

## **International Development: Beyond The White Paper**

### **1. Practical Policy, Practical Politics, or Both, or Neither?**

#### **The DAC Targets for the 21<sup>st</sup> Century**

**John Vereker**

*Permanent Secretary,*

**Department for International Development**

**Talk given at ODI, Wednesday, 21 January 1998**

1. Simon Maxwell (ODI's Director) is responsible for the title of this talk. It carries a sceptical tone. What's the use of targets? And who do the DAC think they are, to impose them on the rest of the world? There's a case to answer. I welcome the opportunity to do that. And I welcome the ODI's initiative in setting up this whole series of discussion meetings.

#### **Practical Politics**

2. We have signed up, with considerable fanfare, to a set of ambitious and in some ways crude goals for development. We did so in 1996, before last year's change of government. But since the election, the Government's commitment to the targets has become more explicit. The White Paper makes the goal of halving, in less than 20 years from now, the proportion of people living in poverty the motive for everything we do. We've become crusaders in the cause, persuading others to treat the targets as seriously as we do. Clearly, we think the DAC targets are a good thing.

3. Yes, they are unashamedly visionary. They are deliberately designed to capture, and convey, the excitement and opportunity of global development in the 21<sup>st</sup> Century. Just politics? Even if so, nothing to be ashamed of. What more inspirational stance could a development Minister take than to set out to halve, and ultimately to end, world poverty? There's good practical politics, too, in projecting a vision. Successful international development requires conviction - conviction all round, from both governments and governed, in both developed and developing countries. Vision helps breed conviction.

4. Polls tell us that compassion fatigue is not a problem in donor countries. What bothers people is that they don't know what their governments are doing about development, and in particular whether it is effective. This matters: the aid programme needs the support of an informed public - particularly when we plan to spend more on it. This Government is committed to reversing the decline in the level of our aid. So the targets are certainly practical domestic politics if they rally public opinion behind development.

5. Spending more means explaining more. Raising development awareness is a key ingredient in the new policies. We are surrounded by immediate and short term stimuli: we often need to be reminded that the remote and the long term matters too.

6. And in developing countries, people may need convincing that real change is possible, that there is some point or purpose to sustainable development policies. The targets combine the prospect of measurable progress, year on year, with a longer term perspective. It would of course be wrong to suggest that they will not produce results until 2015. And if they provide a way of capturing the high ground

among policy-makers - at all the relevant levels - they provide some additional focus and conviction.

7. The genesis of the targets, in UN conferences over the last five years, has given them legitimacy in developing countries. The targets were not invented by a few of us in the DAC's "Groupe de Réflexion". They were teased out of endless negotiating sessions in the months and years running up to Cairo, Beijing and Copenhagen - global conferences under the aegis of the UN. Places where developing countries had a sense that they exercised muscle in the development debate. They traded hard in those UN negotiations: in return for adopting the targets, they expected the help needed to make them reality.

8. And that, of course, is the practical foundation on which the British Government's adoption of the targets rests. The commitment to reverse the decline in British aid legitimises our status as respectable purveyors of the targets to the world at large. The prospect of substantial extra resources, combined with adoption of the DAC targets, in the context of an unequivocally supportive climate, should quicken the pulse of all who care about Britain's role in development.

9. The overarching target of halving poverty is also pleasingly simple. The previous government asked us, in 1980, to attach greater weight to political and commercial criteria for aid. There is less ambiguity about our mandate now. With the creation of my Department as a separate Department of State, Britain's ability to make a difference in the developing world is probably greater than it has been at any time since the international development effort started. Strong political leadership, of a strong Department, backed by a strong economy: that is a combination that goes beyond short term political rhetoric. It is a unique opportunity to turn the targets into practical policies.

## **Practical Policies**

10. Targets have to be chosen with care. These were. In the DAC group, we were careful to avoid targets which were simply measures of input rather than effectiveness; or which would distort the international effort away from higher priorities. At DFID we are uneasy, for example, about aspects of 20/20. As a formula for social sector spending, it is arbitrary, and input driven. It may encourage some desirable increase in attention to social sector programmes. But it could divert resources to add up to the right numbers, with no guarantee that those numbers achieve what we want in terms of outputs or policies.

11. By contrast UNICEF, in the Jim Grant era, showed how effective it could be to adopt output goals for women and children, to be realised by the millennium. Immunisation has since proceeded apace. Millions of children have benefited from this goal-oriented approach. The trick for the DAC was to build on that experience to construct targets which would encourage social and economic progress across the board. That is why poverty comes first.

12. There is a good deal to be done in order to put targets into practice. The world is not tidy. You can't simply cascade global targets into bilateral partnerships, and bilateral partnerships into country aid programmes and sit back and wait for 2015. Implications at national level, at least for the larger developing countries, need to be unpacked. Data bases, data collection capacity, and analytical skills, need to be strengthened. These tend to be weak areas in many developing countries, where we can help. Time lags are awkward: we are planning our expenditure now for three or four years ahead without knowing where we were two years ago.

13. The fact that the targets are deliberately visionary does not excuse us from addressing these practical issues. We have lost no time. A seminar was held in May 1997 to discuss the proposed indicators. Out of

that, four working groups, led by the World Bank and UN agencies, were established. They put forward detailed proposals on how progress is to be measured against each headline target. The groups have considered the key issues related to the targets, such as the definitions and sources to be used, how often global aggregates should be compiled and which agency should be responsible for doing this work. They have also proposed a number of supplementary indicators that will enable cross-checking and better assessment of the progress that is being made. A total of 20 indicators are currently under consideration. The proposals will be discussed at a meeting in February in Paris. Work is also in hand to establish baselines, though the poor coverage for some indicators is problematic; in due course milestones will also need to be agreed between now and 2015.

14. Practicality also means answering the question "Can the targets be met?". My answer: yes - given the right policies, and sufficient resource transfer. So a good deal will have to change, in both North and South. The factors which undermine development prospects are largely man made. Economic mismanagement; internal conflicts; environmental degradation. In fact, we should already prepare the way for new targets beyond 2015. The ultimate objective must surely be more ambitious than to leave hundreds of millions still in absolute poverty.

15. What do we know already? That the per capita growth rates required to meet the overarching poverty target are actually quite modest. That they are achievable, on present policies, in Latin America and South Asia. But that in many countries, especially in sub-Saharan Africa, we will not halve the proportion of people earning by 2015 the dollar a day which defines absolute poverty, unless dramatically improved policies are adopted. Global achievement of the target will depend on continued good performance from the faster-growing large countries: China, India, Brazil and Indonesia will be critical. And we have to avoid too many heroic assumptions about Asian growth. A dramatic slowdown in growth there will weigh heavily on the poor, and may inhibit governments otherwise inclined towards pro-poor policies.

16. Our analysis, and recent work by World Bank staff, reinforces the need for macro-policies and institutional change which will support growth, especially in sub-Saharan Africa. And that analysis also highlights the fact that the future incidence of poverty will depend not only on overall levels of growth, but on the extent to which the poor take part in it. Let me say a word about our potential role in each of these: growth - participation - policies.

## **Supporting Growth**

17. First, supporting growth. Does our commitment to the targets mean simply backing winners? The White Paper says that we will build "partnerships" with governments which themselves are working to reduce poverty. There is no point in our building in the UK the political will to eliminate world poverty if it does not exist in the poorer countries. But in practice few governments would deny that poverty reduction is among their goals, even if they might not stick to poverty strategies in the face of other pressures. How can you tell a pro-poor government? One answer lies in its budget. We plan to improve our capacity to analyse budgets. In practical terms, I expect this to lead to changes in the way we give our aid: more financial assistance - more sector aid - than in previous years.

18. But let us imagine that we build strong partnerships with a number of governments whom we judge - after careful scrutiny - to pursuing sound poverty elimination policies. What does this mean for the rest of the world? Will the benefits to a government of a partnership with us be attractive enough to tempt worse-performing countries on to the path of virtue? That has rarely happened in the past. Take Ghana or Uganda - faithfully following prescriptions for economic reform, broadening and deepening democracy, targeting the poor. They have enjoyed favoured status with the donor community. But it would be hard

too prove that others have hurried to follow their example. Some of the most disappointingly aberrant countries - Nigeria, Zaire - have survived on the back of their endowment of natural resources. Even those without that cushion manage to survive. We know from Dollar and Burnside that although aid can reinforce good policies, the promise of aid will almost never be a sufficient lever to give up bad ones. Old style conditionality does not work, at least not without the strength of donor consensus currently confronting Presidents Mugabe and Soeharto.

19. So there's a dilemma here. Our programmes will continue to be focused on the poorest countries in the world in South Asia and sub-Saharan Africa. But we are challenging them to meet us half way. Some will meet the challenge. Others won't. We cannot avoid poor performing countries on the grounds that they won't do much to get the targets met. So in some cases, under some conditions, we may bypass governments to reach the poor.

20. But we want the targets to hold good for everybody. We shall need to assess on a case-by-case basis, and consult our Ministers, on what actually satisfies us as a definition of a government's commitment to reduce poverty. The choice and application of pro-poor policies will differ from country to country according to circumstances and needs. Aid strategies will also differ, as they do now. We still have a great deal to learn about how development agencies can influence change. But we shall be looking for reasons to include countries in partnerships, not for arguments to exclude them.

## **Participation**

21. Next, participation. I expect to see a significant shift over time in our aid, towards poor countries - but particularly towards those who themselves favour poor people. And within country programmes, I expect to see a similar shift towards interventions which improve the access of the poor to the benefits of growth. Primary healthcare. Education for girls. Rural water supply. Micro-credit projects. Help to small businesses. And we shall do more to encourage the voice of the poor in debates about their own future. Participatory poverty assessments. Social audits. Local democracy. Exclusion - on which my colleague Ros Eyben will be speaking later in this series. We need to focus our relationships, and our aid, at the appropriate level; that will often be the local level.

22. I return to the social sectors, where local participation is naturally highest. Of course this is the battle ground for the fight against poverty. The work of Richard Jolly and Santosh Mehrotra on development with a human face has reminded us that economic growth tends to follow, not precede, investment in basic health and education. But increased spending by itself is not the key. That is why the human development targets are described in output terms. To get from the input to the output, the policy and institutional framework must be right. We have built up substantial skill and experience in this; it will remain a key area for our assistance. We will encourage proper weight for social sector spending in central planning processes. We shall step up by 50% our spending on education, health and water in Africa. We are actively considering substantial new programmes in South Asia. I am very confident that we will make a significant contribution to turning the aspirations of the targets in the social sectors into practical reality.

23. And that, of course, brings us to the conceptual difficulty of causality. The key to a successful sector approach is the ability to engage others. The multilaterals with their spending power; donors; local administrations. In such a context we cannot claim more than to make a contribution; we cannot, in short, claim causality.

24. Nor should we. I said earlier that we want to persuade others to embrace the DAC targets. Of course we must. They make no sense for us on our own. In particular, while we have the Presidency, we are encouraging the EU to adopt them. We would like to see development, and the targets, on the agenda at

the Birmingham G7/G8 Summit.

## **Wider Policies**

25. But even the donor community as a whole, given the relatively small volume and influence of aid flows and the momentum of country economies, is not going to ensure that the DAC targets are met. Development assistance will never be the whole answer. Hence the White Paper's insistence that development assistance is just one element in the UK's wider relationship with a country. We are working closely with the rest of Whitehall on this. Already other Government Departments are taking ownership of these policies, as they see them in our own long term interest. Not just the DTI with development of markets, but the Treasury with international financial stability, the Home Office with crime and migration, and our neighbours in Eland House with the global environment. We also need to tap new resources for sustainable development. The key to this must be the private sector. Our plan to bring private equity into the CDC will be a significant experiment in government and business working together, bridging huge extra resources into the development programme. And we need to find ways of ensuring that what we do in our development programme works with the grain of business activity, will actually help generate resources for development.

26. The recognition that we cannot act alone on the targets also points to policies which collectively focus on the needs of developing countries, rather than concerned with apparent individual short term interest. So, a continued multilateral debt effort. No more ATP. Untying aid would be a step further. The latest figures show, in fact, that a rather small proportion of the UK aid programme is now tied. We have supported since the outset the OECD's latest initiative to promote multilateral untying. A series of bilateral meetings with a range of DAC member countries before Christmas enabled us to advance the international debate further. There does now seem to be a real and encouraging prospect that DAC members will sign up to the first step, which will be to untie aid to the least developed countries. Trade and investment now have a different part to play: instruments of development in their own right, not national policies needing subsidy from aid programmes.

27. To conclude. The DAC targets are a stimulus for support, for action and for change. They are not in themselves a policy. They provide a focus for the anti-poverty policy we have made a primary objective. A focus not just for the UK, but for all our partners in development, including the countries we work in. We did not sign up to them lightly. The Government has nailed its colours firmly to the DAC's mast. Together with other committed donors, we shall sail with confidence towards the opportunity to make a real difference in the 21<sup>st</sup> Century.

[ODI Home Page](#)