment could lead to problems of scarcity in several risk-prone regions, with a 10 per cent decline in cereal production from projected levels.<sup>(11)</sup> This decline would be

“Current water use by agriculture may not be sustainable because of both scarcity and competition for use from other sectors such as human consumption, health, sanitation and industry”

7. Wiebe, K (2003), “Linking land quality, agricultural productivity and food security”, *Agricultural Economic Report No (AER823)*, Economic Research Service, US Department of Agriculture, Washington, DC; <http://www.ers.usda.gov/publications/aer823/>

8. WRI (World Resources Institute) (2003), *Disappearing Land, Soil Degradation, Sustainable Development Information Service – Global Trends*, WRI, Washington DC; <http://www.wri.org/trends/soilloss.html>.

9. Wood, S, K Sebastian and S J Scherr (2001), *Pilot Analysis of Global Agro-Ecosystems*, a joint study by International Food Policy Research Institute and World Resources Institute”, IFPRI and WRI, Washington DC. <http://www.ifpri.org/pubs/books/page/agroeco.pdf>

10. Rosegrant, M W, X Cai and S A Cline (2002), *World Water and Food to 2025: Dealing with Scarcity*, International Food Policy Research Institute, Washington, DC.



“Water availability and access to water are global public goods. However, making the best policy choices is often dependent on the particular context of the location, the river basin and the institutions already in place”

the equivalent to the annual loss of the entire Indian cereal crop. The resulting price increases would hurt poor consumers disproportionately.

New institutional and policy changes are needed to improve water-use efficiency and allocation among competing users. Required policy reforms may include establishing secure and tradable water rights; decentralizing water management functions and increasing user involvement; and setting incentives for conservation, such as pricing reform, reduction and targeting of subsidies and pollution charges. Water availability and access to water are global public goods. However, making the best policy choices is often dependent on the particular context of the location, the river basin and the institutions already in place.

Obviously, good forest management and marine management are central to food production and to prosperous pro-poor economies – as discussed in Chapter 4. Marine management has particular importance for livelihoods and for high quality food supplies. Since staple foods are often protein-deficient, poor people can improve their diet by adding fish, which are rich in protein. Approximately 50 million women are employed in this sector.<sup>(12)</sup> Access to resources within the 200-mile exclusion zones of coastal states has brought new opportunities and valuable social and economic assets under their control. But problems with depletion of fish stocks due to over-fishing and pollution of marine environments will have to be addressed if this important resource is to be sustained.

**Coping with climate change.** Scientists now generally agree that increased atmospheric concentration of carbon dioxide and other greenhouse gases is causing significant warming of the earth’s atmosphere. Climate change will have many important implications for agriculture. Some research suggests that growing conditions will deteriorate in tropical areas, and perhaps even in some temperate

11. Rosegrant et al. (2002), op. cit.

12. White, S (1999), “Women’s employment in the agro and food-processing sector: South Asia and East Africa”, draft report submitted to the Aga Khan Foundation Canada; <http://www.wiego.org/papers/white.pdf>



zones.<sup>(13)</sup> Adaptation in agricultural systems can help mitigate global warming through, for example, improved nitrogen-use efficiency, reduced nitrous oxide emissions, improved water-use efficiency, and sequestration of carbon through cropland, forest and pasture management strategies. The challenge for agri-food policy is to design effective insurance schemes and offer practicable options to ensure poor farmers have access to climate forecasting and other tools that help manage risks. Research is needed to better understand how technology, trade, and formal and informal insurance can help facilitate global and local adaptation to climate change.

## VI. CONTRIBUTING TO HUMAN HEALTH

By improving incomes and nutrition, gains in agricultural productivity can contribute much to reducing infant and child mortality, hunger and the proportion of below-poverty-line incomes. They also contribute much to learning (malnourishment severely impedes children's learning) and it is often the savings from agriculture that provide the means to meet expenses relating to educating children.

Agricultural practices can also have negative effects on human health and education. For example, overexposing adults and children to toxic agro-chemicals, and harmful forms of child labour in both family and commercial settings are significant problems. In addition to exposure to dangerous chemicals, children may suffer long working hours, lack of access to education, very low or no pay, and injury due to heavy loads and dangerous machinery. If children must work to support themselves or their families, they should be assisted with programmes that reduce the physical risks they face and provide leisure time, flexible schooling, and fair pay.

**“By improving incomes and nutrition, gains in agricultural productivity can contribute much to reducing infant and child mortality, hunger and the proportion of below-poverty-line incomes”**

13. Fischer, G, M M Shah and H T van Velthuizen (2002), *Climate Change and Agricultural Vulnerability*, a joint report of the International Institute for Applied Systems Analysis and FAO, IIASA, Laxenburg, Vienna; <http://www.iiasa.ac.at/Research/LUC/JB-Report.pdf>; also CGIAR (Consultative Group on International Agricultural Research) (2000), *CGIAR Annual Report 2000: The Challenge of Climate Change: Poor Farmers at Risk*, CGIAR Secretariat, The World Bank, Washington DC; <http://www.worldbank.org/html/cgiar/publications/annreps/cgar00/cgar00txt.pdf>



**“The emphasis on a well-governed trading system and strong private sector involvement is vital if agriculture is going to make a significant contribution to pro-poor growth and economic development in the coming decades”**

Agriculture and health are also related to efforts to combat HIV/Aids, malaria and other diseases. Poor people and farming communities have been particularly hard hit by HIV/AIDS: about 60 per cent of HIV-positive sub-Saharan Africans are women. Given women’s pre-eminent role in food production and preparation, this fact is likely to exacerbate food insecurity in the region.

## **VII. GOVERNANCE, TRADE AND MARKETS**

Goal 8 of the MDGs calls for building “A global partnership for development”, and seeks to promote an open, rule-based trading and financial system, with more generous aid to countries committed to poverty reduction, and relief for debt repayment difficulties. It also calls for cooperation with the private sector to address youth unemployment, and make available the benefits of new technologies. The emphasis on a well-governed trading system and strong private sector involvement is vital if agriculture is going to make a significant contribution to pro-poor growth and economic development in the coming decades.

Yet, today, much of global agriculture is characterized by polarization and economic marginalization, paralleled by a decline in agriculture’s ability to serve its multiple roles in sustainable development. Addressing the causes of economic marginalization is key to making the multifunctional role of agriculture a reality, and to building the resilience of agriculture and the rural and urban households whose livelihoods depend on a prosperous agriculture.

Liberalization of trade in agriculture and the withdrawal of the state from intervention in domestic markets means that price and quality standards are set by international markets. Agriculture that is oriented towards both the export sector and internal markets must, increasingly, turn out products at a similar cost and quality to those that can be bought on the world market. Those markets are undergoing rapid change, with closed commodity chains rapidly replacing wholesale or spot markets.



Highly concentrated food-processing, retail and food service industries at the end of these chains are reducing their supply base and demanding increasingly stringent levels of quality, compliance with standards and codes of conduct, and post-production service from their suppliers. As buyer power increases, so barriers to entry for smallholders become more daunting. Only a small fraction of the rural world has the capitalization, infrastructure, technical expertise and market information to meet the requirements of shippers, processors and retailers. And even for this highly capitalized group, it is difficult to prevent bargaining power (and therefore profitability) from being eroded as downstream agribusiness becomes ever more concentrated.

Conventional thinking has been that the position of smallholders, processors and agribusinesses in their national markets is stable and that the key issue, therefore, is how to gain access to the more profitable niches, mainly for export. The structure and governance of chains supplying out-of-season horticulture crops to Northern supermarkets are now quite well understood; less so chains supplying tropical commodities (e.g. coffee, cocoa), which are controlled by a relatively small group of large processors, manufacturers and traders.

Yet, a growing body of evidence is showing that the regional, national and local markets are themselves experiencing large transformations from imports and a cascade effect of the products from the modern domestic markets.<sup>(14)</sup> Domestic markets in liberalized economies increasingly have more in common with the export markets in terms of grades, standards, business practices, prices and ownership, so they are less of a refuge for the small players. Very little analysis has been focused on domestic competitiveness of small farmers against globally sourced goods, such as Thai rice in West Africa. But these changes are destabilizing markets for agricultural products, even in remote rural areas.

**“Domestic markets in liberalized economies increasingly have more in common with the export markets in terms of grades, standards, business practices, prices and ownership, so they are less of a refuge for the small players”**

14. Thompson, J, B Vorley and J Berdegúé (2003), *Re-governing Markets: Securing Small Producer Participation in Restructured National and Regional Agri-food Systems*, Sustainable Agriculture and Rural Livelihoods Programme, IIED, London.



“The same trends that create problems for small-scale agriculture and processing can also generate sustainable livelihoods for the poor”

Clearly, the drawbacks of globalization and liberalization have fallen disproportionately on the more fragile elements of rural societies. The distribution of the costs and benefits in rural societies is a factor of the relative access of different agents to the restructured markets (local, national and export).

Markets in many products are evolving towards **chronic oversupply**, on the one hand, and an **international division of power**, on the other. Real prices of agricultural products, for example, have halved over the last 25 years, while input costs have generally kept up with inflation – the “cost–price squeeze”.

Control of commodity chains by clusters of powerful downstream industries has profound impacts on primary producers, especially in weakening the link between commodity prices and consumer prices.<sup>(15)</sup> Downstream processors and retailers in an increasing range of sectors are demanding stringent levels of quality, compliance with standards and codes of conduct, and post-production service from their suppliers. Marginalization of small producers can even be hastened by the use of instruments designed to improve sustainability, in which a “chain of custody” for certified “sustainable” produce must be preserved from primary producer to end consumer. In this way, “pro-environment” may unwittingly become “anti-poor”.

Yet, the same trends that create problems for small-scale agriculture and processing can also generate sustainable livelihoods for the poor. They have exposed farmers, processors and rural enterprises to new opportunities as well as new forces of marginalization. Some benefits have accrued from these changes, such as breaking the monopolies of the traditional middlemen, connecting small farmers with lucrative distant markets, linking producers with the changing demands of expanding urban populations, increasing consumer choice and improving

15. Vorley, B (2003), *Corporate Concentration from Farmer to Consumer*, IIED for the UK Food Group, London.



“Greater efforts must be made to find the ‘keys to inclusion’ for small and medium producers, processors and traders in the global market place”

quality and lowering costs through competition. In India, for example, new research shows that large companies frequently must deal with smaller producers, as the top layer is soon exhausted, and market restructuring – including contract farming – can work to the benefit of small farmers.<sup>(16)</sup> Recent work by IIED and partners reveals that land-poor rice farmers in northern Thailand have organized themselves to negotiate a production contract with a potato processor and to manage a marketing system for other varieties of potato, and thus have been able to develop a highly profitable rice-potato system.<sup>(17)</sup>

If the MDG targets relating to reducing poverty and improving food security are to be achieved, agricultural and rural development policy must begin to anticipate (rather than lag behind) change, and greater efforts must be made to find the “keys to inclusion” for small and medium producers, processors and traders in the global market place.

16. Narayanan, S and A Gulati (2002), “Globalization and the smallholders: a review of issues, approaches and implications”, MSSD Discussion Paper 50, Markets and Structural Studies Division, International Food Policy Research Institute and the Rural Development Department, The World Bank, Washington DC; <http://www.ifpri.org/divs/mtid/dp/mssdp50.htm>

17. Gypmantasiri, P, S Sriboonchitta and A Wiboonpongse (2001), “Policies for agricultural sustainability in northern Thailand”, Country Case Study, *Policies that Work for Sustainable Agriculture and Regenerating Rural Economies*, IIED, London.



# 7

## How will West African countries meet the MDGs?

Camilla Toulmin and Bara Guèye<sup>(1)</sup>

***“For successful sustainable development, the focus and weight of effort must be at the level where integration really occurs, that is, in the lives and livelihoods of poor and excluded people. They must be central, not only as targets of development, but as analysts, designers and managers of the development process.”<sup>(2)</sup>***

### **I. INTRODUCTION**

The Millennium Development Goals (MDGs) provide clear global targets which are ambitious but also fairly tangible. They offer a clear commitment to much improving access to water, cutting maternal and infant deaths, getting kids into school and halving the number of people suffering hunger and poverty. This seems a practical agenda, with clear quantifiable targets against which to

**1.** This chapter draws heavily on work undertaken for the OECD's Sahel and West Africa Club. See Toulmin, C and B Guèye (2003), *Transformations in West African Agriculture*, OECD, Paris.

**2.** Conway, Gordon (2003), "The Paradoxes of Integrated Development", Keynote Address at the ECOSOC Brainstorming Dialogue Sessions: "Promoting an integrated approach to rural development in developing countries for poverty eradication and sustainable development", UN Headquarters, New York, 24 March.



**“Can a closer focus on governance and institutional development at local level provide a better approach to delivering fairer and more equitable patterns of development?”**

measure progress. This chapter tries to assess how some of these goals might be achieved in the case of West Africa, and the focus required at different levels. This regional focus is a result of IIED’s long-standing work in this part of the world, and recent research which focuses on poverty, livelihoods and the future of family farming in a global economy. We focus here on agriculture, since this is the basis for the incomes and livelihoods of the majority of the population in this region. Agriculture continues to provide a major source of revenue for government and foreign exchange earnings. However, we also recognize the close links between rural and urban activity, and the great diversification in sources of income gained by rural dwellers. We seek in this chapter to ask: how might local actors and processes be better integrated into achievement of the MDGs? And, in particular, can a closer focus on governance and institutional development at local level provide a better approach to delivering fairer and more equitable patterns of development?

## **II. THE WEST AFRICAN REGION**

West Africa is a vast and diverse region, stretching from the dry shores of Mauritania and Senegal in the northwest down to the coastal forestlands along the Gulf of Guinea, and eastwards to Lake Chad and the Cameroon highlands. This great expanse contains 17 nation states,<sup>(3)</sup> ranging in size from almost 120 million inhabitants in Nigeria to 0.4 million in Cape Verde. Of the 17 countries, 14 are classified as “least developed countries”. The limited data available on access to health, education, safe water and adequate sanitation show poor levels of provision. Table 7.1 shows how low life expectancies are in most nations in the region, and also the low adult literacy rates and large proportions of children not in primary school. From this Table, one can also see that ten countries from the West African region can be found amongst the lowest 20 rankings according to the UNDP’s Human Development Index in 2001.

3. Benin, Burkina Faso, Cape Verde, Chad, Côte d’Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo.

**Table 7.1: Basic data on West Africa, 2001**

Nation/region	Population (millions)	Life Expectancy at birth (years)	Adult literacy rate (%)	Net primary enrolment ratio (%)	GDP per capita (US \$)	RANK (1-175) on the Human Development Index	"Least developed country"
Benin	6.4	50.9	38.6	–	368	159	Yes
Burkina Faso	12.3	45.8	24.8	36	215	173	Yes
Cape Verde	0.4	69.7	74.9	99	1317	103	Yes
Chad	8.1	44.6	44.2	58	202	165	Yes
Côte d'Ivoire	16.1	41.7	49.7	64	634	161	No
Gambia	1.4	53.7	37.8	69	291	151	Yes
Ghana	20.0	57.7	72.7	58	269	129	No
Guinea	8.2	48.5	41.0	47	394	157	Yes
Guinea-Bissau	1.4	45.0	39.6	54	162	166	Yes
Liberia	3.1	41.4	54.8	–	–	–	Yes
Mali	12.3	48.4	26.4	43	239	172	Yes
Mauritania	2.7	51.9	40.7	64	366	154	Yes
Niger	11.1	45.6	16.5	30	175	174	Yes
Nigeria	117.8	51.8	65.4	–	319	152	No
Senegal	9.6	52.3	38.3	63	476	156	Yes
Sierra Leone	4.6	34.5	36.0	–	146	175	Yes
Togo	4.7	50.3	58.4	92	270	141	Yes
Sub-Saharan Africa	626.4	46.5	62.4	59	475	–	n/a

SOURCE: UNDP (2003), *Human Development Report 2003*; *Millennium Development Goals: A Compact among Nations to End Human Poverty*, Oxford University Press, Oxford and New York, 367 pages. Note that some of the statistics are for years other than those shown; see the tables in the back of the source noted above for details.

### The legacies of history

Devastated by centuries of warfare and slave-raiding, all countries within the West African region, with the exception of Liberia, were then subjected during the nineteenth and twentieth centuries to colonial occupation by the British, French, Portuguese and others. Carved out without much care for underlying social, cultural and economic dimensions, they have faced great difficulties in attaining political consensus regarding how countries will be managed and the distribution of power and wealth. As a result, in some countries, political tensions have burst into civil war and prolonged conflicts. But in many nations, there has also been an increasing move towards more democratic political



**“Taking food and export crops together, many West African countries have been remarkably successful in generating rising levels of output in response to market demand at national, regional and global levels”**

structures, with a growing role for civil society groups, within a more decentralized pattern of local government.

Regional economic initiatives are helping dissolve some of the barriers created by national boundaries, such as the West African Economic and Monetary Union, and ECOWAS groupings. People themselves often ignore frontiers and formalities. The region is criss-crossed by flows of people, on seasonal and longer-term migration, some seeking jobs and others land for settlement. Some are refugees from conflict and penury but, for many, migration is a means to seeking out a better life

### III. EVIDENCE OF POVERTY

Conventional wisdom, as expressed in many studies on rural poverty in Africa, asserts that farmers have seen few if any improvements in yields and incomes and are, in many cases, becoming further impoverished. According to this view, the combined effects of low yields, poor market prices and limited access to credit and other inputs are leading to a downward spiral of impoverishment and decapitalization. It is common to hear of African agriculture being “in crisis”. Yet, in practice, performance has been much more mixed. This emphasis on “crisis” presents too negative a view of the transformations in West African agriculture over recent decades.

As recent work for the OECD shows:

*“Taking food and export crops together, many West African countries have been remarkably successful in generating rising levels of output in response to market demand at national, regional and global levels. Such evidence suggests that the farming sector has great capacity to increase production when conditions are right. This is even more marked if account is taken of the growth in many lesser crops for which data are not collected on a systematic basis, such as sheanut, sesame, fruit and vegetables.”<sup>(4)</sup>*

4. Wiggins, S (2000), “Interpreting changes from the 1970s to the 1990s in African agriculture through village studies”, *World Development* Vol 28, No 4.



In the case of Nigeria:

*“Production and distribution systems have grown over the past several decades, and possibly at a rate which compares favourably with other historical cases even if not with the great spurt achieved in Asia through Green Revolution technologies. The food system has responded to demand despite difficulties of transport, no refrigeration, a narrow range of storage techniques and no commodity futures market. So even if up to 20 per cent of food has been imported at certain moments, even if some of the urban poor fail to meet nutritional standards, and even if many urban inhabitants also farm, in comparative and historical terms the feeding of Nigerian towns across the great waves of macro-economic and political fluctuation has been an impressive achievement of productive technique and social achievement.”<sup>(5)</sup>*

West Africa’s agriculture, far from facing “crisis”, has been remarkably successful and responsive to new markets and opportunities. As shown by Mortimore’s study of farm performance over 1960–2000 for six West African countries, smallholders in most countries have been able to increase substantially their levels of output and productivity, despite often adverse conditions.<sup>(6)</sup>

### Data adequacy

There are inevitable weaknesses in the quality of data available to assess levels of poverty and how these have changed in recent times. Such weaknesses stem both from how household surveys have been carried out (size, representivity, time period etc.) and from assumptions made regarding the nature and sources of household income. Thus, for example, household budget data are notoriously difficult to collect due to an inability or unwillingness to recall the details of incomes received and transactions

*“West Africa’s agriculture, far from facing ‘crisis’, has been remarkably successful and responsive to new markets and opportunities”*

5. Guyer, J (1997), *An African Niche Economy: farming to feed Ibadan 1968–88*, Edinburgh University Press, pages 4–5.

6. Mortimore, M (2003) *The contribution of family farms in West Africa: What can we learn from long term data?* Paper prepared for Toulmin, C and Guèye, B (2003) op. cit. To be published as Drylands Issue Paper, No 120, IIED, London.



“Household surveys often fail to provide complete coverage of all sources of income, focusing on the most obvious activities and ignoring the rest”

undertaken. This is especially so where, as in many large rural households, members are pursuing both collective and individual activities. The household head will rarely be able to speak on behalf of the many individuals within the family, and their private incomes and patterns of spending. Equally, there may be a strong reticence in admitting to the significance of private activities and incomes, since these represent an aberration from the social ideal of collective endeavour.

The question of valuing income is also problematic for households which rely on food and services largely produced by household members. These comprise not only the family’s regular grain supply but also a range of other foodstuffs, livestock produce and a range of materials gathered from the bush.

### **Incomplete understanding of household income diversity**

Household surveys often fail to provide complete coverage of all sources of income, focusing on the most obvious activities and ignoring the rest. Thus, for example, the Mali poverty survey of 1998–99 came up with the surprising conclusion that families in the southern part of the country were amongst the poorest, a result which the authors of the report themselves noted as being counter-intuitive.<sup>(7)</sup>

However, a closer look at the data showed that this finding had emerged because the survey had focused only on the incomes gained by farmers from sales of cotton. Most farm households in southern Mali practice a much more diverse range of activities, including trade, livestock-rearing, vegetable and orchard production, and reliance on bush produce. In addition, many such households gain a large proportion of income from migrants’ remittances, especially those stemming from Côte d’Ivoire. Hence, actual income was probably two to three times higher than that estimated by the survey. A recent review of the Poverty Reduction

7. ODHD (1999), “Croissance, équité et pauvreté”, *Rapport National sur le Développement Humain Durable, Observatoire du Développement Humain Durable et de la Lutte contre la Pauvreté au Mali, Bamako.*



Strategy Paper process in Mali confirms the extreme weakness of the statistical survey:

*“Basic data about economic activity, incomes and employment are missing. Poverty profiles do not provide all the information required for the design of a global anti-poverty strategy. Developing the statistical system has not been one of the government’s priorities. This could hinder an effective and sustainable poverty monitoring process.”<sup>(8)</sup>*

### Risks of bias

There may be some temptation for governments to underestimate incomes in order to ensure their country remains within the UN category of “Least Developed Country” and qualifies for poverty-focused aid funds. There are grounds for concern that using poverty as a major criterion for distribution of aid funds will lead countries to demonstrate low and falling levels of income, to maximize their receipts of donor funding.

### A broader look at rural livelihoods

A detailed study of rural livelihoods in southern Mali showed that three elements were considered key to sustaining household welfare and avoiding impoverishment:<sup>(9)</sup>

- ◆ **household management**, which refers to how well the household is managed, it being widely believed that the situation faced by a poorer household can be considerably improved by good judgement and handling. Conversely, a well-off household can see its fortunes ruined by bad management of people and assets;
- ◆ **labour**, which describes not only the number of people in the household workforce but also its composition in terms of age and gender. A household with a relatively young labour force with a balance between the genders is considered much more sustainable than one where there are few young people; and

*“Using poverty as a major criterion for distribution of aid funds may lead countries to demonstrate low and falling levels of income, to maximize their receipts of donor funding”*

8. Danté, Idrissa et al. (2003), “Mali”, *Development Policy Review* Vol 21, No 2, pages 217–234.

9. Brock, K and N Coulibaly (1999), “Sustainable rural livelihoods in Mali”, Research Report No 35, Institute of Development Studies, Brighton.



“Studies of changes to household circumstances which span a 10–20-year time period points to a diverse set of pathways, only some of which imply greater impoverishment”

- ◆ **wealth**, which incorporates ownership of various assets, such as agricultural equipment, and livestock of value to the farming enterprise as well as a source of cash in times of need.

According to these criteria, the better-off households were those who were able to mobilize a large workforce, not only to cultivate several fields and crops but also to pursue a diverse range of income-generating activities, both collectively and for their individual gain. At the same time, larger households could provide better protection for their members from demographic variability, and generate a larger surplus from which to build up household assets. By contrast, the poorest and most vulnerable households were typically small in terms of workforce, with few livestock and other productive assets. As a result, they found it difficult to maintain a viable farming enterprise and could offer their members few opportunities to earn incomes of their own, since all earnings must be put into the common pot. Often, they also had few social links to other members of the village, having settled relatively recently. These factors together help explain how some families could develop and expand activities while others suffered misfortune.

There are relatively few studies of changes to household circumstances which span a 10–20-year time period. However, where such evidence does exist it points to a diverse set of pathways, only some of which imply greater impoverishment. A study of Dalonguebougou, in central Mali (over the period 1980–1998), found a mixed picture, but with most households better off over the 18-year period. The local Bambara say that a family’s fortunes are like the feet of a traditional weaver – at one moment the left foot is up, but later on it will fall and the right foot will rise high. This suggests a level of social mobility that is probably closer to theory than reality. In practice, it is easier for larger, better-off families to withstand risk and invest in the equipment, cattle and marriage alliances necessary to assure their longer-term sustainability. Nevertheless, a large well-off family can see its fortunes diminished through a

### Box 7.1: What can I buy in Babou's shop?

Items in Babou Dembelé's shop in 1980:

- ◆ Tea, sugar, soap, cigarettes (Liberté only), salt, petrol, sweets, kola, dates.

Items in Babou Dembelé's shop in 1998:

- ◆ Tea, sugar, soap, cigarettes (many brands), salt, petrol, sweets, kola, dates, nail varnish, chocolate biscuits, scissors, rattles for babies, honey (local), biscuits (chocolate), rope

(nylon), rope (baobab), string, razor blades, lamps, milk, soap powder, spare parts (bike), spare parts (moped), tyres, clothes, well pails, plastic pots, cooking pots, knives, tomato concentrate, bike pumps, thread, cotton fabric (local), cotton fabric (manufactured), batteries (several sizes), tea (brown), coffee, flip flops, kerosene, matches....

SOURCE: Brock, K and N Coulibaly (1999), "Sustainable rural livelihoods in Mali", Research Report No 35, Institute of Development Studies, Brighton.

combination of misfortunes, such as illness, death, internal dissent and household break-up.<sup>(10)</sup>

One demonstration of the increased income and purchasing power of villagers in a rural community like Dalonguebougou can be seen by the enormous change in their access to goods over 18 years. From two small table-traders in 1980, the village now has five stores stocking many different goods. Box 7.1 shows the content of Babou Dembelé's shop in the village, which is a symbol of such changes.

However, while some farm households have been getting better off, others have not been so successful. A process of growing social and economic differentiation is frequently noted as taking place.<sup>(11)</sup> This is not a recent process, but has probably always existed due to the differing capacities of households to cope with risk and shocks. Associated with differentiation is a widespread increase in market-based relations, which means that many commodities which were formerly given freely, lent or exchanged, are now being traded for cash. As noted earlier, in many areas, access to land is now often subject to a significant cash payment, while formerly it could be got on long-term indefinite loan.<sup>(12)</sup> Where sales of grain had in the past been discouraged, to retain sufficient stocks for times of need, villagers are now

10. Toulmin, C (1992), *Cattle, Women and Wells; Managing Household Survival in the Sahel*, Clarendon Press, Oxford; also Brock and Coulibaly (1999), *op. cit.*

11. Watts, M (1983), *Silent Violence; Food, Famine and Peasantry in Northern Nigeria*, University of California Press, Berkeley.

12. Lavigne, P et al. (2002), "Negotiating access to land in West Africa: a synthesis of findings from research on derived rights to land", IIED/GRET, London.



“Recent research in southern Burkina Faso speaks of an increasing number of elderly people left with no one willing to care for them”

selling off their surplus. Looser collective ties within the broader community and the family group, combined with weaker commitment to long-term reciprocity, bring greater vulnerability for weaker members. Not only are richer households less willing to help out a poorer neighbour but, in some families, the old and poor may be left to care for themselves much more than before. Recent research in southern Burkina Faso speaks of an increasing number of elderly people left with no one willing to care for them.<sup>(13)</sup> At the limit, those who have no other option may move to town, in the hopes of finding work, food and shelter.

In summary, have rural people become better off over the last 20–30 years? It is difficult to paint a clear picture with regard to overall changes in incomes and welfare for West African farmers. While some have done well and flourished, others have become poorer. Micro-level case material shows that many households have been able to take advantage of new opportunities and improve their circumstances, through more dispersed allocations of family labour, migration and other activities. The evidence does not support a picture of growing immiseration for all. However, certain social groups have been particularly vulnerable to impoverishment. These include:

- ◆ households suffering a combination of misfortune, such as harvest failure combined with illness within the family, and poor leadership;
- ◆ pastoral herders who suffered heavy livestock losses in the 1970s and 1980s and have been unable either to restock or gain secure access to land for farming; and
- ◆ those with weak claims to land and those in peri-urban areas who find themselves thrown off their plots as land values rise.

There are also clearly cases where, due to major events such as civil conflict, a large number of people find themselves substantially worse off than before. In the case of Côte

13. Dabiré and Zongo (pers. comm.).



d'Ivoire, the impact of structural adjustment measures, combined with a collapse in world market prices and a breakdown in social and political cohesion, led to a three-fold increase between 1987 and 2002 in those below the poverty line.<sup>(14)</sup> This period of conflict has brought a rapid downward spiralling in incomes, livelihoods and security for all, except those who have found a new niche in a war-based economy.

#### IV. GLOBAL INITIATIVES AND PLANS

West African governments have long been subject to the latest donor fads for new plans and strategies, mastering new initiatives from the development community in order to comply with ever-changing conditions for accessing aid. Thus, most countries have shelves laden with National Plans – in the far corner, covered with dust, are those from the early 1980s, such as National Plans to Combat Desertification, Tropical Forest Action Plans and National Environmental Action Plans. Closer to hand are the more recent National Strategies for Sustainable Development, Biodiversity Action Plans and National Action Plans for Adaptation to Climate Change. Now, in pride of place, are Poverty Reduction Strategies, the current requirement for all countries seeking HIPC funding for debt relief.

The Poverty Reduction Strategy process has become a central plank in donor relations with most low-income countries, and constitutes the main framework for discussion of aid priorities and national budgetary allocations. But PRSPs suffer serious weaknesses, which are only gradually being addressed. Almost all strategies refer to the rural poor as a homogenous group, failing to recognize their considerable heterogeneity. Little information is provided on important factors underlying rural poverty, such as access to land and discrimination based on ethnicity or gender. There are also major gaps in understanding rural poverty.<sup>(15)</sup> Most poverty reduction strategies also provide little attention to productive sectors of the economy

14. Losch, B et al. (2003), *Le processus de libéralisation et la crise ivoirienne*, CIRAD/DIAL, Montpellier, France.  
 15. Proctor, F (2002), "PRSP and rural development: reflections, experiences to date and implications", *European Forum on Rural Development Cooperation Montpellier*, September; also Bourn, D (editor) (2003), "Are PRSPs making a difference? The African experience", *Development Policy Review* Vol 21, No 2, March.

## Box 7.2: What makes for successful local management of key resources?

*Including all actors and building platforms for negotiation are key elements for success*

Kishi Beiga is a vast pastoral zone in Oudalan Province in northern Burkina Faso, and is home to several ethnic groups living in scattered villages and hamlets. The local population is joined regularly by transhumant herders from neighbouring regions. Environmental degradation in the area and extensive in-migration have largely destroyed the complementarity between agriculture and livestock production, and the two systems now compete for land. The GTZ-supported Burkina Sahel Programme (PSB) was initiated in 1991 to improve natural resource management and people's livelihoods. The project initially followed a participatory, community-based land use planning approach (*gestion des terroirs*), but found it inadequate to deal with the social and ecological complexities of the region.

Transhumant pastoralists were not represented, social relations between groups were affecting project outcomes in a way that project staff were unable to understand, and the management of common-pool assets was problematic.

Activities were put "on hold" for a year while the project approach and methodology were reviewed and a new strategy developed that focused on social groups rather than on territorial units. With conflicts and rivalries simmering between almost every ethnic group in Beiga, the challenge was to create a situation in which all stakeholders would not only agree to participate in the consultative process but also to respect each other's rights to voice their needs and

feelings. A consultative committee emerged, with representation from multiple villages, hamlets and other stakeholder groups. It has been instrumental in resolving disputes over management of water pumps, which had soured relationships between the groups, and has set up a system for resolving disputes over damage to fields. Negotiating skills are the key to greater autonomy for the committee, and the expertise gained through its dealings with technical and financial partners has enabled it to mobilize resources for micro-projects on socioeconomic issues and the protection of natural resources. In its first year, the committee drew up a set of rules for the use of resources such as post-harvest grazing, bouli (man-made water holes), salt licks, and for the protection of trees and natural water points. So-called "outpost committees" and representatives from each hamlet are responsible for following up and enforcing regulations.

The new approach acknowledged the local tensions and rivalries and other historic origins. Successive political regimes, local power structures and land tenure policies have shaped social relationships within the region, frequently exacerbating conflicts and rivalries. The willingness of people to confront the underlying historical, social and cultural factors in current resource use and management practices was an important factor contributing to the success of the consultative process. Other factors include finding appropriate entry points for discussion, building partnerships and supporting legitimate local leaders and resource people. The PSB offers an example of good practice in an externally facilitated approach to pastoral land tenure and

(especially agriculture), and neglect constraints at international and global levels, which hinder more productive and sustainable livelihoods for poor people.

All these plans have been notable for their lack of impact, having often been drawn up by consultants with little or no buy-in from government, or seen only as a vehicle to raise funds for a particular minister. These planning processes have also failed to link their objectives with budgetary allocations and with what is actually feasible on the ground. Such persistent problems are generally recognized. Indeed, the question of how to bridge the top-down and bottom-up

resource access that tries to deal with social diversity and complexity, typical of the Sahel, through establishing platforms for negotiation and consultation. Future challenges lie in strengthening the fragile cohesion between different groups, and in legally ratifying the consultative committee and management rules it has devised. At the same time, it is recognized that the success of local pilot initiatives remains critically dependent on stability within the wider socio-political environment.

*Decentralizing management of grazing and woodland resources is a critical factor*

The Takiéta Forest Reserve is situated 50 kilometres west of Zinder in Niger, and covers 6,720 hectares, in a semi-arid region with an average of 250–400 millimetres of rainfall per year. The forest area is considered of enormous importance for many different user groups, including pastoralists, as it represents the one non-cultivated area surrounded by an ocean of fields. The forest has been subject to heavy and unregulated use, such that its degradation has become apparent to all.

The Takiéta Joint Forest Management project was set up in 1995 by SOS Sahel, at the request of the Government of Niger. Its overall objective is to promote a process leading to local sustainable decentralized management of the Takiéta Forest Reserve, taking into account all the different user

groups, and which might inform similar initiatives elsewhere. The project's main role has been one of facilitation, by which over the last five years, the various stakeholders in the forest have been brought together to agree on an inclusive forest management plan and process for decision-making.

Key elements in the approach followed at Takiéta have been:

- ◆ establishing the forest boundaries;
- ◆ resolving questions of illegal settlement within the reserve;
- ◆ starting a dialogue with all user groups
- ◆ presentation and discussion of plans with government; and
- ◆ reaching consensus on a management strategy and set of bylaws.

All activities have been undertaken with local people as the chief actors. Thus, for example, the inventory of soils, pasture and tree cover was carried out using local terms and forms of description. Similarly, regulations for guiding use of the forest have been drawn up on the basis of what different groups could agree to, rather than following the terms of the Forestry Code. Attention has also been paid to maintaining good communication between the various groups, providing information from and possibilities to visit other joint management schemes, and holding workshops at which all actors are represented.

SOURCES: For the first case study: Banzharf, M, B Drabo and H Grell (2000), *From Conflict to Consensus: Towards Joint Management of Natural Resources by Pastoralists and Agro-Pastoralists in the Zone of Kishi Beiga, Burkina Faso*, Securing the Commons No. 3, IIED and SOS Sahel, London; for the second: Vogt, G and K Vogt (2000) *Hannu Biyu Ke Tchuda Juna – Strength in unity. Shared management of common property resources – A case study from Takiéta, Niger*. Securing the Commons No. 2, IIED, London.

approach has long been on the donor agenda. But people do not know how to construct this bridge and, despite recognizing that top-down plans do not work, donors continue to push for this approach, *faute de mieux*.

Local level approaches may offer greater hope, especially as a means of undertaking joint planning and management of land and local resources. Examples of recent approaches include the *Développement Local and Gestion des Terroirs* (GTV) projects in the early 1990s in the Sahel, which aimed to develop through participatory processes a mapping of village lands and a setting of priorities for collective



**“Many countries are now pursuing a more formal process of decentralization, which should provide for institutional and legal structures within which local initiatives and planning processes are encouraged”**

investments. Typical outcomes have involved watershed protection, soil and water conservation structures, cereal banks, and micro-credit systems. More recently, a series of local natural resource management agreements have evolved regarding woodland, wetland and grazing land areas. Known as *conventions locales*, they provide formal recognition of rights to control and manage a certain resource.<sup>(16)</sup> In several countries, national legislation is now being drawn up to provide a legal basis for such agreements. Examples include Kishi Beiga grazing lands in northern Burkina Faso and Takiéta woodlands in Niger, as shown in Box 7.2. These local agreements can work well when certain conditions hold – such as effective representation of different stakeholders and interests; the resource in question being sufficiently valuable for people to gain benefit from investing in making its management more sustainable; and local and national government being able to provide proper support and ensure a transfer of rights as well as responsibilities.

This mushrooming of local-level activity has often been supported by NGOs and donor projects. National governments have played a largely benign role, by default, as long as the resources are not too valuable or do not interest a politically important individual. Many countries are now pursuing a more formal process of decentralization, which should provide for institutional and legal structures within which local initiatives and planning processes are encouraged. Many people see decentralization as providing the essential way forward, opening up much greater possibilities for local democracy, participation and harnessing of local energies and resources. Others are more sanguine regarding the degree to which decentralization will, in practice, transfer real powers from central government to lower levels.

Regardless of the debate over decentralization, such an

16. Hilhorst, T and N Coulibaly (1998), “Une convention locale pour la gestion participative de la brousse au Mali”, Drylands Programme Issue Paper No 78, IIED, London; also Dème, Y (1998), “Associations locales de gestion des ressources naturelles du Kelka, Mali”, Drylands Programme Issue Paper No 74, IIED, London; and Alden-Wily, L (2001), “Making woodland management more democratic: cases from Eastern and Southern Africa”, Drylands Programme Issue Paper No 99, IIED, London.



approach will have to be the principal focus for getting real progress on many of the MDGs. But its not the only focus. As the discussion below makes clear, if West African farmers are to “grow their way out of poverty”, action is needed at many levels – global, regional, national and local.

## V. A PRACTICAL ILLUSTRATION OF CONSTRAINTS ON LIVELIHOODS

Let us take a farming family in southern Mali, to explore what needs to be done at different levels to improve livelihood opportunities. As with so many families in West Africa, people rely on multiple sources of income, typically, one-third from farming, one-third from migration and one-third from various other forms of income generation, including trade, hunting and gathering, craft work and various services. Better-off households have been investing systematically in urban areas, such as buying a small store or land on which they hope to build a house, establishing a trading business or buying a means of transport – motorbike, lorry, tractor – to bring people and goods from market to village.

What actions might make the incomes of farming households in southern Mali more secure?

- ◆ **globally:** to curb adverse impacts from subsidies paid to farmers in high-income nations, especially cotton producers; improve market access for processed raw materials; and address heightened risks of climatic variability;
- ◆ **regionally:** to facilitate movement of people and goods throughout the West African region;
- ◆ **nationally:** to promote agricultural development, curb imports of cheap foodstuffs, which destroy markets for local food producers, and strengthen decentralized government; and
- ◆ **locally:** to encourage a fair and accountable system of local government, able to respond to diverse interest groups and manage collective resources.

“If West African farmers are to ‘grow their way out of poverty’, action is needed at many levels – global, regional, national and local”



“West African cotton producers have been badly hit, since there is no system of subsidies to protect farmers from such an adverse shift in world market prices”

**Global action over cotton.** Cotton is the principal cash crop for farmers in southern Mali, grown in rotation with cereals. Its sale is the principal means of financing the purchase of fertilizers for maintaining soil fertility in combination with organic matter and cattle manure. It provides a reasonably sustainable farming system, which has seen substantial gains in the last decade due to better prices and rising yields in many areas. Farmers are well organized and politically astute, as was seen by the cotton farmers’ strike in 2000–01, when farmers refused to plant cotton, in response to government plans to cut the purchase price offered to farmers by the state marketing board. The result was a halving of the cotton harvest in that year, and an improved offer from government for the following year’s cotton price. Cash income from cotton is a major source of income for maintaining farm and household assets.

Cotton farmers are strongly affected by world market prices for cotton. World cotton prices are currently at their lowest levels for 30 years, at half the long-term average. This is the result of a large global harvest, generated in part by high subsidies paid to farmers in rich countries, combined with low levels of demand. Farmers in the US and the European Union are protected from this price slump by high levels of producer support in the form of subsidies. By contrast, major losses in incomes and revenues have been felt by many low-income country farmers. West African cotton producers have been badly hit, since there is no system of subsidies to protect farmers from such an adverse shift in world market prices.

The West African cotton initiative established by four countries in the region – Benin, Burkina Faso, Mali and Chad – is asking for cuts in subsidies to cotton farmers in high-income nations in the medium term and compensation for the collapse in world market prices in the immediate term. The dismissive treatment of this initiative at Cancun demonstrates only too clearly the attitude of rich countries towards the priorities of low- and middle-income countries, and leads one to doubt the sincerity of rich nations to help



achieve the MDGs. The Bush administration, in the year before the next US presidential election, seems unable to afford to alienate any possible voters, and appears unmoved by any of the arguments for why their farm subsidies should be cut. Their attitude has been that West African farmers should be the ones to adjust, by diversifying into other crops. The many millions of smallholder farmers of West Africa and their governments depend greatly on cotton for essential revenue with which to pay their bills. Rich country attitudes, in the case of cotton, suggest that promoting action towards meeting the MDGs will be highly conditional on whether this fits with their domestic agenda. In any choice between global justice and shoring up political support in their own country, the latter consideration is likely to prevail.

**Regional initiatives.** West Africa is a large and complex mosaic of cultures and ecologies, divided by history into 17 different countries. But such boundaries are not watertight. Regional migration is a major means of income-earning, pursued not just in years of crisis but also to develop a broader, more resilient portfolio of activities. Successful West African households may have family members stretched all over the region, as well as other parts of the world, in education and business, as farmers and wage labourers. Remittances from such activities provide an important source of income for those back home. For many farmers in southern Mali, the economic opportunities available in neighbouring Côte d'Ivoire have been of enormous attraction. From the 1950s onwards, families have been establishing plantations of coffee and cocoa in the forest areas of the country. In many of these areas, there have been so many incomers that local people are now a small minority of the population in their home village.

With the crisis in the Ivorian economy from the late 1980s, political rivalries have accentuated. Tensions over land rights between incomers and local people have played an important part in aggravating the political conflicts. The consequences of the civil war are many and multiple, with

*“Rich country attitudes, in the case of cotton, suggest that promoting action towards meeting the MDGs will be highly conditional on whether this fits with their domestic agenda. In any choice between global justice and shoring up political support in their own country, the latter consideration is likely to prevail”*



“Finding ways to ease the tensions between different groups in Côte d’Ivoire, and re-establish a broad-based government is a high priority for the region as a whole”

substantial impacts particularly on neighbours Burkina Faso and Mali. Farming households in southern Mali can no longer count on the profits from cocoa and coffee cultivation to help cushion income losses from elsewhere. Thus, finding ways to ease the tensions between different groups in Côte d’Ivoire, and re-establish a broad-based government is a high priority for the region as a whole. As West Africa’s economic powerhouse, the prolonged crisis is wreaking serious damage on prospects for growth and development in the region as a whole.

**National policy and practice.** There are many important opportunities at national level to promote improved livelihood options in ways which help the country move towards fulfilment of the MDGs, such as in allocation of government budgets as they relate to water provision, education and health. There are also many areas of policy with significant distributional implications, such as agriculture, infrastructural development and credit provision. In addition, there are questions of governance and institutional development that government and civil society need to consider and for which donors could provide valuable support.

### Promoting agricultural development

Many governments in West Africa are keen to modernize their agricultural sector, and are developing strategies to achieve improvements in yields, marketing and export revenue. Much recent debate has questioned what is meant by “modernization”, a term that has been interpreted in diverse ways, depending on context, but which tends to translate into:

- ◆ the establishment of land tenure legislation to support private property, through titling of land, and associated measures to increase the volume and security of transactions in land;
- ◆ an increase in the size of agricultural land holdings through the allocation of concessions to large-scale



commercial farmers, and associated preferential access to inputs, credit, equipment, etc.; and

- ◆ a decrease in the number of very small farm holdings and associated population, as the modernization process develops.

Governments tend to think that development of a modern agricultural sector demands a scaling up in size of farm, and that smallholders should leave the land. However, the evidence available shows that this is a mistaken view. A substantial body of research shows that productivity, taken as output per hectare, is higher on small than on large farms. This inverse relationship between farm size and productivity is the result of several factors. Small farms rely much more on family labour, which tends to require much less supervision than hired workers. Where land is in short supply and rising in value, it makes sense to invest in its improvement and maximize returns to this factor. Having a diverse income base, smallholder farms are more resilient to risks, while their partial subsistence base also provides some cushioning in cases of price shocks.

Although there may be very limited economies of scale in farm production, there are rising costs upstream and downstream from farm production that make it increasingly difficult for smallholders to survive. For example, commodity buyers prefer to deal with a few large producers rather than with many smaller-scale farms, since the latter bring with them higher transaction costs. Equally, larger farmers can often gain preferential access to land, inputs and credit, due to their political power.

Current debate regarding the future of agriculture in West Africa has focused on the choice between family farming and agribusiness. The first is often presented as backward, inefficient and subsistence-oriented, while the second is attributed the virtues of being modern and forward-looking, efficient and market-oriented. Yet, in practice, such distinctions are false, with levels of performance being largely the product of external conditions and incentives.

**“Having a diverse income base, smallholder farms are more resilient to risks, while their partial subsistence base also provides some cushioning in cases of price shocks”**



**“Small-scale family farms maintain a degree of autonomy which allows them to cope with adverse circumstances, while family labour enables a rapid and flexible response to emerging economic opportunities”**

Large-scale commercial farming is itself highly differentiated, with a range of strategies being pursued. Some large farmers are seriously engaged in running a profitable business while, for others, the receipt of preferential inputs and access to credit may be a prime motive. Equally, some “large farmers” are more interested in acquiring claims over land for speculative, rather than productive, purposes. Many examples show that these farms have suffered damaging reversals when government preferences are withdrawn, and access to inputs and foreign exchange becomes harder. By contrast, small-scale family farms maintain a degree of autonomy which allows them to cope with adverse circumstances, while family labour enables a rapid and flexible response to emerging economic opportunities. There are also distinct differences within the family farm sector between large, adaptable farm households, and small, highly vulnerable groups with few assets or capacities to cope with change.

Material in Box 7.3 shows the recent dismal performance of agribusiness in Ghana and Nigeria, where government has tried to encourage foreign firms to invest in agriculture.

The examples in Box 7.3 confirm parallel evidence regarding the difficulties faced by large commercial farm enterprises, as in the case of Senegal.<sup>(17)</sup> Here, considerable areas of land were allocated to applicants seeking big holdings, who relied on access to cheap credit to develop and work the land. The devaluation of the West African franc (FCFA) in 1994, combined with market liberalization and restrictions on credit, led to the collapse of many commercial farms, who were unable to compete with smallholders and imports of cheap rice. By contrast, family farms have been able to adapt and intensify, using cheap labour in preference to costly credit and machinery. A recent survey of “new agriculturalists” in Burkina Faso also suggests that the large farms being established in the south and west of the country have low yields and poor performance in

17. Belières, J-F et al. (2002), “What future for West Africa’s family farms in the world economy?”, Drylands Programme Issue Paper No 113, IIED, London.

### Box 7.3: Private sector investment in large farms – a dismal story

Many transnational companies with operations in Ghana had accumulated profits in the 1970s from their activities, but were unable to transfer them abroad due to shortages of foreign exchange. It was hoped that their investment in joint private–state farming enterprises would increase agro-industrial activity. The government guaranteed access to land, social infrastructure and tax exemptions for equipment and other inputs. However, only 12 companies were in fact willing to take up these schemes, with four of these still in business in the late 1980s; failures having been due to litigation relating to land, and poor access to foreign exchange for imports of inputs. Nevertheless, the scale of land appropriation for some of these schemes was very considerable, with the Benso Oil Palm Plantation taking 27 square miles of land, displacing 3,000 peasant farmers. The expansion of oil palm production and expropriation of land for the Ghana Oil Palm Development Corporation (GOPDC) has resulted in a scarcity of land for many farmers and for food production. With few opportunities in agriculture, many youths are moving into informal sectors that are being criminalized by the state, such as chainsaw timber production and small-scale mining, and engaging in activities which involve pilfering, such as night-time harvesting from the GOPDC oil palm plantations. These activities reflect the recognition amongst rural dwellers that state policies are not in their interests nor administered on their behalf.

The Nigeria indigenization decrees passed in the 1970s obliged foreign firms to re-invest

profits in the Nigerian economy. The Land Use Act of 1978 was also designed as a means of freeing up land from customary claims for allocation to modern agribusiness. Land was nationalized and long-term leases put into place, with customary owners ceding rights for up to 99 years. Numerous interests started looking for land: politicians, army personnel, the United Africa Company (UAC), civil servants, various churches, etc. Structural adjustment in 1985 brought a ban on imports of wheat, barley and other ingredients for brewing and animal feed, so companies sought regular sources of supply through developing their own farms. For example, UAC and Leventis set up their own farming ventures for sourcing needed inputs. The Texaco farm in Ogun State covered a total of 3,886 acres, having been set up in 1975 as a means of using oil profits. However, it closed in 1987, due to economic difficulties and financial irregularities. It focused on cassava production and also provided a site for experimentation with new varieties generated by the neighbouring IITA research centre. A factory was built on-site to process cassava into flour, using mainly women workers. But it was very difficult to run the business at a profit, due to strong competition for wage labour from local farmers, and volatile prices for the processed gari. The devaluation of the currency took a further turn in 1986, making imported inputs prohibitively expensive. Vertical integration of these farms means they operate as enclaves within rural areas and have few linkages to the local economy, apart from employing a certain number of workers and land acquisition.

SOURCE: Amanor, K (1999) *Global Restructuring and Land Rights in Ghana*, Research Report no. 108, Nordiska Afrikainstitutet, Uppsala, Sweden; Guyer, J (1997), *An African Niche Economy: farming to feed Ibadan 1968–88*, Edinburgh University Press.

comparison with neighbouring peasant farms.<sup>(18)</sup>

### Supporting rural livelihoods

Recent research on what makes for a sustainable rural livelihood in Mali<sup>(19)</sup> identified a number of critical issues:

18. Ouédraogo, M (2003), "New stakeholders and the promotion of agro-silvo-pastoral activities in Southern Burkina Faso: false start or inexperience?", *Drylands Issue Paper No 118*, IIED, London.  
19. Brock and Coulibaly (1999), *op. cit.*



“The large extended household remains a centrally important institution within which a diverse set of activities is carried out, capital and assets are mobilized and risks are pooled”

the role of the family as an institution of great value for pooling resources and risks; systems of local governance for managing resources and the provision of services; and assuring secure rights of access to land.

**Local institutions** are many and diverse, ranging from the various family structures within which people live, to kin or village-based collective work groups, to more formal structures, including farmers’ unions, credit and savings groups, and village-based groups for managing collective property, such as an irrigation scheme or neighbouring woodland. The large extended household remains a centrally important institution within which a diverse set of activities is carried out, capital and assets are mobilized and risks are pooled. When managed well, such domestic structures provide a remarkable framework within which people can negotiate a degree of independence and possibilities for accumulating their own assets. However, this requires a judicious balancing of private and collective rights and duties. The frequency with which households break up suggests that not everyone can master these tensions to good effect. Marriage networks are also important institutions through which support and mutual help are mobilized in times of need. While it is easy to demonstrate the vitally important role played by such institutions in helping people to cope with risky and uncertain circumstances, it is less clear what, if anything, government might do to strengthen such social relations structures.

Perhaps the greatest potential opportunity for support to local institutions is for government to recognize the legal status and rights of **local associations** for managing particular resources, such as woodlands and grazing. Here, government can help set the rules by which such structures should operate, in terms of their representation of different interests, and offer legal protection through drawing up legislation to recognize and protect local rights and powers over resources (Box 7.2). Equally, they should clarify the relations between such local associations and district level structures of government.



**Securing rights to land** is crucial to the livelihoods of poorer groups. In many parts of West Africa, people see land as increasingly becoming scarce, and most markedly in peri-urban areas where land values are rising rapidly. Many West African land systems can be characterized by the term “legal pluralism”, denoting the multiple norms and channels through which claims to land can be made, leading to a degree of uncertainty and indeterminacy in cases of dispute. Different claimants to land assert their particular rights to control this resource, bringing evidence from statutory law or customary practice to support their case. Contradictions between such bodies of law and practice further generate tensions and conflict. Inevitably, as land becomes scarcer, it is likely that poorer groups will lose out. This may be aggravated by government or donor-led programmes to register or title land, unless great attention is paid to the potential adverse impacts on more vulnerable rights holders. These typically include the poor and secondary rights holders (often women and other incomers, such as recent settlers, migrants, seasonal users). The challenge for reform of land tenure and administration is how best to formalize land rights, through some form of registration, while not at the same time alienating the rights of the more insecure members of the population. Establishing a locally based structure for registering and administering land rights is a key element, but such local structures also need to be held accountable for the different interests in land.<sup>(20)</sup> Hence, getting effective local governance of such structures will be essential.

### **Making decentralization work**

Many countries, particularly in West Africa, are undertaking reforms aimed at decentralization of certain administrative and other government functions, following a variety of different models. These processes are at various stages across the region, some having started long ago, while

“The challenge for reform of land tenure and administration is how best to formalize land rights, through some form of registration, while not at the same time alienating the rights of the more insecure members of the population”

20. Ribot, Jesse (2002b), *Democratic Decentralization of Natural Resources: Institutionalizing Popular Participation*, World Resources Institute, Washington DC; also Toulmin, C (2000), “Decentralization”, in Toulmin, C and J Quan (editors), *Evolving Land Rights, Policy and Tenure in Africa*, IIED, DFID, NRI, London.



**“In deciding the appropriate level at which to undertake certain tasks, thought needs to be given to questions of cost, efficiency, accountability and oversight by higher levels of government”**

others are still in the pipeline. They usually involve the establishment of elected local councils or district assemblies, often for the first time. They have varying powers to levy taxes and derive revenue from local resources. Typically, they can raise revenue from the allocation of permits, while being responsible for local development plans and service provision. Elected every four to five years, usually on a political party basis, it is hoped that this form of local government will bring greater accountability with regard to local people, who will be better able to monitor how their tax revenues are being used for the provision of local services. However, many local councils have an extremely weak tax base and are highly reliant on central government for sources of revenue.

The impacts and consequences of current decentralization measures vary greatly depending on the extent to which these new forms of local government can acquire a sense of legitimacy vis-à-vis local people and other sources of local governance (such as customary chiefs). Their performance depends also on how far central government supports the process in practice, as well as the extent to which they can actually carry out the activities hoped of them.

Decentralization is a relatively recent policy shift, undertaken by many countries only in the late 1980s and 1990s. This means that it may take more than just a few years to start to see any significant impacts from these institutional changes.

Decentralization has been seen by many as providing a valuable framework within which to establish more effective local governance. The setting up of elected local councils is a step forward in devolving powers and decision-making away from central government, and in encouraging a more locally tailored approach to policy-making. However, for those at village-level, the establishment of local councils with powers over land and other resources can represent a centralization of power away from village hands. In deciding the appropriate level at which to undertake certain tasks, thought needs to be given to questions of cost, efficiency, accountability and oversight by higher levels of



government. On questions relating to land, there are strong grounds to argue in favour of a very localized approach, given the likelihood that knowledge of often complex rights over land is most likely to be held at village level. The question then remains of how higher-level structures of government can best support such a community-based approach, the principles that must guide the work of the village level committee, and the training support required to ensure effective management of records. Equally, some means must be found of ensuring checks and balances on such a local management system, to avoid abuses of power.

Decentralization has also generated a series of critical observations in terms of how it has been carried out and of the over-optimistic assumptions regarding accountability of elected officials to local constituencies. In many places, setting up a new local government structure has added to the confusion created by multiple and contested sources of authority, especially between local chiefs, and the elected district assembly. There is very limited availability of human and financial resources to enable activity at local level. Some local government areas are lucky enough to have revenue-generating resources from which to raise money, but many do not. There are risks of élite capture of local processes, as well as political manipulation of local affairs by central political parties. The hoped-for accountability to local people may be very limited in practice, with elected officials looking up towards their political paymasters rather than down towards the people who elected them.

Despite such drawbacks, decentralization is here to stay. The key issue is how government and donors might better support such processes, address problems and encourage increased engagement from grassroots organizations. This means finding ways to strengthen local democratic systems, and finding ways to have checks and balances on local government structures, since all systems of government are susceptible to abuses of power, corruption and fraud.

Recent work by IIED and partners in Senegal and Mali on participatory monitoring of decentralization provides one

**“The key issue is how government and donors might better support processes of decentralisation, and address problems and encourage increased engagement from grassroots organizations”**



**“While it makes sense to deliver some aid through macro-level measures, this is only half the story. A series of local-level activities are needed to complement this approach”**

means to identify expectations among local people of what local government should deliver, and how these might be measured. Local people need to define indicators which make sense for them, and which can be “measured” in terms that are feasible. In the case of Takiéta (Box 7.2), this community woodland management system developed their own set of variables to monitor the changing status of vegetation, levels of degradation and recovery, and viable levels of harvested offtake.

## VI. CONCLUSIONS

Let us assume that there is total commitment from the world community to achieving the MDGs, an assumption which may be over-optimistic in current circumstances. But let us imagine for a moment a beneficent set of world leaders who really care about making life better for poorer people around the world. How would they do it? Is it just a question of throwing more money at the delivery of services, and better linking of Poverty Reduction Strategy Papers with the Medium Term Expenditure Frameworks? Or will it demand rather more deep-seated changes at all levels? Is it already too late to achieve the MDGs in many places because the level and rate of improvement over the next 10–12 years is clearly unattainable? Might the risk of not attaining the MDGs in the case of sub-Saharan Africa spur a renewed sense of urgency and reflection on priorities?

If the MDGs are to be delivered, there are real structures and institutions at different levels through which different actors must work to help shift powers, responsibilities, resources and activities in the right direction. This will imply changes to many aspects of government and donor behaviour. For example, how should donors deliver aid? Many have moved largely to budgetary support and abandoned more direct forms of intervention. While it makes sense to deliver some aid through macro-level measures, this is only half the story. A series of local-level activities are needed to complement this approach. What



intermediaries or brokers are required to make this happen? Non-governmental and civil society actors have a major role here. But most agencies have shed many staff who had field-level knowledge, and focus on “strategic” issues instead. This makes it hard for them to comprehend the ordinary experiences of daily life for millions of people in poor countries. How can donors strengthen effective local processes in such a case?

Past experience throughout West Africa with top-down centralized approaches to planning, service provision and land management have failed. Despite the challenges, a local level approach is the only feasible way forward in achieving the MDGs. But it requires firm commitment from national government and donor partners over a considerable period (ten years or more), to build the skills, institutions, values and civil society structures essential to making local governance accountable and effective.



# 8

## Policy coherence and the Millennium Development Goals

Maryanne Grieg-Gran

### I. INTRODUCTION

The focus of this chapter is on the mainstreaming of the Millennium Development Goals (MDGs) in some key aspects of economic policy in high-income nations. This is not to deny the importance of development cooperation, nor of government policy in low- and middle-income nations. Both are crucial for the achievement of the MDGs, as discussed in earlier chapters. The issue discussed here is what high-income countries can do across their whole sphere of policy-making to support low- and middle-income nations in their pursuit of the MDGs, and to ensure that their development cooperation efforts are reinforced rather than undermined by their policies in other spheres. This chapter looks at trade, which is addressed specifically in the MDG targets under Goal 8, as well as investment and competition policy, which are not mentioned explicitly but are of considerable importance for the MDGs.

As mentioned in the previous chapter, discussions on cotton subsidies at the World Trade Organization Ministerial Conference in Cancun in



**“For too long, high-income nations have treated aid as an add-on activity”**

September 2003 highlighted some of the contradictions between development cooperation and high-income nations' economic policies. Declining world prices for cotton, due in large part to subsidies in the European Union and the United States, have translated into loss of revenue for West African producers that are comparable to the amounts of foreign aid received by these countries. Yet, a proposal from four countries in this region for cuts in subsidies in the medium term and compensation in the immediate term was effectively rejected.

For too long, high-income nations have treated aid as an add-on activity. The department or ministry charged with development cooperation has got on with its job of channelling aid to the low- and middle-income nations, while other government departments have continued with business as usual, promoting industry, exports, agriculture and employment at home. For many low- and middle-income nations, the policy choices of these other departments have a potentially much greater impact on development than those of the department whose mandate it is to promote development cooperation, but this issue has rarely been tackled. This reflects political realities: allocating a small percentage of tax revenue to development assistance is politically palatable, as the cost is shared between a large number of taxpayers. In contrast, measures such as removal of tariffs often affect a small but powerful group, which can mobilize opposition more effectively.

Where there has been integration between the goal of promoting development and the other goals of the economy in high-income nations, development cooperation has often been subservient to these other goals, with tied aid or export credits being used to promote home industry, exports and technical expertise. Although official figures for tied aid are declining, some maintain that it is actually on the increase, through the growing emphasis on technical assistance in aid programmes, which is often 100 per cent tied.<sup>(1)</sup> For many aid programmes, the allocation of untied

1. ActionAid with Jens Martens (WEED) (2002), “Sustainable development and the effectiveness of ODA”, in Banuri, T and T Bigg (editors), *Financing for Sustainable Development*, IIED, London, January.



aid is also influenced by foreign policy or domestic economic interests.

The MDGs, since they have been signed up to by the heads of state in UN member countries, represent an opportunity to turn the situation around and achieve policy coherence for development's sake. In particular, the inclusion of MDG8, on promoting a global partnership for sustainable development, is acknowledgement of the need to go beyond development cooperation to other more fundamental areas of public policy. Among the targets specified for this goal are the development of an open, trading, financial system committed to good governance, development and poverty reduction; and measures to address the special needs of the least-developed countries through tariff- and quota-free access for their exports. But in contrast to the other MDGs, MDG8 and its targets seem more like statements of good intentions rather than clear commitments to action. This has been acknowledged by the UN Secretary-General's report on implementation of the MDGs, which stresses the need for high-income countries to agree on time-bound deadlines comparable to the 2015 target for the other seven MDGs.<sup>(2)</sup> The goal and the targets are also vague concerning the areas of economic policy within high-income nations that would be addressed in a global partnership. Considerable emphasis is rightly placed on trade and debt, but there are other areas such as investment and company regulation where high-income country policy impinges on low- and middle-income nations. This has been recognized by the Swedish Government in its recent Bill to Parliament, proposing a policy for global development. This emphasizes that the goal of contributing to equitable and sustainable development should apply to all policy areas, and that all the components of policy must be consistent with each other.<sup>(3)</sup>

**“In contrast to the other MDGs, MDG8 and its targets seem more like statements of good intentions rather than clear commitments to action”**

2. UN (2003), “Implementation of the United Nations Millennium Declaration”, Report of the Secretary-General.

3. Government Bill 2002–03:122 Shared Responsibility: Sweden's Policy for Global Development, presented to Parliament May 15, 2003.



“Unless countries have the capacity for economic growth, these MDGs will be difficult to attain without ever-increasing amounts of aid”

## II. THE MDGs, ECONOMIC GROWTH AND TRADE

There are different views about how development is achieved and, in particular, about the role of economic growth in promoting development and addressing poverty. The view taken here (and one which underlies the MDGs) is that, while economic growth is by no means a sufficient condition for meeting the MDGs, it is likely to be a necessary condition. Growth has the potential to reduce poverty directly by increasing employment and wage levels, and indirectly by raising the generation of tax revenue, thus allowing greater public expenditure on health and education and other vital social infrastructure. Its impact on poverty reduction is not automatic and depends on the specific circumstances, and on income distribution in particular. Recent estimates suggest that in many Asian countries, each percentage point of additional GDP per capita reduces the number of poor (as defined by the US\$ 1 per day criterion) by 3 per cent, while in Africa and Latin America the impact on poverty is less evident, with 1–2 per cent reduction in the number of poor people.<sup>(4)</sup> Specific policy measures are therefore needed to ensure that the benefits of growth are more equitably distributed and that there are no adverse impacts on the poor.

The MDGs are important for focusing attention on specific aspects of development, including outcomes that are important to the poor (for instance, much reduced child and maternal mortality), and not relying on the assumption that economic growth will lead automatically to poverty reduction and other social improvements. Yet, unless countries have the capacity for economic growth, these goals will be difficult to attain without ever-increasing amounts of aid. Access to Northern markets through trade and investment is key to growth. Estimates of the gain from trade liberalization range from US\$ 80 billion to US\$ 500 billion, with between 40 and 60 per cent of this accruing to high-income countries.<sup>(5)</sup> The dynamic effects of increasing

4. Cline, W R (2003), “Trading up: trade policy and global poverty”, *CGD Brief Vol 2, Issue 4, September*, Centre for Global Development, Washington DC.

5. WTO (2003), *World Trade Organization 5th Ministerial Conference, Cancún, Mexico 10–14 September 2003*, Press Pack Briefing Notes.



trade opportunities on productivity and investment in low- and middle-income countries will lead to further income gains, lifting another half a billion people out of poverty in the long term.<sup>(6)</sup> Policies on trade and investment in high-income nations are therefore important for the MDGs, in so far as they affect the potential for economic growth in low- and middle-income nations.

### III. TRADE

Trade is one area where policy coherence has been conspicuously lacking. The UN Secretary-General's report on the implementation of the MDGs stresses that many high-income countries are failing to meet key commitments, particularly in areas such as trade.<sup>(7)</sup> There are numerous cases of trade policies, or industrial or agricultural policies of high-income countries undermining the impacts of their own development assistance or that of others. While donor agencies endeavour to help low-income countries to raise agricultural productivity and improve rural infrastructure, various kinds of tariff and non-tariff barriers block the access of producers in these countries to lucrative markets in high-income countries.

#### Tariff barriers

Tariffs in high-income nations have been reduced on average, particularly in the context of preferential access arrangements such as the Generalised System of Preferences and the European Union's Everything but Arms scheme. But tariff rates for some products increase steeply after threshold quota volumes are reached, and these are often products for which low- and middle-income nations' exporters have a comparative advantage – agricultural products such as meat, sugar and milk, and textiles particularly. Outside these preferential arrangements, tariffs on cane sugar exceed 70 per cent in the European Union, Japan and the US; and powdered milk attracts tariffs of 55 per cent at least in the

**“Various kinds of tariff and non-tariff barriers block the access of producers in low-income countries to lucrative markets in high-income countries”**

6. Cline (2003), *op. cit.*  
7. UN (2003), *op. cit.*



“High-income countries spend about US\$ 300 billion each year on agricultural subsidies, some six times more than they spend on development assistance”

European Union, and as much as 160 per cent in Japan.<sup>(8)</sup>

Textiles and clothing, labour-intensive products of interest to many low-income nations, also are subject to high tariffs, as well as a range of quota arrangements. The implications of this are demonstrated by the following comparison: the tariff revenue collected by the US on US\$ 2 billion of exports from Bangladesh (clothing primarily), one of the poorest nations, is higher than that collected on the US\$ 30 billion of exports it receives from France.<sup>(9)</sup>

Moreover, tariff escalation, whereby tariff levels increase according to the degree of processing, is still a common feature of tariff structures in most high-income nations. This acts as a disincentive to the development of value-added processing in low-income nations. On average, textiles and leather products (2-digit ISIC level)<sup>(10)</sup> imported into the European Union in 2002 were subject to an average tariff of 0.9 per cent at the first stage of processing, rising to 6.7 per cent at the semi-processed stage and 9.7 per cent at the fully processed stage.<sup>(11)</sup> This, of course, hides considerable variation between more disaggregated industry categories. Similarly, in the forest products sector, tariff rates in high-income nations are mostly zero for logs, but between 3 and 10 per cent for plywood, with the highest rates often for tropical plywood.<sup>(12)</sup>

### Non-tariff measures – subsidies

Non-tariff measures which restrict or distort trade are also on the increase. The most important type is the subsidies given to domestic producers, which have the effect of making them more competitive in relation to imports, and also put them in a better position to access overseas markets. High-income countries spend about US\$ 300 billion each year on

8. RIS (2003), “World trade and development report 2003: Cancun and beyond”, Research and Information System for the Non-aligned and Other Developing Countries (RIS), Academic Foundation, New Delhi; tariff rates are post-Uruguay round MFN rates above tariff quotas, or applied MFN rates (1998–2000), or general GSP rates, if lower.

9. RIS (2003), *op. cit.*

10. International Standard Industrial Classification.

11. RIS (2003), *op. cit.*

12. Bourke, I J and J Leitch (2000), “Trade restrictions and their impact on international trade in forest products”, Food and Agriculture Organization of the United Nations, Rome.

### Box 8.1: The Impact of subsidies on African cotton growers

West and Central Africa accounted for 13 per cent of world cotton exports in 2001–02. Cotton plays a major role in the economy of West and Central African countries, and its production there has been expanding over the last two decades. In Benin, Burkina Faso, Chad, Mali and Togo, cotton accounts for 5–10 per cent of GDP, more than one-third of total export receipts, and over 60 per cent of the value of agricultural exports. Ten million Africans depend on cotton for their livelihoods. It is cultivated on small family farms and, rather than displace food crops, it has led to their expansion through the use of cotton/corn crop rotations. According to the World Health Organization, the expansion of cotton production in these countries has led to an improvement in health, reflecting better diet. It has also led to an improvement in physical and social infrastructure, such as schools and health centres.

Production costs for cotton are lower in this region than in most other producer countries. However, it has to compete with exports from countries which subsidize their cotton producers. Subsidies for producers in the US, China, Greece and Spain were around US\$ 6 billion in 2001–02, equivalent to the total market value of world exports. Moreover, the share of world cotton production benefiting from government subsidies increased from 50 per cent in 1997–98 to 73 per cent in 2001–02. These subsidies had the effect of stimulating production, leading to a reduction in world prices. The African exporters suffered a major shortfall in export earnings as a result, estimated at US\$ 250 million for 2001–02 and an annual average of US\$ 200 million for the preceding five years.

Because of the importance of cotton to the local economy, the impact of these price falls has been devastating. Household incomes and agricultural wages have fallen, and it is feared that health care and education will become unaffordable.<sup>(a)</sup>

(a) Oxfam (2002), "Cultivating poverty: the impact of US cotton subsidies on Africa", Oxfam Briefing Paper 30.

SOURCE: Goreux, L (2003), "Prejudice caused by industrialized countries' subsidies to cotton sectors in Western and Central Africa", Report prepared to provide background information for the submission presented by Benin, Burkina Faso, Chad and Mali to the WTO.

agricultural subsidies, some six times more than they spend on development assistance.<sup>(13)</sup> There is concern about the impact of subsidies on producers in low- and middle-income nations, both in export markets as in the case of cotton (Box 8.1) and sugar, and in domestic markets, food particularly. This unfair competition not only displaces local producers or reduces their revenue but also can have a knock-on effect on the local economy, as the demand for goods and services is reduced. It is worth reflecting on the millions of other jobs that would be created, and household incomes enhanced, if the 10 million African households who grow cotton simply received a fair price – as their demand for goods and services spreads through the economy. The extent to which successful smallholder agriculture for high-value crops can also support the development of stronger

13. World Bank (2003), *Global Development Finance; Financing the Poorest Countries*, World Bank, Washington DC.

**Box 8.2: Non-tariff barriers**

In April 2002, the European Union implemented a new regulation on maximum allowable aflatoxin levels in cereals and in dried and preserved fruit and nuts that was stricter than international standards (Codex Alimentarius). This has affected market access for producers in low and middle-income countries.<sup>(a)</sup>

For example, exports of brazil nuts from Brazil to the European Union, worth about US\$ 3 million per year, were brought to an end by these regulations.<sup>(b)</sup> Brazil nuts are collected from natural tropical forests and play a role in their protection, as they provide a significant source of income for Amazonian residents. The income from brazil nuts helps to maintain forest as a viable land use. Brazil nuts have been identified as a candidate for sustainable trade,

as efforts to develop national and regional standards for certification under the Forest Stewardship Council scheme in the three main producing countries have been initiated.<sup>(c)</sup> This opportunity to exploit a market niche as certified product has been closed off by the European Union's new phytosanitary regulations.

More generally, it has been estimated that the use of this new standard would reduce the value of African exports of the products concerned by US\$ 670 million, as compared to the level of trade if the Codex Alimentarius were used instead. The reduction in risk to human health from using this standard rather than the Codex standard would be minimal, 1.4 deaths per billion people.<sup>(d)</sup>

<sup>(a)</sup> Wilson J and T Otsuki (2003), "Food safety in food security and food trade; balancing risk reduction and benefits from trade in setting standards", Focus 10, Brief 6 of 17, September, International Food Policy Research Institute, Washington DC.

<sup>(b)</sup> Amazon News (2003), "Brazil nuts vetoed in Europe", Friends of the Earth Amazonia, Brazil, 17 July.

<sup>(c)</sup> Ortiz, Enrique G (2002), "Brazil nut (*Bertholletia excelsa*)" in Shanley, P, A Pierce, S Laird and A Guillén (editors), *Tapping the Green Market Certification and Management of Non-timber Forest Products*, Earthscan, London.

<sup>(d)</sup> Wilson and Otsuki (2003), op. cit.

non-agricultural economies and the infrastructure they need is often overlooked (Chapter 2).

**Other non-tariff barriers – product standards**

There are growing concerns also about the proliferation of technical standards, sanitary and phytosanitary standards<sup>(14)</sup> and, more recently, environmental standards. These can block the access to markets, as in the case of aflatoxin standards (Box 8.2). Thus, while most people agree that these standards are legitimate in some circumstances, they are widely regarded as a disguised form of protectionism. Trade disputes relating to sanitary and phytosanitary measures have increased in frequency since 1995, and often reflect the use by importing countries of standards which are more stringent than the international standards of the

14. Sanitary and phytosanitary standards aim to ensure food safety and protect animal and plant health.



Codex Alimentarius Commission.<sup>(15)</sup> High-income countries are responding to these concerns through trade-related technical assistance to help low- and middle-income countries to have better access to information on product standards, and to establish testing procedures. This is valuable, but needs to go further in giving the exporting nations greater participation in the standard-setting process.

### The Doha Development Agenda

In recognition of the concerns of low- and middle-income countries about the unfairness of the multilateral trading system, the decision was taken at the fourth World Trade Organization Ministerial Conference in Doha in 2001 to launch a broad and balanced work programme with development at its core, namely, the Doha Development Agenda represented an opportunity to make trade rules support development rather than impede it. However, progress on this agenda so far has been disappointing, with key deadlines on negotiations missed. The recent WTO Ministerial Conference in Cancun was intended to take this important agenda forward, but resulted in disagreements too great to resolve on that occasion.

Some observers have attributed the collapse in the Cancun negotiations to fundamental differences in approach and expectations. While low- and middle-income nations expected the aims of the Doha Development Agenda to be followed through, with an emphasis on fairness and development needs, the trade negotiators of high-income countries adopted their same approach as always of pursuing their own country's interests first and foremost.<sup>(16)</sup> A concrete expression of this was the attempt by high-income countries to extract concessions from low- and middle-income countries in exchange for taking action in areas that they had already committed to in previous trade rounds, such as a reduction in subsidies and tariffs. Rather

*“The Doha Development Agenda represented an opportunity to make trade rules support development rather than impede it. However, progress on this agenda so far has been disappointing”*

15. Wilson J and T Otsuki (2003), “Food safety in food security and food trade balancing risk reduction and benefits from trade in setting standards”, Focus 10, Brief 6 of 17, September, International Food Policy Research Institute, Washington DC.

16. Cafod (2003), “The Cancun ministerial meeting, September 2003: what happened? What does it mean for development?”, Submission to the International Development Select Committee.



**“Flows of foreign direct investment to low- and middle-income countries have declined since their peak in 1999 but, in aggregate, are still considerably higher than aid flows”**

than seeing such action as a fulfilment of commitments already made, they regarded this as a bargaining chip in return for Southern countries agreeing to start negotiations on the “Singapore issues”<sup>(17)</sup> of investment, competition policy, transparency in government procurement and trade facilitation. As Eveline Herfkens, the UN Secretary-General’s Executive Coordinator for the MDGs Campaign, stated: *“Doha is only successful if developing country needs and demands are integrated into the decision-making process; only if the outcome is that trade serves development; if the benefits of trade extend to poor people; and if rich and poor countries become equal players in the trade game.”*<sup>(18)</sup>

#### IV. INVESTMENT

Investment is another area where the policies of high-income nations have a significant bearing on the achievement of the MDGs. Flows of foreign direct investment to low- and middle-income countries have declined since their peak in 1999 but, in aggregate, are still considerably higher than aid flows. They also remain more important than other North–South flows of private capital for development. Bank-lending has shown only minimal or negative flows since 1999, and portfolio equity and bond flows remain at low levels. The shift away from bank-lending and bonds reflects concerns on the part of debt investors about the risk attached to debt, and a desire by policy makers in low- and middle-income nations to move to more stable forms of finance.<sup>(19)</sup>

Between one-third and one-half of private corporate investment in low- and middle-income nations is carried out by affiliates of foreign corporations.<sup>(20)</sup> Moreover, foreign direct investment is important because of the package of

17. Because the mandate to study these issues came from the 1996 WTO Ministerial Conference in Singapore, these four issues are often referred to as the Singapore Issues.

18. Herfkens, E (2003), “A Doha scorecard: will rich countries once again leave developing countries as beggars at the feast?”, Eveline Herfkens, the Secretary-General’s Executive Coordinator for the Millennium Development Goals Campaign, United Nations, Presentation at the Cancun Trade and Development Symposium, 11–12 September 2003, convened by the International Centre for Trade and Development and El Colegio de México

19. Suttle, Philip (2003), “Financial flows to developing countries: recent trends and near-term prospects in global development finance 2003”, World Bank, Washington DC.

20. Fitzgerald, E V K et al. (1998), “The development implications of the multilateral agreement on investment”, Report commissioned by the Department for International Development (UK), Finance and Trade Policy Research Centre, University of Oxford, cited in von Moltke, K (2002), “International investment and sustainability: options for regime formation”, in Gallagher, K P and J Werksman (editors), *The Earthscan Reader on International Trade and Sustainable Development*, Earthscan, London.



technology, know-how, management skills and market contacts that are associated with it. This can, in theory, lead to economic growth, employment generation and poverty alleviation, both directly and indirectly, through spill-over effects on local enterprises and government revenue. It may also be beneficial for the environment because of the use of clean technology, pressures for efficient resource use, and the policies of some multinational companies to operate to uniform international standards. However, there are different views about the actual benefits of foreign direct investment for development – some taking the view that any economic benefits are achieved at the cost of environmental degradation and adverse social impact, and some going further to question whether such investment has all the positive economic effects on growth, employment etc. that are often claimed.<sup>(21)</sup> Its unequal distribution between countries, with some 70 per cent going to just 10 countries in 2002 and very little going to what the UN classifies as the least-developed countries, particularly in Africa,<sup>(22)</sup> is also viewed with concern.

There is perhaps more agreement that foreign direct investment (FDI) has the potential to contribute to poverty reduction and to the achievement of the other MDGs, both directly and indirectly, through economic growth. But it has to be steered in the right direction in order for it to be conducive to sustainable development. FDI needs, for example, to generate linkages with the local economy rather than crowd out local enterprise, to promote transfer of clean technology, and to provide employment and training opportunities for local workers rather than a heavy dependence on capital-intensive technology.

While host country policies towards inward investment are considered to be a crucial determining factor of the impact of foreign direct investment, the policies of governments in the nations that are the prime source for such investment also have some potential for influence, both over the

**“Foreign direct investment has to be steered in the right direction in order for it to be conducive to sustainable development”**

21. Zarsky, I and K Gallagher (2003), “Searching for the Holy Grail? Making FDI work for sustainable development”, Paper prepared for a WWF UK Workshop on International Investment Frameworks for Sustainable Development: Framing the Debate, London, 10 March 2003.

22. World Bank (2003), *op. cit.*



“There is no guarantee that the activities of donor agencies will be coherent with the activities of other departments in their governments”

countries that it is channelled towards and the extent to which this investment is conducive to sustainable development. Donor agencies are helping Southern countries to develop enabling environments for promoting inward investment through improved governance, clear rules and strengthened institutions. But there is no guarantee that these activities will be coherent with the activities of other departments in their governments. One major concern is the potential conflict between these activities and the negotiating positions they adopt in bilateral, regional and multilateral agreements on investment, the main fear being that Southern countries will be forced to give up options of flexibility in dealing with foreign investing companies. More directly, high-income countries have an influence on the outcome of foreign direct investment through:

- ◆ their activities to promote foreign direct investment in low- and middle-income nations through provision to investors of finance and investment guarantees and export credits for machinery necessary for new facilities; and
- ◆ the obligations they place on their companies with respect to their overseas operations.

### Financial support to foreign direct investment

Development finance institutions and export credit agencies use public funds to facilitate foreign direct investment, either by making direct investments or by providing investment guarantees or insurance to overcome constraints posed by political risk. In this way, they catalyze private sector finance. On average, 12 per cent of foreign direct investment flows to low- and middle-income nations is covered by investment insurance from export credit agencies in the Berne Union,<sup>(23)</sup> principally in infrastructure services, increasing to 30 per cent for poor countries.<sup>(24)</sup>

The significance of these agencies can be seen in their total

23. The Berne Union groups together export credit agencies from most high-income countries and, increasingly, some middle-income countries.

24. World Bank (2002), *Global Development Finance: Financing the Poorest Countries*, World Bank, Washington DC.



exposure to low- and middle-income countries (export credits and investment insurance) – an estimated US\$ 500 billion by the end of 2000, equal to 25 per cent of these countries' long-term external debt.<sup>(25)</sup>

Political risk is often the most important factor determining whether responsible investors will choose a particular country and the premium they will expect over normal rates of return. The availability of investment insurance can therefore help tip the balance for low-income countries with little track record.

Development finance institutions, as the private sector arm of development cooperation departments, have a mandate to promote development but, in many cases, there is an expectation, if not an explicit requirement, that projects will involve some commercial interest of the home country. The mandate of the export credit agencies is usually more explicitly to promote exports and industrial development of the home country. In both cases, but particularly in the latter, there has been a tension between their requirement to promote home country industry and the need to consider the broader sustainable development impact of their investment decisions, while maintaining financial viability.<sup>(26)</sup> Both types of agency are often involved in large infrastructure projects, or energy or mining projects, so the social and environmental issues are highly contentious.

Calls from NGOs and governments for coherence with government sustainable development policies have led to a number of these agencies introducing policies to this end, but with varying degrees of thoroughness. The UK Export Credits Guarantee Department has developed a Statement of Business Principles which has as its first core principle *"...to promote a responsible approach to business and to ensure our activities take into account the government's international policies, including those on sustainable development, the environment, human rights, good*

*"In many cases there is an expectation, if not an explicit requirement, that projects will involve some commercial interest of the home country"*

25. World Bank (2002), *op. cit.*

26. Grieg-Gran, M (2002), "Financial institutions and the 'greening' of FDI in the mining sector in foreign direct investment and the environment: lessons from the mining sector", OECD, Paris.



**“Without a commitment to disclosure, it is hard to see how export credit agencies can demonstrate that their business decisions are coherent with other government objectives on sustainable development”**

*governance and trade.”*<sup>(27)</sup> The OECD has been working with export credit agencies of member countries to develop common guidelines, with a view to avoiding a “race to the bottom” on environmental standards. However, the focus of this work has been primarily environmental, and while this is important for the MDG on environmental sustainability, a more comprehensive approach is needed to address social development issues as well. The emphasis is also on avoiding or minimizing negative impacts of projects rather than actively promoting projects that contribute to sustainable development. The NGO network ECAWatch has called on the OECD to broaden its approach.

There is also a lack of transparency, particularly among the export credit agencies, on the grounds of commercial sensitivity. Such agencies have started giving details of their export credits but some, for example, the UK’s Export Credits Guarantee Department, give only aggregate information on their investment insurance and guarantees.<sup>(28)</sup> Without such disclosure, it is hard to see how they can demonstrate that their business decisions are coherent with other government objectives on sustainable development.

### **Obligations on transnational corporations**

For reasons of sovereignty and practicality, governments are reluctant to regulate the practices of their companies in their operations overseas other than by restricting investment in certain countries for political or security reasons. Legislation has been introduced in some countries to control bribery and corruption. For example, the US Foreign Corrupt Practices Act and the OECD Convention against Bribery are encouraging other countries to follow suit, but doubts remain about enforceability. Perhaps the greatest potential for home country governments to influence the practices of companies in their operations in low- and middle-income nations is through the voluntary

27. ECGD (2001), “Export credits guarantee department”, *Annual Report and Resource Accounts 2000–01*.

28. ECGD (2001), *op. cit.*



approach of the OECD Guidelines for Multinational Enterprises. These set out non-binding principles on issues such as employment, human rights, environment, information disclosure and corruption for multinationals operating in, or from, adhering countries. They have been multilaterally endorsed, and adhering governments are obliged to monitor their observance through the designation of National Contact Points.

Whether the guidelines are effective, or are just window dressing, depends on how seriously signatory governments take their monitoring requirements. A recent review of the functioning of National Contact Points has highlighted some shortcomings relating to lack of promotion of the guidelines, limited accessibility, variations in disclosure, with contact points in some countries not making their annual reports publicly available and, in most cases, only limited information being provided in these reports.<sup>(29)</sup>

## V. COMPETITION POLICY

Even if action is taken by high-income countries to remove trade-distorting subsidies, to reduce tariffs and non-tariff barriers, and to orient foreign direct investment more towards sustainable development, there is still a concern that the benefits will not be captured by those who need them most. As globalization continues, a process of consolidation is taking place in some sectors, and market power is being concentrated in fewer and larger companies. As trade and investment liberalization increase and economies open up, the extent of competition at national level becomes less relevant, as companies are increasingly in competition with others from all over the world (Chapter 9 discusses the extent to which various industries in Pakistan are unable to compete with Chinese exports). However, this can simply lead to further consolidation across national boundaries in the effort to achieve economies of scale. This has generated a debate over the power of multinationals relative to that of governments.

**“Even if action is taken by high-income countries to remove trade-distorting subsidies there is still a concern that the benefits will not be captured by those who need them most”**

29. OECDWatch (2003), *Review of National Contact Points*, June 2002–June 2003 No 2, June.



**“Some argue that, while the level of concentration continues and intensifies, the problem of agricultural dumping will not be resolved by the elimination of subsidies alone”**

The consolidation trend applies particularly to some agricultural sectors that are highly relevant to low- and middle-income nations. Three companies account for 45 per cent of coffee-roasting worldwide, while, for soy and livestock, three companies dominate the crushing and feed production along the value chain from South America to Europe.<sup>(30)</sup> As a result of the concentration at the processing and retail stage, it is the primary producers who get squeezed by declining commodity prices or by market requirements to make production more sustainable. In the case of coffee, the proportion of total income gained by producers dropped from 20 to 13 per cent between 1989–90 and 1994–95, while the proportion retained by consuming countries increased from 55 to 78 per cent.<sup>(31)</sup> Some argue that, while this level of concentration continues and intensifies, the problem of agricultural dumping will not be resolved by the elimination of subsidies alone.<sup>(32)</sup>

Efforts to introduce competition policy into multilateral trade negotiations have proved controversial, as the breakdown of the Cancun negotiations demonstrated. Some believe that the World Trade Organization is the wrong forum, and that implementation of existing commitments is a greater priority. Many low- and middle-income nations do not have competition laws or an agency to implement them and, for this reason, have resisted efforts to include this issue in multilateral negotiations. Nevertheless, as companies increasingly operate on a global basis, this issue will have to be tackled in a way that goes beyond national considerations of consumer welfare and that considers restrictive business practices along the whole value chain to producers in low- and middle-income countries.

30. Vorley, B (2003), “A poor man’s field: corporate concentration from farm to consumer”, Report for the UK Food Group, IIED, London.

31. Ponte, S (2001), “The ‘latte revolution’? Winners and losers in the restructuring of the global coffee marketing chain”, CDR Working Paper 01.3, Centre for Development Research, Copenhagen.

32. Ritchie, M, S Murphy and B Lake (2003), “United States dumping on world agricultural markets”, Cancun Series Paper No 1, IATP, Minneapolis.



## VI. CONCLUSIONS

The MDGs will make a difference if they stimulate Northern countries to approach development in a more coherent fashion. Estimates of the amounts needed to meet the MDGs are helpful but misleading, because they give the impression that all that is needed is to throw money at the problem. While aid is certainly needed, it will have little lasting effect on development unless there is a shift in the way that the North approaches its trading, investment and business relations with the South.

The inclusion of MDG8 on the global partnership is important. However, it needs to be translated into clearer time-bound commitments for high-income countries to align their policies in other areas. The report of the UN Secretary-General on the implementation of the MDGs tracks changes in the percentage of imports from low- and middle-income countries admitted duty free, in average tariff levels for agriculture, textiles and clothing, and in agricultural subsidies as a percentage of GDP since 1996.<sup>(33)</sup> These suggest areas for commitments relating to trade, but could also be supplemented by commitments relating to the removal of tariff escalation and a greater participation by developing countries in the setting of product standards.

As for other areas of economic policy, some commitments that Northern countries could consider include:

- ◆ development finance institutions, given their development mandate, to base their financing decisions not on the commercial interests of their home country but on their sustainable development policy;
- ◆ export credit agencies to develop screening and review procedures for their projects that address sustainable development impacts comprehensively, and to report on their performance, with full disclosure of the officially backed funding decisions that are made;
- ◆ allocation of more resources to disseminate the OECD

**“While aid is certainly needed, it will have little lasting effect on development unless there is a shift in the way that the North approaches its trading, investment and business relations with the South”**

33. UN (2003), *op. cit.*



guidelines for multinational corporations in Southern countries and to ensure effective monitoring by National Contact Points, as well as a commitment to full disclosure of their activities; and

- ◆ high-income nations to introduce a development dimension into their competition policy, to consider not only consumer welfare in their own country but also the implications for producers in low- and middle-income nations; in addition, to support low- and middle-income countries to implement competition policy at the national level in preparation for multilateral discussions in the longer term on competition.

# 9

## The new world order and Pakistan

Arif Hasan

*(IIED invited Arif Hasan, the well-known researcher on environment and development in Pakistan, to comment on the Millennium Development Goals. Arif Hasan is one of IIED's Board members, and also a member of the Millennium Project's Taskforce 8 on improving the lives of slum dwellers. He chose to comment not on the MDGs, but on the larger issues facing his own country, Pakistan, because of his concern that the MDGs will not address these. We include this here as a final comment, as these are issues that the MDGs will have to grapple with if they really are to reduce poverty.)*

If a society and country can compete in the world market, it survives or occasionally prospers. If it cannot, it goes bankrupt or exists at the periphery of the world system, unable to afford imports. Its poor have to cope with impoverishment at home, or struggle to migrate to better-off countries (although facing enormous obstacles in doing so). But if a low-income country proves too successful in the world market, it is punished, as its products face trade barriers or it has to compete with enterprises



**“Poverty in Pakistan decreased from 46.5 per cent of the population in 1969–70 to 17.3 per cent in 1987–88. Between 1987–88 and 1999–2000, poverty increased from 17.3 per cent to 33.5 per cent of the population”**

in high-income nations that receive large subsidies. Pakistan can compete in the global market only in textiles, sports goods and mangoes. Most of its other industries will close down. The light engineering industry is already closing down because it cannot compete with Chinese goods. For example, a Pakistani-manufactured motorbike costs Rs 40,000 (US\$ 690), whereas similar Chinese motorbikes, now available in Pakistan, cost Rs 14,700 (US\$ 254).

Poverty in Pakistan decreased from 46.5 per cent of the population in 1969–70 to 17.3 per cent in 1987–88. The period between 1972 and 1986 was one of massive increases in public sector expenditure and public sector employment. Between 1987–88 and 1999–2000, poverty increased from 17.3 per cent to 33.5 per cent of the population. This has been a period of major cutbacks in public sector spending in the social sector and employment, in the privatization of government industrial- and service-sector institutions, and in major health and educational facilities, as a result of structural adjustment. My conversations with academics and social movement activists in a number of Asian and African countries suggest that conditions in those countries are similar to those in Pakistan, and for the same reasons.

There have been cost increases of over 300 per cent in utilities (gas, electricity, water, telephones) in the last six years. There are more increases in the offing. This is adversely affecting the lives of the poor and of the informal industrial sector. The government has attempted to privatize water, sewage and solid waste collection, although this has been successfully resisted by “civil society”. Further attempts are being made to do so again.

Poverty-related subsidies have been reduced from Rs 5.2 billion in 1991 to Rs 284 million in 2001. Between 1988 and 2002, public sector investment as a proportion of GNP halved. During this same period, while the lowest-income groups suffered tax increases of four per cent, the highest-income groups benefited from tax decreases of 21 per cent. Ninety per cent of revenue generated by the liquidation of



state-owned enterprises (most of them quite profitable) under the poverty reduction strategy will be spent on debt-servicing. Seventy per cent of the poverty alleviation funds are loans from international finance institutions, and they are simply going to make the country poorer.

In cities, land use is now determined by land values and not by city planning considerations. This is pushing the poor out of the city and far away from education, health, recreational and entertainment facilities. It is impoverishing them further. The concept of social housing has undergone a change. Land provision for social housing is no longer promoted. This is being replaced by the provision of loans to house builders, but the poor remain “non-loan-worthy”. Exceptionally well organized communities can organize to access these loans (such communities are rare), but the cost of land has become even more unaffordable than before.

Planning has been replaced by uncoordinated mega-projects to be built on a Build, Operate, Transfer (BOT) basis with private companies. These projects are three to four times more expensive than government-financed and built projects of a similar nature. They are pushed by a nexus of powerful consultants, international companies and uneducated and unscrupulous politicians, with disastrous results for the poor. For example, the Karachi Circular Railway rehabilitation and extension would cost Rs 5.5 billion if the Pakistan Railways were to undertake it and, as a result, the average cost per trip would be Rs 6–8, so as to recover investment and running costs over a 30-year period. Under the BOT scheme, the cost would be about Rs 18 billion, and the ticket cost Rs 16–20 per trip, which is unaffordable to Karachi’s poor. Many of the mega-projects now being pushed (regarded as unnecessary by Karachi planners and academics) are evicting tens of thousands of families from their homes.

The decentralization (devolution) reform that has been enacted in Pakistan has reduced politics to neighbourhood issues such as water and sanitation. The larger issues are no longer debated at the neighbourhood level, and at the

“Ninety per cent of revenue generated by the liquidation of state-owned enterprises (most of them quite profitable) under the poverty reduction strategy will be spent on debt-servicing”



**“About 100,000 families in central Punjab alone are being pressurized to give up their sharecropper status to facilitate corporate farming. A major resistance movement is taking shape”**

national level every political party is forced to support the new global regime since it does not know how to oppose it, or does not wish to.

Research work at various NGOs and government and academic institutions is now determined by donor funding. It has lost its independence and also the links that it had previously with the political process.

Subsidies for higher education have been reduced and, in the last five years, public sector university fees have increased by more than 200 per cent. An additional 600 per cent increase is on the cards, meaning that only the rich will be able to study. Private universities, which were not allowed previously, have mushroomed. They have attracted teachers from the public sector institutions, as their pay scales are much better. As a result, the standard of public sector institutions has declined, with the result that the better off study in good universities and the not so well off study in bad universities. This is the end of the democratization of higher education.

The promotion of corporate farming is being pursued aggressively. About 100,000 families in central Punjab alone are being pressurized to give up their sharecropper status to facilitate corporate farming. A major resistance movement is taking shape.

All this is taking place in a country with an international debt of US\$ 35 billion, one in which the lowest 20 per cent of households enjoy 7 per cent of resources, the middle 60 per cent 44 per cent of resources, and highest 20 per cent 49 per cent of resources. This is unacceptable, but what does one do? There is anger, frustration and hopelessness. Does one fight for a new world order? Or does one try and make the best of what is offered, even if it violates centuries-old values and the concepts of democracy and equity? I, for one, am unclear, and so are an increasing number of my colleagues and friends. There is no concept of tomorrow any more; you cannot visualize beyond your lifetime.

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## **The Millennium Development Goals and Local Processes: Hitting the Target or Missing the Point?**

The Millennium Development Goals (MDGs) commit the international community to an expanded vision of poverty reduction and pro-poor growth, one that vigorously places human development at the centre of social and economic progress in all countries. The MDGs also recognise the importance of creating a global partnership for change, as high-income nations must reform their domestic and international policies related to agriculture, trade, and sustainable development; enhance the effectiveness of their aid programmes; and help poor countries to reduce their debt burdens. For their part, low-income nations must address fundamental issues related to governance, rights and social justice. In all cases, countries must set their own strategies and policies, together with their global partners, to ensure that poor people receive their fair share of the benefits of development.

As an active member of this partnership, IIED has launched a programme of collaborative research, networking and advocacy on the MDGs. Meeting these ambitious goals requires more local action, local capacity and good governance. We aim to identify policies and practices that enhance these local development processes. We also aim to challenge inadequate and inaccurate measures of poverty and development progress and increase the influence of civil society on key debates and high-level policy processes.

This booklet was produced for IIED's conference, **The Millennium Development Goals and Local Processes: Hitting the Target or Missing the Point?** held in London in November, 2003. For more information about the conference and IIED's other work on the MDGs, go to **<http://www.meetingthemdgs.org>**

The International Institute for Environment and Development (IIED) is an independent, non-profit research institute working in the field of sustainable development. IIED aims to provide expertise and leadership in researching and achieving sustainable development at local, national, regional, and global levels. In alliance with others we seek to help shape a future that ends global poverty and delivers and sustains efficient and equitable management of the world's natural resources.

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