There are some big questions to ask about WDR this year. Why did Ravi Kanbur resign as team leader just weeks before publication? Did the unprecedented consultation on the draft make any difference to the final text? Why has the Bank changed the title from a punchy ‘WDR 2000’ to the clumsy ‘WDR 2000/2001’? Oh, and a question which may be of passing interest to techies and anoraks in the development field: does WDR have anything sensible to say about reducing poverty?

The last question is perhaps better formulated as asking whether the Bank has anything new to say about reducing poverty – since this particular pool is already heavily stocked with fish. Exercising their little fins down there, and fighting for limited oxygen supplies, we already have human development (courtesy of UNDP), a rights-based approach (UNICEF), a livelihoods approach (DFID and others), social exclusion (the EU, ILO), human security (the UN proper), and a shoal of other multi-coloured concepts and approaches, including of course the Bank’s own earlier contributions, not least WDR 1990. Key question: are the apparent differences real, or is this diversity mainly a question of product differentiation, by agencies desperate to project and protect their own ecological niche? In the end, after all, if it looks like a fish, and it swims like a fish, then it’s probably part of a general consensus on poverty reduction.

The difficulty in deciding whether or not a consensus exists – in adjudicating between the competing narratives on offer – is that the tool-box is shared. The discourses may differ, but it is hard to escape a vocabulary which deals with mainly with raising and spending money, the incentive and regulatory framework, the reform of public services, issues of voice and participation, and the contribution of international aid. There isn’t a model on offer which does not prescribe jobs, education, health, participation, environmental protection and a host of other ‘goods’. The discrimination therefore has to be more subtle: not ‘what’, but ‘why’, ‘what priority’, ‘what sequence’, and ‘what roles for different actors’. Poverty reduction, yes: but money metric only, or money metric plus? Markets, yes: but how should market liberalisation be managed? Participation, yes: but does that mean genuine empowerment? Aid, yes: but as a right or a gift? And what else, apart from aid?

With these kinds of question in mind, there are some notable features of WDR 2000, innovations and developments from the last general statement on poverty by the Bank, in WDR 1990. Innovation does not necessarily mean invention. A disconcerting number of the new ideas in WDR 2000 can be traced back to the other general statement on poverty in 1990, the first UNDP Human Development Report (UNDP 1990). A cynic might claim that the World Bank in 2000 has finally arrived at where UNDP was in 1990. That, however, would be cruel.

WDR 1990, it will be recalled, defined poverty mainly in income terms, and proposed a strategy to combat poverty based on labour-intensive growth, human capital development (i.e. health and education), and safety nets. This was often described as a strategy of two and a half legs, since safety nets was something of a poor relation. WDR 2000 adopts a multi-dimensional definition of poverty, and has a new, better-balanced triptych: opportunity, empowerment, and security. It also has a strong section on international actions.
In a 200-page text, supported by a 46-page bibliography (and, for once, the references are not all to World Bank documents, one benefit of bringing in an outside team leader), there are inevitably many subtleties. However, seven points stand out:

- **Methodological innovation**, in the shape of participatory poverty assessments in 60 countries, collectively articulating the ‘Voices of the Poor’.

- **Partly inspired by ‘Voices’, but also drawing on an extensive literature**, explicit adoption of a multi-dimensional model of poverty, which sets low income alongside access to health and education, vulnerability to shocks, and, importantly, voicelessness and powerlessness.

- **Emphasis on the value of growth in reducing poverty**, as one might expect, but also considerable emphasis on redistribution, admittedly largely for instrumental reasons, rather than as an end in itself, as a way of raising the poverty elasticity, but also because more equal societies grow faster.

- **Predictably again, a commitment to markets and to openness**, but strong statements throughout about the dislocations associated with market reform and market processes, the need for strong and prior institutional underpinning of markets, and the ‘obligation’ (Pg 76) to protect losers and those excluded from the benefits.

- **Empowerment as a major theme**, not just participation in a narrow sense, but a focus on making state institutions responsive to poor people (Ch 6) and on building social institutions (Ch 7).

- **Security promoted from being half a leg to a full leg**, with a typology of risks, and a review of mitigation, coping and response strategies for natural disasters, economic crises, and many kinds of idiosyncratic risk facing individuals.

- **Finally, a discussion of international actions around the core themes of opportunity, empowerment and security**, which touches on well-worn themes (protectionism in the North, debt relief, more and better aid), but also recognises why countries are nervous about capital market liberalisation and calls for democratisation of global governance institutions.

We will come shortly to some qualifications and to what might be missing here, but it would be churlish not to begin by saying that the innovations and developments in WDR 2000 contribute in no small measure to international consensus-building on poverty reduction.

UNDP, for one, will be pleased with the commitment to a multi-dimensional model of poverty reduction, and the consequent caution in allowing policy to be driven by the target of reducing dollar a day poverty by half by 2015 (see for example the last sentence of Box 1.2). DFID, and other proponents of a livelihoods approach, will welcome the analysis that people’s assets (social as well as physical, financial and human – Pg 34), and how they are used, determine well-being. The ILO will find familiar the repeated references to social exclusion, and to the institutional barriers that must be breached for exclusion to be reduced. Perhaps most notably, critics of neo-liberalism everywhere will underline those sections of the text that follow Stiglitz in asserting the errors of the Washington consensus and that require caution in liberalising markets (see, for example, Pg 62): there is even support for capital controls (Pg 181).
Two thoughts follow. The first is that revisionism on this scale does deserve to be brought out of the shadows. What WDR is saying, in so many words, is that many Bank policies in the 1980s and 1990s were wrong: well-intentioned, maybe, but producing more misery, not less, than the now-proposed counter-factual. A show-trial is perhaps too much to hope for, and the International Criminal Court is not yet up and running. Resignations might be difficult. But an apology?

The second thought is that we need to remind ourselves that WDR is not an official World Bank policy document. It provides useful analysis, and, if you like, some sticks with which to beat the Bank, but it does not commit the Bank in any way. The 1990 WDR was followed by a Policy Paper in 1991 (Assistance Strategies to Reduce Poverty), and in 1992 a Poverty Handbook and an Operational Directive. There was some slippage between WDR and these various implementation actions, in the sense of a weakening of principle (for example on the need to limit state compression (Lipton and Maxwell 1992: 6)), but there was at least an identifiable process of turning ideas into policies. In 2000, the main vehicle for implementation looks like being the production of Poverty Reduction Strategy Papers, though these are only being prepared by HIPC countries, and are in any case the responsibility of the countries, not the Bank. A PRSP source book is in preparation, effectively a counterpart to the earlier Poverty Handbook. Is it consistent with WDR? And is a new Operational Directive needed?

Returning to qualifications and gaps, different observers will spot different issues, reflecting their own interests, expertise, and even prejudice. Three topics, selected from a long list, are the omission of rights, some questions about redistribution, and the fiscal implications of the ‘obligation’ to protect the poor. The first illustrates a failure to conform to the current international agency consensus. The second illustrates a weakness in the international consensus. And the third raises questions about how to translate general principles into practical programmes for specific poor people.

WDR has missed a trick in not reflecting the current debate about rights, especially economic, social and cultural rights, but also civil and political rights. UNICEF has been the most visible protagonist in the argument about a rights-based approach to development, but it is notable that the Human Development Report for 2000 dealt with this topic. Perhaps rights will feature in the WDR of 2010?

A rights approach supports and extends much of what WDR is trying to do. It provides a basis in international law for a multidimensional approach to poverty reduction, identifying participation in the political process and in cultural life as rights, alongside such rights as to a standard of living adequate for health and well-being. It identifies ‘duty-bearers’ whose responsibility it is to underpin rights, principally states with regard to their own citizens, but with implicit (and sometimes explicit) duties falling on international duty-bearers, both states and other institutions (including the IFIs and multinationals). It offers an approach and a vocabulary for achieving ‘progressive realisation’, requiring duty-bearers to take concrete, targeted and appropriate steps, using the ‘maximum available resources’. And it draws on an international apparatus for monitoring and verification, principally via the six treaty monitoring bodies in Geneva.

There are difficult questions to resolve in the rights arena (Do collective rights supersede individual rights? Does accountability imply legal recourse?) – but civil society groups, governments and international agencies (well, UNICEF), have shown that a rights approach
can be more than an advocacy tool in support of poverty reduction at national level. Internationally, too, the rights discourse has unexploited potential in debates about international taxation and resource transfers, and about democratisation of global institutions. Is the Bank silent about rights because it is nervous about being identified as a duty-bearer?

On growth and redistribution, WDR’s position can be summarised as follows: on average there is no systematic relationship between growth and changes in income distribution (though there are many outliers and many complications associated with winners and losers being in different sectors and different geographical regions); growth is better for the poor if it is accompanied by improving income distribution; and low inequality is also good for growth. Thus, growth is good for the poor, pro-poor growth is better, and actions which lower the gini-coefficient are desirable.

So far, so good, and it is worth noting that the Kuznets curve (relating growth to increased inequality) is discarded, to be replaced by the reverse argument, that low inequality is associated with conditions (e.g. institutions, market access) that make growth faster: this is a serious shift in thinking. The question is how far the Bank (and the rest of the international community) is prepared to go in pursuit of redistribution. Assets or income? Ex ante or ex post? Consensual or not? National or international?

The answer appears to be that WDR largely favours consensual reform, focusing on assets not income, taking assets to include human capital as well as land and other physical assets; and that international redistribution is not on the agenda. Three complementary ways are identified of tackling asset inequality (Pg 79): (a) re-allocating public expenditure so as to improve the access of the poor to health, education and infrastructure; (b) policy and institutional reform to ensure effective delivery of services; and (c) increasing the participation of poor people in service delivery. Elsewhere in the report (e.g. Pg 81), we are reminded not to upset the middle classes, because we need their support to continue funding safety net and other programmes; and we are told (Pg 70) that, although the most popular tax governments are encouraged to adopt in pursuit of higher revenue, value-added tax, is regressive and hurts the poor, ‘most of the redistributive power of public finance lies on the expenditure side, rather than the revenue side’ (Pg 70). The message is clear and is explicitly stated on Pgs 56-57. Expropriation is wrong because it ‘can lead to political upheaval and violent conflict, undermining growth’ (Pg 57). We are to look instead for market-based, win-win options, that preserve incentives to grow.

This is not an entirely empty project and examples of market-friendly reforms abound in the report: loans for land purchase in Brazil; improving farm-gate prices by funding mobile telephones in Bangladesh, so that farmers can talk directly to market traders; paying parents to send children to school in Mexico; and so on. The report may also be right to note (Pg 80) that more radical measures ‘rarely have enough political support to be effectively implemented’. Not in WDR, at any rate!

What would be better? That’s a question that deserves a WDR to itself, but the minimum we might ask for is a much stronger statement on the frighteningly high (and rising) gini-coefficients in many developing countries, including in SSA, a call for unambiguous commitments to reduce ginis, a more muscular analysis of how far ginis can realistically be reduced, and over what time frame, and a stronger call for international redistribution. A gini-coefficient of 0.3 typically means that the poorest 20 per cent earn only one fifth as much as the richest 20 per cent. In Kenya (gini 0.4) the ratio is a tenth. In Brazil (gini 0.6) the figure is
about one twenty-fifth. For the world, the figures don’t bear thinking about. Shouldn’t there be a target for reducing gini coefficients by 2015, to accompany the international development targets?

The question of protecting the poor is not independent of the question of redistribution, or of rights, come to that, but raises important issues about the fiscal policy implicit in WDR. In brief, it’s all very well for WDR to make repeated references to losers and laggards, and to lay out principles for safety nets, but it is difficult to take such proposals seriously while they remain largely uncusted.

Recall first that the shadow of Stiglitz lies heavy on the report and that ‘who gains? Who loses?’ is a recurrent theme. Markets reforms dislocate (Pg 32); there are winners and losers, and the losers may include the poor (Pg 38); and even where markets work, poor people need help to participate (Pg 61). Furthermore, the poor are exposed to risk and need help to reduce and mitigate the effect of shocks (Ch 8). Countries (and aid agencies) have ‘special obligations’ in this area. This is not as strong a formulation as would result from a rights-based approach; and it is notable that simple income transfers, a prominent feature of the policy package in the 1990 WDR, have dropped off the agenda this time round. Nevertheless, there is a challenge to policy.

How big a challenge? Probably manageable in absolute terms, but much harder in relative terms, compared to the budgets of developing countries and likely aid flows. In absolute terms, the minimum cost can be approximated by the size of the poverty gap for the 1.2 billion people living on less than a dollar a day. Surprisingly, WDR does not give aggregate figures for the size of the poverty gap, but few, big poor countries have a poverty gap of more than 10% (Table 4 of the Indicators at the back), which suggests that the aggregate gap is likely to be around $US 120 million a day, or $US 44 billion a year, in 1993 PPP dollars. Add thirty percent for administration, and a bit more to cover unexpected shocks, and the total rises to at least $US 60 billion a year, just slightly larger than total aid in 1999.

However, the poorest countries have large numbers of poor people and small budgets. Assume government expenditure per capita of $US 75 (including aid), 30 percent of the population below the poverty line, a poverty gap of 10 per cent, and administration as before (all figures in the ball-park in East Africa), and an income transfer to bring everyone up to the poverty line would eat up close to 20 per cent of the budget. This is a minimum figure for the kind of safety net recommended by WDR, but unlikely to be feasible.

Thus, there is a problem here with translating the principles of WDR into a concrete strategy. The profusion of concepts, principles, policies and cases makes for a rich mixture. But when it comes to concrete programmes, choices will be needed. Not everything will be possible. The WDR menu turns out to be a la carte, not table d’hote.

This brings us back to the question of an international consensus on poverty reduction. If agencies stick to their finest principles, then a consensus might exist. As far as the Bank is concerned, WDR does contain within it a modest discourse shift on poverty. While not being as forthright as some would like, for example on topics like rights and redistribution (plus others that will surface in other people’s reviews), WDR is moving the Bank in the right direction. On the other hand, there is perhaps too much room for manoeuvre: slippage will remain a risk.
There are two responses to this risk that the proponents of poverty reduction might advocate. The first, following the precedent of the 1990 WDR, is to press for principles to be translated into policy: a formal policy paper, an operational directive, a consistency check with the PRSP sourcebook. The second is to take the key ideas of the WDR, and press for these to become the standard against which Bank and other programmes are measured. There’s no hint of conditionality in PRSPs, of course, perish the thought, but perhaps the Bank Board should at least raise an eyebrow unless PRSPs and similar documents: take seriously the injunction to put institutional reform in place before market liberalisation; propose concrete measures to enhance citizen participation and empowerment; offer real prospects of redistribution; guarantee safety nets for the poor; and be able to demonstrate that rich countries will fulfil their part of the bargain. If that happens, Ravi Kanbur will not have laboured, or resigned, in vain.

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