Chapter 3
Differing Accentuations

3.1. Merits and Difficulties of Differing Focal Points

The preceding analysis has portrayed the large consensus that is visible within the new strategies for poverty reduction that have been analyzed for this argument. The British, German, Swedish and World Bank\(^1\) views on this issue have converged strongly and thus build a strong basis for international cooperation. Nevertheless different accentuations are visible in the strategies. This was to be expected given the differences in backgrounds in each country and organization, the different constituents\(^2\) and the varying magnitude of aid flows.

The differences in the level of aid flows are easiest to quantify and the relative and absolute contribution of each donor is visualized in figures 6 and 7.

Figure 6: Relative ODA Flows in 1998 as Percentage of GDP\(^*\)

* Source: BMZ (2000d) and BMZ (2000e), p. 57. This graph is not applicable to the situation for the World Bank, as it does not represent the development efforts of any single nation.

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\(^1\) The German view is taken from the action program of the government where the BMZ was the leading agency. The British view is reflected by an analysis of the UK governmental White Papers on the issue as well as on the newest DfID strategies. The Swedish position reflects the view of Sida. The analysis of the World Bank position has been limited to the WDR 2000/2001, which has been very influential in the international debate. Overall, the attempt has been to portray the most recent strategic considerations, and potential differences between the governmental positions and the position of the national development agency have not been visible.

\(^2\) Especially the World Bank with 181 member states has a different constituent base than the national development organizations.
The percentage distribution between multilateral and bilateral flows as of 1997.

The contribution of Germany and the UK will be reversed by 2001, with DfID budget at US$ 4.614 billion and BMZ budget at US$ 3.375 billion converted at 3.5.2000 exchange rates.

For the World Bank average lending through the International Development Association (IDA), which only issues concessional loans, was used as an equivalent for ODA flows. (Data source: World Bank (2001d)). Overall lending of the World Bank Group in 2000 was above US$ 15 billion. (World Bank (2001e)).


From these figures it is clearly visible that broad differences in the absolute amount of aid flows exist which might have profound influence on the way development assistance is structured, as it is e.g. conceivable that less resources require a stronger concentration in regard to the number of projects and countries that receive support. The relative share of ODA to GDP reflects in part the priorities countries assign to development assistance. As this potentially reflects the political engagement in questions of development and a concern for political dialogue in the development arena, one might expect a higher aspiration in the strategies of countries with a high ODA/GNP ratio than in those with a low ratio. Yet this static picture might be misleading, as the ratio has continually dropped in Sweden from its height of more than one percent in 1992/93\(^1\) while it

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Differing accentuations is rising substantially in the UK\textsuperscript{1}. In any case there are substantial reasons for differences within the strategies based on different resource availability and different political background and ambitions.

These different focal points of the agencies can have merits if they either lead to specialization in specific developmental issues in which they develop a comparative advantage, or if the broaden the choice for developing countries to choose the donor support most suitable to their national priorities. Specialization can result from concentration on particular geographic regions in which an organization acquires superior competence in understanding the local conditions and problems and can deliver customized assistance in specific country or regional circumstances. Regional specialization can also facilitate cross-boarder communications for projects that span more than one country and bring advantages in the area of conflict prevention due to an increased understanding of the national priorities and superior relationships to the people in charge. Yields from increased specialization can also accrue from a sharper focus on specific issues of development cooperation such as urban development or health care. A special expertise in one area can then be made available to a large number of countries that have concerns in this regard. This specialization on issues is only limited by the potential of strong interrelations between different issues or by locally differing requirements. Strong interrelations between issues reduce the value of specialized knowledge in any one area, as solutions in this area also require knowledge in the related areas. Local adaptation requirements can also negate the benefits from specialization on a particular issue if the local differences become too large. Yet even in these cases, adequate cooperation between specialists can overcome these problems.

Differing focal points of donor strategies could also be beneficial in providing choice for recipient countries in regard to the most suitable funding for their interests; an approach that is demand-driven and allows greater national ownership. Given the scarcity of resources and the strong demand for resources by developing countries, the actual situation is supply-driven and depends largely on the willingness of a donor country to supply funding than on the choice of the recipient country. Thus, since developing countries are not in the position to choose, the benefit of greater choice does not apply here, leaving the benefits of different focal points to greater specialization.

Potential problems of different accentuations arise if these do not contribute to specialization, but lead to conflicting positions in regard to the measures or implementation procedures that are most conducive to development. A coherent and coordinated approach to reducing poverty in a given country can yield

\textsuperscript{1} See DfID (1998).
benefits because all projects aim in the same direction and do not hinder one another\(^1\). Yet coherence and coordination become difficult if there is lack of agreement on the measures and priorities that need to be pursued in development. Therefore, the following analysis will portray the differences in accentuations between the strategies and will look at their potential for specialization and their likelihood of disruptions for the developmental process.

3.2. The World Bank

3.2.1. World Bank Background

The World Bank Group was founded in 1944 and is owned by 182 member countries, which, as shareholders, carry the ultimate decision-making power.\(^2\) Most matters including the approval of loans are determined on the basis of a majority of shares, which in turn reflect the size of a member country’s economy relative to the world economy, giving the G7 states about 45% of all shares.\(^3\) A Board of Directors handles its operations, which receives its legitimization from a Board of Governors.\(^4\) It employs about 10,000 employees, of which approximately a fourth work in 100 World Bank operated overseas offices,\(^5\) which shows its efforts to decentralize to the field.\(^6\) The World Bank has established itself as one of the leading players in the development arena and handles the largest source of development assistance, which comprised loans in excess of US$ 15 billion in 2000.\(^7\) This gives it a strong position in negotiations with governments to tackle even delicate issues of good governance. The 600 projects it conducts in the area of corruption alone underline this. Yet its Articles of Agreement explicitly prohibit the Bank from interfering with a country’s political affairs and require it to take only economic considerations into account in its decisions,\(^8\) limiting its activities to “economic governance”.\(^9\) It has established itself as the world’s largest external funder of education (\$1.8 billion on average per year) and of health (\$1 billion to fight

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\(^1\) This only applies if the overall direction of the approach is beneficial to the desired outcome. That is to say, deviating views on the way that should be pursued can have their merits if they contribute in the long-term to more efficiency and effectiveness despite short-term disruptions. Yet if the overall direction is already reasonably effective, the occurrence of disruptions is likely to reduce the overall benefit of the actions.

\(^2\) For this introduction see mainly World Bank (2001e).

\(^3\) See World Bank (2001f).

\(^4\) See World Bank (2001g).

\(^5\) See World Bank (2001g).

\(^6\) See World Bank (2001e).

\(^7\) See World Bank (2001e).

\(^8\) See World Bank (2001e).


communicable diseases in 2001) and considers itself as the leading agency in the struggle against AIDS. The sheer size of its operations, but also its vast research activities, underlines its exposed position in the field of development cooperation.

The main points where the World Bank establishes stronger accentuations than the other strategies lie in the fields of political systems and coalitions, the provision of security, fiscal and monetary policy and national budgets, and inequality. In these fields its views do not differ strongly from the other strategies, yet they offer much greater insight and precision. A differing view is taken on the issues of democracy and human rights, which in contrast to the bilateral strategies do not figure prominently in the analysis. The practical implication of this point for the implementation of the strategy is not clear, yet there is scope for internal conflict.

3.2.2. Insights on Political Systems and Coalitions

The new strategies demand strong changes on the national level of the partner country, in that they promote participatory movements in policies and generally a stronger allocation of resources towards the goal of reducing poverty in the economic sphere. These demands are portrayed in detail in all strategies. Yet the priorities of the population in a developing country is mixed and the interests of the non-poor do not necessarily coincide with those of the poor, nor do the interests of those in power correspond with measures to shift political power to the poor. The problem how the non-poor, yet influential, population shall be convinced to subscribe to the ideas developed by new strategies has received little attention in the recent strategies. The World Bank takes up this issue by considering the politics of coalitions between poor and non-poor.

One of the insights of this analysis is the accentuation of common interests of the poor and the non-poor. The key is to effectively convey that “reducing poverty is a public good and can further the well-being of the non-poor.” Examples for the common interests that should be stressed to persuade the non-poor to invest more strongly in the development of the poor are problems of communicable diseases or mass migrations. Communicable diseases affect the poor as well as the non-poor, and their effective reduction in many developing countries is crucially linked to the reduction of poverty and the provision of hygiene facilities to the poor. This is in the interest of the non-poor to protect their own health. Measures of rural development can be promoted to
the same extent by accentuating the problems the non-poor in the cities will be faced with, if migration tendencies to the urban areas expand. The challenge lies in the communication of these points to the non-poor population in a way that secures national consensus on the need for poverty reduction and for the allocation of resources towards this end. These efforts do not necessarily have to deal with all of the non-poor, who do not form a homogeneous group and might have different interests e.g. in the rural areas than in the cities, but can be targeted to a specific group which currently is helpful for securing a majority for a pro-poor policy.

This also includes the establishment of reform processes that can be mutually beneficial. For example, voluntary land reform strategies based on adequate compensation for the affected farmers have been undertaken. These eliminate the conflict of interests but might be limited by budgetary constraints. Another important measure relies on enabling the poor to voice their interests by removing legal barriers to formation of interest groups and by providing assistance in their organization. This is necessary because otherwise coalitions will be hard to establish because the poor cannot act efficiently as a partner in the arrangement. Linkages between the local organizations of the poor are also important measures to increase their power.

The World Bank's concern for the political constraints in the implementation of poverty reduction measures can be attributed to its strong involvement in the politics of the partner countries, because of the large sums it can provide to them and conditions that are linked to them. It also reflects its increasing regard for governmental issues linked to economic development and poverty reduction.¹

This consideration of practical aspects of how to reach national commitment for poverty reduction, is important for achieving a higher degree poverty focus in the recipient countries - even though these practical steps are rather vague. It can serve as the baseline for deeper discussions on national strategies to foster this commitment and can set an example for the political considerations of other donors. The current notion of conditionality, which links ODA to the commitment in poverty reduction, will miss an important point if the tools are lacking to help a committed government to promote its strategy successfully. An approach to foster national coalitions is such a tool. It also serves the purpose of confronting the highflying aspirations of some new strategies, which simply take a commitment for poverty reduction as a precondition, with the political realities in developing countries. These have to be taken into account if the strategies shall have real practical impact. Due to its financial influence the World Bank is in a well-suited position to specialize in consulting the political process of enforcing the reduction of poverty, yet might be limited by its mandate to political neutrality.

¹ See World Bank (2001d).
3.2.3. National Security Schemes

A second point where the analysis of the World Bank expands beyond the analysis presented in the other strategies, concerns the provision of security. The World Bank considers to this extent the security provision by individual and group efforts, by state systems that can support and enhance these efforts and through measures of crisis prevention. In contrast to other strategies it specifically analyses intra-household volatility in income and consumption, the prevalence of which is especially detrimental for the development of children and to a lesser extent to the situation of women. The World Bank analysis extends beyond those presented by Sida and DfID, which are strongly biased towards crisis prevention, and also beyond the German position, which covers national measures, yet only briefly. The World Bank strategy has deeper insights to offer especially in regard to self-insurance and national security schemes, which are an extension of the general consensus and shall be covered first, while its underlying reluctance towards informal, group-based insurance mechanisms can be seen as a potentially conflicting assessment and will be covered at the end of this paragraph.

The one aspect more strongly pronounced in the World Bank strategy concerns the individual's ability to self-insure his livelihood. This analysis has been integrated in the analysis of the consensus as it relies heavily on measures of micro-finance and micro-insurance, which are common to all strategies. The difference lies in the fact that these are not regarded primarily as a measures to increase the economic opportunities for the poor but to increase security and to avoid some of the short-comings of other buffer items such as livestock who's returns are likely to be covariant with the shocks the individual is faced with.

While some national measures such as health care provision, AIDS/HIV prevention and hygiene promotion also enter the general analysis of most strategies, the World Bank has to offer new, additional insights on insurance schemes that can be implemented on the national level. These comprise old age assistance and pension systems, unemployment insurance and assistance schemes, workfare programs, social funds and cash transfers. Since these are only vaguely covered in what has been termed the consensus of poverty reduction, yet concentrate on risks that are very eminent for the poor, these points shall be discussed in turn.

The risk that people bear in their older age of having insufficient funds for their survival while being unapt to work for its provision poses a threat to most people, yet is especially high for people who have been poor during their working years. This assessment, linked to the fact that only a small proportion

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3 See World Bank, p. 152 – 159.
of the labor force in developing countries is formally pensionable\(^1\), leads the World Bank analysis to propose measures that focus on increasing the economic position for today’s poor working age people and to contribute to directly ease the burden for today’s elderly poor. Poverty reduction for today’s working age poor contributes to their self-insurance capability for their later life if coupled with systems that facilitate asset accumulation such as micro-finance schemes. It also enables them to take on their informal obligations towards the poor in their families. Thus, overall measures of reducing poverty are the prime component of securing the old people in need. To assist those aged people who are currently in need, forms of direct and indirect support such as assistance for families who care for live-in elderly and retraining programs to facilitate the continuation of working are proposed. A focus on the poorest, the very old and those without family support is called for\(^2\), yet questions on how those shall be detected and how such procedures are to be justified towards those families that are left with the burden of caring for the old without receiving assistance is left open.

As long-term design for pension reforms the World Bank proposes a three-pillar model based on a publicly-managed, defined-contribution plan which addresses poverty and equity concerns. Defined contributions of the individual to a public fund under private management shall serve as wage replacement after retirement and as supplemental voluntary retirement savings.\(^3\) This analysis is only touched on briefly and neglects a discussion of the potential difficulties involved in the implementation\(^4\). Given the fact that the problems of overpopulation are partly attributed to the fact that a high number of children serves as a measure to increase security\(^5\), it might be valuable to explore the extension of innovative old age assistance and insurance schemes as a possible solution more deeply.

As with threats of poverty in old age, the proposal of the World Bank for threats in unemployment does not rest on formal insurance schemes. Traditional unemployment insurance is considered inappropriate because poor people’s informal working arrangements and the associated fluctuation of income makes it difficult for them to participate in contributory insurance programs\(^6\). While measures for job creation through sound macro-economic policies, improved

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\(^1\) The coverage of old age insurance only extends to 16% of the labor force in developing countries and only to less than 10% in the poorest south Asian and sub-Saharan African countries, while extending to about 85% of the labor force in OECD countries (internal World Bank research by Palacios, R. / Pallares-Miralles, M. (1999) cited in World Bank (2000a), p. 153.


\(^4\) Except the problem that the poor might not be able to cover the constant insurance premium and are therefore excluded from the program.


\(^6\) A point not mentioned in the analysis is the problem of determining the employment status of people working in the informal sector, which exaggerates problems of moral hazard in demanding unemployment benefits while being effectively employed.
efficiency and deregulation of the labor market including allowance for collective bargaining\textsuperscript{1}, skill-enhancement programs and microenterprise development are the priority, the remaining threat of unemployment can be most successfully dealt with by public work (workfare) programs or means-tested social assistance.\textsuperscript{2}

Workfare programs are publicly financed projects with an especially high degree of manual labor for unskilled unemployed workers, so that the highest proportion of project costs arises in form of wages. Self-targeting of the unemployed can be pursued by payment of below market wages. If poor people are confident that a workfare program will be available in times of crisis, they can give up costly self-insurance in normal times in favor of more productive activities. In times of crisis, the program can be extended to effectively cope with it. Still the costs of the program can be rather high. Yet next to insurance, the work provided can also be used to provide infrastructure for further economic opportunities. Therefore the benefits can also be high if the programs are well planned.

Some of the employment generating effects can also be reached via social funds.\textsuperscript{3} These funds are designed to finance small projects identified and implemented by poor communities that usually provide co-financing. Their prime purpose lies outside of insurance purposes to provide a demand-driven, flexible and cost-effective approach to fields like infrastructure provision, social services or support for decentralization targeted at poor beneficiaries. Their risk-mitigation capacity results from enabling and stimulating school enrollment and health center use and by strengthening the social capital of communities as well as creating employment on the local level.

Cash transfers in form of means-tested assistance are proposed as a viable short-term method for reducing poverty\textsuperscript{4}. Assistance can be extended to assist the unemployed, as remarked before, the elderly or families and can integrate programs for human resource development. The limiting feature is the possibility to target the programs efficiently. Observable criteria such as children enrolled or participating in a health plan can be some indicators for family assistance. Better targeting is also attributed to decentralization. Especially concerning education cash transfers, food-for-education programs and fee waivers are considered to ensure that – even in downturns – children are kept in school and long lasting impacts of undernourishment and illiteracy are prevented.

In its analysis the World Bank goes beyond the insights of the other strategies in regard to security provision. This is congruent with its pioneer

\textsuperscript{1} This argument is based on the analysis that improved relationships among labor market partners and forms of collective bargaining lead to more effective labor market outcomes. This relationship has been analyzed in detailed in the WDR 1995, World Bank (1995).

\textsuperscript{2} See World Bank (2000a), p. 155.

\textsuperscript{3} This analysis draws on World Bank (2000a), p. 155, 156.

\textsuperscript{4} For this analysis see World Bank (2000a), p. 158.
vision of establishing security as one of the three large schemes in national efforts to reduce poverty. Its strong concern for the individual and his methods to increase his own security are also in accordance with the general theme that the poor themselves should be enabled to take control of his live and to use his own assets. This view is coupled with the recognition that the state has to take some efforts to address the problem of security of the poor, since they will not be able to secure it entirely by themselves. The proposals for state intervention are then geared to the conditions in developing countries and they do not solely propagate the traditional systems used in industrialized nations. These insights of the World Bank analysis do not collide with any of the other views on the provision of security and can be interpreted as an extension of these views.

While generally supporting the consensus on security provision, the World Bank takes a singular view in its reluctance to support informal, group-based insurance schemes as a viable insurance option. While it is noted that group-based informal insurance should not be reduced through individually targeted safety nets if it works well, there is strong concern that it does work well for the very poor because of its reliance on reciprocity. Also, if safety nets target almost everyone and are more cost-effective and sustainable, “the disappearance of informal insurance arrangements may not matter”. In this assessment the World Bank departs from its normally prevalent concern for the reality in developing countries in which a nearly universal coverage is far from normal and the efficiency of public insurance is questionable. Its underlying reluctance to accept informal arrangements of security provision as a potential by which the position of the poor can be improved, given the reality of security provision in many developing countries is at odds with some research in this area and bears the potential for conflict or at least hindrance of cooperation between donors.

Apart from this point, the World Bank seems to drive the debate on security provision in the overall consensus. It goes farthest among the donor agencies to take concerns for security into account, to the same degree as political and economic measures.

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3 See World Bank (2000a), p. 149.
5 E.g. Gsänger, H. calls into question the ability of developing countries to reach a large part of their population via formal, public security systems. He proposes a system where self-organization and solidarity actions are fostered and where security systems are designed in a subsidiary manner at the lowest (possibly informal) level possible. Overall security is ensured through the networking of these systems. See Gsänger (1993), p. 36 – 92.
6 E.g. in BMZ (2001a), p. 25, 26 the increase of effectiveness of informal systems of security is especially taken into account and informal systems are supposed to be strengthened as part of an overall strategy to increase security. This approach conflicts with preferences for broad-based state-led approaches, even though it does not refute them as viable means.
3.2.4. Concerns for Macroeconomic Policy and Inequality

The World Bank has nevertheless not departed from its focus on economic (especially macro-economic) criteria in the pursuit of poverty reduction. Fiscal and monetary policy and balanced national budgets are a deep concern within the analysis of the World Bank. This focus is based on its large experience with structural adjustment programs since the 1980s. The ideas have already been covered in the analysis of the overall consensus, as they do not conflict with the other strategies yet expand their viewpoints.

Notable is the Bank’s strong concern for the impact of measures on the poor, which is the baseline for the evaluation of its strategies. In this regard it evaluates the government’s expenditure and revenue side. While the priority for pro-poor public spending is acknowledged in all strategies, the World Bank takes explicitly the raising of revenues into account. It assesses a need to broaden the tax base, lower tax rates and strengthen revenue collection in many countries, which contributes to higher equality in unequal societies by making taxation more efficient and just.

Equality is another point where the analysis of the World Bank extends beyond the focus of the other strategies. Its insights on the reciprocal relationship between equality and human capital and on the detrimental effects of initial inequality for overall growth and collective action have been incorporated into the general analysis. The World Bank’s analysis of inequality is, similar to its insights on macro-economic policy, an extension of the views of the other strategies and does not conflict with them. Yet this theme has found greater resonance in the analysis and strategic thinking of the World Bank than of the other donor organizations.

3.3.4. Reservation with Human Rights and Democracy

The key point in which the World Bank does not reflect the general consensus of the other three analyzed strategies lies in the smaller importance it places on human rights and democracy as vital components of poverty reduction attempts. This is not to say that the World Bank neglects human rights or does not take them into account. Core labor standards and the prohibition of child labor, discrimination and a culture of human rights do figure in the analysis. Yet they do not receive as close attention as in the other strategies where they are regarded as preconditions to any attempts for poverty reduction. The World

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4 See World Bank (2000a), p. 73, 74 and 154.
Bank takes human rights issues into account by exploring their value for the establishment of positive economic conditions for long run poverty reduction. This approach yields similar conclusions by demanding equally in front of the law, the empowerment of women, basic education for all and the abolishment of all forms of discrimination. Yet the approach differs from the other strategies. While in the other strategies human rights are considered primarily in their own right, the World Banks sees them primarily as a means to achieve greater and lasting reduction in poverty. For example, the promotion of education in the bilateral strategies is based to a large degree on the perception that education is a good in itself, while the World Bank analysis takes up this point mainly in its analysis of measures to increase growth and economic opportunities for the poor. Even its analysis under the point empowerment is linked back to the contribution of empowerment to economic development for the poor.

While the discussion of human rights still figures prominently in the analysis through the channels just mentioned, the issue of democratic regimes is omitted from the discussion except from one subchapter. The World Bank acknowledges the successes in poverty reduction in at least some undemocratic settings such as in the Republic of Korea prior to becoming a pluralist democracy. This shows an open-minded attitude towards the potential breadth of political options of ruling a country that is not ventured into in the other strategies, which take the benefits of democracy as given. In its overall assessment the World Bank lends support to democratic regimes by pointing at their superior accountability requirements and their limitation to the abuse of power. These two reasons are presented as the main determinants for the preference for this political concept. Yet the World Bank’s analysis avoids incorporating this assessment of the value of democracy in any other part of its analysis; in contrast to most other topics which are explored in various parts regarding their mutual benefits. Thus, a reluctance to take up the issue of democracy on a broader scale can be identified.

The self-limitation of the analysis on mainly economic terms has to be viewed in the light of the constituency base of the World Bank. The 181 countries of its member base do not all have democratic structures. They have based their membership on the Articles of Agreement, which limits the World Bank engagement to economic concerns and prohibits interference in political matters. The endorsement of the Universal Declaration of Human Rights by most countries makes it easier for the World Bank to prominently display their virtues in economic terms, while the promotion of democracy is a far more sensible issue given the amount of countries that have not adopted this system.

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1 It should be noted here that the broad definition of poverty already includes political and social inclusion and thus already incorporates human rights perspectives.
3 How this is reconciled with the World Bank’s concern for good governance, which has economic as well as political implications, is not explored in the documents analyzed for this thesis.
This reservation of promoting democracy and human rights contrasts with the vigor of the bilateral strategies in this regard and might be of hindrance in the establishment of close cooperation and coherent approaches.  

Overall the WDR 2000/2001 has taken a large step in forming the consensus we see today. Since Germany, Sweden and the UK are members of the World Bank and have representation in the Board of Directors it is not astonishing that the WDR encompasses a broad view that is mainly shared in the bilateral strategies. Still the World Bank document also has its unique accentuations especially in the areas of security schemes and political coalitions that deliver deeper insights for improvements in these areas. Only in the field of democracy and human rights and partly in the area of group-based informal insurance there are certain deviations from the general opinion found in the other strategies.

3.3. United Kingdom

3.3.1. UK Background on Development Assistance

The UK position on developmental issues has to be interpreted on the background of a former colonial power with large overseas territories until well into the 20th century. After the independence of the overseas territories and the establishment of the Commonwealth, the UK promoted the so-called “Colombo plan” for economic cooperation between the Commonwealth industrial nations and the countries of South and South-East Asia. Under this scheme successful links between these countries were established which still effect today’s relationships.

In recent years there has been a strong movement in the UK towards a higher commitment to developmental efforts, especially towards poverty reduction. This is visible in the reorganization of the development assistance since the change in government in favor of the Labor party in 1997. During the first year in power the central development organization, the Overseas Development Agency, founded in 1964, was renamed Department for International Development (DFID). It was moved from its position as part of the Department for Foreign Affairs to the position as independent governmental department headed by a minister with cabinet rank, reflecting its increased importance. The same year the UK government issued a White Paper on Development for the first time since the early 1970s, followed by a second White Paper in 2000. DFID developed a comprehensive strategy to reach the

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1 E.g. in DFID (2000d), p. 21 the World Bank is explicitly encouraged to take human rights concerns more into account. In DFID (2000e) a criticism of the narrow interpretation of the mandate of the World Bank concerning ‘economic government’ is found.


IDTs in nine strategic documents open for public debate. This large concern with the strategic orientation in development assistance shows the movement and the emphasis put on this issue within the UK government and its development agency. The British ambitions are also visible in their priority to exert influence on multilateral institutions, in many of which it has placed employees for more efficient cooperation, and to augment the overall developmental debate.

DfID is responsible for handling the British development cooperation and has 1650 employees dedicated to this task, 740 of whom work at the London headquarter, 460 in the administrative unit in Scotland and 450 (of whom 280 are local nationals) in decentralized offices in developing countries.\(^1\) It maintains country offices in countries which receive funding above 35 million pounds. They serve as a link to the field and have the full responsibility including nearly autonomous decisions over projects. Even if country decisions are taken in London in cases where a local office is not warranted, forms of local presence of DfID’s staff are available. This decentralized structure facilitates the dialogue with the partner government and with the civil society. The funds for DfID are to rise by 6,3% annually between 1999 and 2003 after a longer period of decline to a new height of 3.560 billion pound.

The UK position rest strongly on the unambiguous commitment to the IDTs and on a focus on measuring its effectiveness against these targets. This is linked to efforts of greater conditionality and aid concentration and on knowledge generation. Additional insights have been brought into the analysis by focussing on problems of globalization and by specifically addressing water problems and the problems of the urban poor. Unconventional is DfID’s accentuation of short-term losses due to adjustment processes. These focal points of the British strategy will be discussed in the following.

### 3.3.2. Concentration

The approach of the UK towards development cooperation is characterized by a strong concern for effectiveness\(^2\). One of the distinguishing features of this trait is the focus on the concentration of activities. It proposes that development cooperation shall be limited to those countries where DfID has a comparative advantage in the delivery of aid, where there is a large number of poor people and a high level of need in the recipient country, and where the country commits itself to a poverty reduction scheme and has the internal conditions in place to generate lasting impact from DfID’s engagement\(^3\). The concern for conditionality has been incorporated in the analysis of the general consensus, yet

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\(^1\) For reference on this paragraph see BMZ (2000b).
is deepened here by a more detailed analysis on the conditions that DfID considers necessary for a cooperation. These entail an assessment of actual need, which points to a shift in the use of the more concessional funds away from better-off countries in Eastern Asia and Latin America, which shall graduate to loans on near commercial terms, towards the countries of sub-Saharan Africa and South Asia.1 Next to the conditions of low-income and a large proportion of poor people, the UK expects the partner government to2:

- have a commitment to the principles of the agreed IDTs
- be committed to pro-poor economic growth and conservation of the environment
- wish to engage with the UK towards this end
- pursue policies which promote responsive and accountable government; promote the enjoyment of civil, cultural, economic, political, and social rights; and which encourage transparency and bear down on corruption.

This concern for human rights, shown here in its impact on conditionality, is especially prevalent in the analysis of DfID3.

The fulfillment of the expectations by the partner government4 has to be accompanied by a comparative advantage on the side of DfID to effectively contribute to poverty reduction in the country5 in order for DfID to engage itself there. An example for the concentration based on the comparative advantage of DfID is given in the context of support for good governance6. In this context DfID pursues a strategy of regional specialization and of issue-based specialization, with both forms of specialization seen as conducive in increasing the efficiency of the development cooperation undertaken by DfID. For regional specialization DfID takes special interest in the countries of the Commonwealth. It regards itself especially situated because of the knowledge on those countries' specific conditions, the long history of cooperation and the long-term relationships to these countries. This gives DfID a specific advantage for the cooperation.

Alongside this regional specialization DfID pursues issue-based specialization. In regard to good governance the areas in which DfID perceives a special expertise include: elections and parliamentary government; civil society; privatization and regulation; public expenditure management, sector-wide approaches and revenue administration; civil service reform, contracting out and public service customer focus, participatory poverty assessments, gender

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1 UK government (1997), p. 36.  
3 E.g. DfID (2000d) is entirely dedicated to this point. DfID's approach to poverty reduction is generally much stronger influenced by a thinking of the rights of the individual than by the economic outcomes that are the prime concern of the World Bank's approach. Therefore it is surprising that the results of the analysis are very similar.  
4 Or at least a shift in policies that makes an obtainment of the expected level very likely in the future.  
6 For this discussion see DfID (1999b), p. 27.
analysis and local institutional assessments; community security and penal reform; reconstruction of government after conflict; and aspects of anti-corruption strategies. For the future it wants to engage also in the areas of deepening democracy to promote the participation of poor people in government; developing regulatory systems to assure the quality of private sector providers; promoting accessible, non-discriminatory justice; reforming security sectors and creating inclusive political structures as part of conflict prevention efforts; restricting money laundering globally; and mobilizing the political will for reform. In these areas DfID will establish its comparative advantages in regard to governance, yet DfID will not seek to take a lead in areas where other agencies have greater competence.¹

The benefits of specialization have already been discussed. Desirable for the specialization on the regional dimension is an international agreement that assures that all developing countries are taken into account in a scheme of greater specialization and that none is left without external funding. Specialization has not yet reached a degree where this imposes a real problem. More acute is the question on the degree of issue-based specialization. Specialization requires a limitation in the number of tasks on which a single agency wants to concentrate in order to build up the necessary know-how in it to reap the benefits from a focused approach. Other areas are in turn neglected and left for the specializing efforts of the partners. It will have to be seen if DfID has chosen its areas of specialization narrowly enough to be able to establish special international expertise in it, the basis for any strategy of specialization. The list of issues in which DfID has already specialized or wants to specialize is very comprehensive in regard to governance issues. The question arises how long the list of issues in which DfID does not want to engage itself would be, and if there is real scope for an international division of expertise in which other agencies take over valuable development positions as well.

Another challenge arises from the concept of focussing aid on the very poor countries. There is a strong likelihood that the difference in income level can be at least partly explained by differences in governance in the past. To exclude better-off countries despite a remaining large portion of poor people has the unintended effect of providing negative incentives to those countries that are on the brink of reaching the middle-income group, an aspect that needs to be taken into account in the implementation of this form of conditionality. The continuation of provision of strong support in from of technical assistance and knowledge transfer² might be one way to reduce this effect.

¹ See DfID (1999b), p. 27.
3.3.3. **IDTs and Impact Measurement**

In its search for more efficient ways to reduce worldwide poverty, DfID has taken on the challenge proposed in the *International Development Targets* (IDTs)\(^1\) vigorously and has linked its own success and effectiveness appraisal to its contribution towards these goals\(^2\). In its perception of the central value of the IDTs for global cooperation and for greater focus of development efforts the UK position can serve as a role model for other donors if these really wish to take on the IDTs as a commitment.\(^3\)

The UK government has embraced the IDTs already in 1997 as goals, which it welcomes and promotes\(^4\). It has reaffirmed these goals as “absolutely central to (.. its) development strategy”\(^5\) in its second White Paper in 2000. This is the basis on which DfID has drawn up its Strategies for Achieving the International Development Targets. All nine of its recent strategic documents are focused on this goal and describe the problems and the solutions DfID sees in different areas of development cooperation. This accentuation of measurable outcomes of the developmental efforts is stronger established in these strategic documents than in the other analyzed strategies. For DfID the IDTs are not only important as indicators of progress, but as a representation of collective commitment by the international community to work towards global progress.\(^6\)

It has therefore linked its program assessment to its contribution towards poverty reduction. “At its heart […] are the international development targets and the key indicators which have been identified to measure progress towards the achievement of these. Clear targets and measures of progress are essential to focus minds, to provide encouragement when progress is made, and to strengthen coordination around common goals.”\(^7\) To this end DfID has dedicated the last chapter of every document to the questions of measurement of results.\(^8\) It is acknowledged that the IDTs only provide general guidance and need to be adapted to suit local conditions.\(^9\) Additional measures have to be introduced to

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1 For more insights see the chapter “International Development Targets”.
2 See e.g. DfID (1999a), p. 3.
3 The acceptance of the IDTs bears the risk of credibility trap (see chapter on IDTs) because their achievement rests on the contributions of many agencies and the developing countries (as is acknowledged e.g. in the foreword to DfID (2000f)). This risk has to be weighted against the additional resources in terms of personal involvement and increased cooperation that can be reached through this commitment.
6 See e.g. DfID (1999a), p. 3.
capture that whole scope of the problem. Still the IDTs build the core and DfID is willing to have its own performance assessed via an annual Output and Performance Analysis (OPA) Statement against key departmental objectives, which in turn are linked to the IDTs. Despite the difficulties of absence of direct causal links between DfID’s spending and progress towards IDTs, the OPA scheme is seen as an organized and logical way to draw the connection.

Next to the appeal to use the IDTs as means to monitor of the agency’s performance, three major themes emerge in the discussion. First, DfID ascertains a need to strengthen statistical capacity to measure performance. Gaps in the statistics and poor quality data on many countries reduce the reliability of impact measurements and their effectiveness in guiding policy responses. DfID wants to tackle this through increased technical assistance in this area and through close cooperation with the World Bank and the UN in this regard. A second point concerns the agreement on milestones, which should be set internationally and nationally, to be able to track the success towards the longer-term objectives. The third point covers the need for “Learning Lessons”. These comprise the need to monitor effectiveness on the project, national and regional level towards the achievements of the IDTs and to feed the results back into the conception of programs. This also includes the transfer of lessons learned in middle-income countries of Latin America and Asia into its policies for the poorest.

DfID presents in its strategies a great concern for the measurability of the aid effectiveness. It regards the measurement as a key control and motivation mechanism that needs to be implemented to increase the effectiveness of aid flows and to be able to propose policy changes. To this extend the UK also encourages the multilateral development agencies to devote more attention to evaluating and monitoring the output of their activities and to harmonize their impact assessment systems. If DfID is able to translate its ambitions into practical action it can serve as an example for other donors on ways to monitor their effectiveness and thus improve their efforts.

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1 See e.g. DfID (2000f), p. 26, 27. It gives an example on a variety of additional measures to assess the impact on the equality of women in terms of productive assets availability, decision-making, personal security and others.
2 See DfID (1999a), p. 35.
3 The functioning of the OPA scheme is not explained; therefore the effectiveness of this approach in achieving this difficult link cannot be assessed here.
4 See e.g. DfID (1999a), p. 35, 36 or DfID (2000b), p. 32, 33 for this discussion.
5 DfID (1999a), p. 36.
6 DfID presents a series of indicators in each of the strategies, which are too broad for reference here. It relies heavily on the data collection of the World Bank and the UN in the provision of national data to analyze aid effectiveness on the national level. Its own measures to collect data and to analyze it are not reported in further detail in the strategic documents.
One question only tackled briefly in the DfID strategies is the costs of impact measurement. Only at one point it is assessed that “measurement and analysis of poverty is expensive and it must be primarily designed to influence national debates on poverty.” Yet impact measurement is also necessary for donor evaluation of their policies and for individual project evaluation. The strong approach towards measurement that DfID pursues is restrained by the costs of such measurement. In an economic argumentation the evaluation them makes sense if its benefit outweigh the costs of conducting it. Since there are potentially high benefits of increased impact measurement, the strategy of DfID might prove sensible, yet this can only be proven empirically by evaluating the impact of poverty assessment in terms of increased efficiency and its costs.

3.3.4. Knowledge

The concern for effectiveness of aid flows is also visible in DfID’s concern for knowledge and best practice dissemination. To enhance effectiveness, its strategies rely on investments in research on poverty and sustainable development to generate knowledge on the causes of poverty and on approaches to poverty reduction. To use its knowledge, and through that its resources, effectively and efficiently is part of UK’s key objectives. DfID also strongly argues for the generation of knowledge on scientific issues relevant for developing countries and for the adaptation of existing knowledge to their specific needs. The dissemination of this knowledge and of methods of best practice is also strongly encouraged to propagate the gains of efficiency improvements to spread more broadly. This view has been integrated into the discussion of the overall consensus, as it extends the viewpoints present also in the other strategies. Yet the recurrence of this theme and the depth of this discussion on measures to increase knowledge throughout all of DfID’s strategies as well as in the governmental White Papers makes this an noticeably important determinant of the overall UK strategy.

3.3.5. Globalization

Next to the strong focus on efficiency gains of development budgets, the UK position displays a deep concern for the problems and challenges arising from

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2 For a more detailed discussion see the chapter on ‘Excursion: The need to reflect benefits against costs’.
3 See e.g. UK government (1997), p. 48.
the process of globalization, defined as a “growing interdependence and interconnectedness of the modern world”\(^1\). These have been the theme of the second White Paper\(^2\) of the UK government. Its insights have been integrated into the general analysis especially in regard to international regimes, as they deepen, but do not conflict with, the insights presented in the other strategies. The UK position also confirms that the measures discussed herein as the domestic framework are also needed in the view of globalization as they help with the successful integration of a country in the global market environment and the realization of benefits from increasing interconnectedness.\(^3\) It is assessed that only if governance and markets can effectively support the potential gains from trade and transfer of knowledge and can spread these to the broader population, especially to the poor, the chances of globalization can be reaped.

Two themes that extend the presented analysis arise from the British conception: the need for global institutions\(^4\) and a concern for the drain of qualified people from low-income countries\(^5\). In the analysis support for **global political institutions** is announced, since they are seen as crucial to better manage and counterbalance global markets, and to help promote global social justice.\(^6\) Especially, support is signaled for the UN system and its relevance for peace and development, the multilateral development banks and the IMF. Yet reforms in the management, structures and working methods of these institutions are requested to increase the impact of their actions. The UK demands include higher standards of accountability and disclosure policies, the selection of top management on the basis of merit, and concerning the UN the greater collaboration between its agencies. Inclusive political institutions are seen as especially important in the case of conflict prevention and resolution, where their absence or weakness – and therefore the absence of the means to resolving tensions peacefully – is leading to violence.\(^7\) In this context the UN system and its Security Council are seen to have major responsibilities. The establishment of an International Criminal Court is regarded as a vital means to promote reconciliation after conflict by prosecuting gross violations of human rights. Yet not only the multilateral institutions, also the individual countries are encouraged to make greater efforts for collaboration for example within the G8. This support for multilateral institutions does not conflict with the other strategies, yet its strong demand on these institutions constitutes a real challenge for these.

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\(^1\) UK government (2000), p. 15.
\(^2\) UK government (2000).
\(^6\) This paragraph on international political institutions relates to UK government (2000), p. 99 – 103.
\(^7\) See UK government (2000), p. 103.
A problem area of globalization, which is tackled within the UK strategy, is the concern for "brain drain," which describes the enticement of well-educated people by employers in other countries. The trend to intensify global competition for qualified personnel has been intense in areas where domestic capacity in developed countries has been small, which has been the case e.g. in the health and information technology sector. The benefits from such a policy accrues to the individuals who gain freedom of choice and earning opportunities and also for the sectors in developed countries which face shortages, yet the outflow of skilled workers can have mixed impact on the developing countries. If the emigrants return after a period of time with new skills, knowledge and contacts, this aids the country in catching up to developed countries, spurs internal growth through increased application of know-how and technology and brings in new capacity for the solutions of the developing country. These factors can be seen as justifications for the push of the UK government towards opting for an opening of the service sector as part of the WTO agreement.

The UK also acknowledges the potential "significant remittances" of such a policy for the developing country, which at least in the short term, has to deal with an outflow of skilled people that in many developing countries are "in critically short supply." Given the fact that all strategies express concern about the developing countries administrative capacity to implement reforms and to manage the domestic economic framework, a concern largely based on the lack of trained people, the emigration on skilled personnel becomes especially detrimental to development. DfID's solution relies on the self-restraining powers of the developed nations themselves. In the UK view these need to ensure that policies concerning the migration of people do not unfairly restrict the ability of developing country service suppliers to sell into their markets, yet also do not worsen skill shortages in developing countries.

While this attempt is honorable, it neglects the pressure the individual developed countries are faced within a world of rapidly increasing global competition. The

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2 This discussion is based on UK government (2000), p. 35, 43.
3 E.g. there are about 1/3 as many doctors employed in South Africa than in Uganda itself. See UK government (2000), p. 35.
4 The German 'green card' rule, which allows up to 20000 IT specialists to enter the country, exemplifies this shortage. The targeting especially to Indian nationals points at the focus on developing countries. Yet the German rule is an insufficient example of brain drain as it is limited to a working period of five years. This might be detrimental to the personal choice of the individual, yet for the developing country it guarantees the return of its citizens with new skills and knowledge about technology that can be used in the home country to speed up the process of catching up.
detrimental impact of substantial skill shortage on the national economy, the associated political unpopularity and the lobbying activities of the concerned industries call into question the effectiveness of standards relying on national ethical conduct in developing countries. To shift the power to control migration to the developing country is not proposed, potentially because of fear of misuse of this power by developing countries' governments who might unduly restrict the choice of their citizens. Yet it also needs to be considered that the developing country will most likely be able to judge its internal need of skilled people better than the developing countries agencies that are designated this responsibility by the DfID proposal. A third way would be an international allocation mechanism that sets one maximum migration quota applicable for all industrialized nations for a given developing country based on an assessment of its internal need. This limits misuse by the developing country and avoids a spiral of relaxing national immigration limits due to the pressures of globalization, yet is likely to lack political support from either side. This discussion has only just begun with the UK contribution of the topic and an effective solution will require more international work on the issue.¹

Despite these shortcomings, the UK position of globalization raises many important questions and provides valuable insights, which will gain importance for the future effectiveness of developmental efforts.

### 3.3.6. Additional Strategic Areas: Water Scarcity and the Urban Poor

DfID places specific strategic importance on two areas that do not find strong accentuation in the other analyzed strategies: Water Scarcity and the Urban

¹ Full acceptance of the market mechanism is not proposed as an effective solution because it will not yield desirable results under the current framework. First, the developing country finances the education of the individual in many countries, yet the individual would have the chance to work where his personal returns are highest. This will be in developed countries which will for foreseeable time be able to pay higher wage rates. Thus, the developed country will effectively buy the education by paying a high wage rate for the individual's output, yet the benefits will only accrue to the individual and not to the developing country that financed it, leaving it worse off. Second, the developed countries only allow the immigration of skilled personal, but usually prohibit the immigration of 'economic refugees'. The opening of developed countries for both high skilled and low skilled at least has the theoretical possibility of transferring the solution capacity (e.g. the highly trained people) and the problem (e.g. the low skilled and poor people) simultaneously, thus potentially leaving the developing country in a state of equal overall distribution between solution and problem. This short annotation obviously omits all concerns for different migration patters, different marginal utilities of the two groups for the overall economy of the country, the effects of over- and under-population, and so forth. Yet if it explicates that only allowing migration of the skilled and needed people is like picking the raisins without concern for the cake, showing that the free migration of skilled people is not free market economy, but is strongly skewed because the migration of the rest of the population remains highly regulated.
Poor. To both DfID has devoted a strategic document. Their insights are discussed in turns here.

In DfID’s assessment freshwater is “a limited and precious resource which is essential for sustaining life". It is an essential not only for domestic use, but also for the agricultural, industrial and energy sectors, which taken together outweigh personal consumption by a ration of more than 8:1. The already prevalent scarcity of water resources in many regions is assessed to increase in the future due to a rise in demand and shifts of supply. A trend of rising demand can be traced to the two factors of population growth and rising demand per person. The especially high population growth in developing countries has led to the strongest increases in demand in these countries. The increasing demand for food draws a higher percentage of water to the agricultural sector. The supply constraint arises from climate change that will shift the rainfall and will leave some regions worse off. Other factors on the supply side include desertification and the lowering of the ground water due to the unsustainable reduction of forests. The over-use of scarce water and the associated drawdown of water tables limit the accessibility of ground water through low-technology solutions even today. Technical measures such as desalination are only seen as a solution limited to coastal regions.

To tackle the problems arising from water scarcity, DfID promotes on the national level the operational sustainability of water supply. As best practice in this regard it considers the pricing of water at full costs of providing the service including recurrent and capital costs and the costs of ensuring the sustainability of supplies. Exceptions are only envisioned for transparent subsidies targeted to the poor people’s demands. Functioning administrative bodies, a demand driven approach and the prevalence of measures of good governance combined with a concern for technical maintenance are seen as crucial for such an attempt. The national governments role in addressing the water-related problems of increasing scarcity, dispute resolution, social barriers to access and pollution abatement is supported. On the international level DfID promotes the spread of the Integrated Water Resource Management, a national strategic framework that integrates the policies, sectors and players involved in freshwater at the community, national and basin level with emphasis on sustainability considerations. It also supports the World Water Council and the Global Water Partnership and supports and undertakes initiatives to assist in international

1 DfID (2000a) and DfID (2000g).
9 See DfID (2000a), p. 36.
10 See DfID (2000a), p. 21, 44.
conflict resolution over water and to foster lasting cross-boarder solutions for access to limited water resources.\(^1\) That way a contribution for international peace and stability is aspired.

DFID regards the tendencies of **urbanization** as one of its core issues because it considers urbanization as a chance for benefits for the poor despite the problems it currently exerts\(^2\). Benefits from urbanization arise in DFID’s view for the poor through increased access to services in form of health, education, infrastructure and safety nets. It also bears the potential to increase their participation in cultural and political activities that can improve their well-being and status.\(^3\) Cities can also contribute efficiency improvements in the provision of health, job opportunities, libraries, education, savings and loan facilities and access to environmental services by reaching the people at lower costs.\(^4\)

Yet currently the urban experience makes live in cities particularly difficult for poor people who are living in crowded, unsanitary slum settlements, exposed to risk from hazardous environmental conditions, high risks of accident and violence.\(^5\) DFID seeks to improve this situation through better urban management, including a rights based view on the living conditions people are entitled to, more vigorous enforcement of environmental standards to reap the environmental benefits of cities, and the reduction of violence through law enforcement\(^6\). The efficient management is dependant on a focus on the needs of the poor such as secure tenures and access to public services like waste disposal, water connection and sanitation\(^7\). A broader framework for assessing the needs of the poor at various poverty levels in regard to the issues of basic survival, security and quality of life is presented in annex 3. The need for the provision of community services and utilities is viewed herein as at least equally important as funds or food transfers. The absence of a connection to utilities increases the unit costs for the poor and puts them at a strong disadvantage.\(^8\) As a precondition for this management, the local governments need to establish planning functions and means to secure sufficient revenues and manage them through sound financial practices.\(^9\) The operation of the utility systems through private providers is also recommended.\(^10\)

Local level management is then to be backed by national public policies that grant a sufficient decentralization of power and recognize the positive impact of prosperous agriculture for urban development. This implies the

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\(^1\) See DFID (2000a), p. 42, 43.
\(^2\) See DFID (2000g), p. iii.
\(^3\) See DFID (2000g), p. iii.
\(^7\) See DFID (2000g), p. 8, 9.
\(^8\) See DFID (2000g), p. 8.
provision of sufficient financing also for the agricultural sector as a condition to improve the lives of the urban poor. This necessitates considerations and active management on the national level regarding the relationship between urban and rural centers.\textsuperscript{1} The development of the rural areas increases the demand for urban goods if fostered, but in the case of neglect might overstretched the already limited capacities of today's urban centers due to poverty-related migration.\textsuperscript{2} Also public policy needs to pay attention to rural-urban transport networks and to reducing the proliferation of cities into the surrounding rural sector. Next to local and national attention the international community is viewed as necessary in promoting urban development. Towards this end DfID expects that the conference Istanbul+5 on human settlements will be beneficial in adding goals for urban development\textsuperscript{3} to the IDTs and to foster stronger commitment for this issue.\textsuperscript{4} Also support for various UN schemes for urban development is signaled, yet their greater coordination is strongly demanded by DfID.\textsuperscript{5}

The focus of DfID on the two themes of water scarcity and urban development that have not found strong resonance in the other strategies accounts for DfID ambitions in influencing the current debate in poverty reduction. They also bring to attention areas with rising potential importance for the 21\textsuperscript{st} century. Even though some points such as the relationship between the urban centers and the periphery are not yet analyzed to a degree where the approach for public action is unambiguously clear, this discussion emphasizes the importance of both issues in the international discourse. Since they do not conflict with the general consensus on the approach to poverty reduction, they can be seen as a valuable extension of the area of international concern.

3.3.7. Long-term vs. Short-term Benefits

An unconventional annotation within DfID's strategy is the explicit discussion of the limitation of resources in the implementation of pro-poor policies. It articulates the generally unpopular view that: "constraints in implementing some pro-poor actions in the short term in order to foster the economic growth which will reduce poverty more sustainable in the longer term"\textsuperscript{6} might prove to be a necessary step. In DfID's assessment the constraints that might be legitimately incurred by governments in order to promote long-term poverty reduction

\textsuperscript{1} See DfID (2000g), p. 19, 20.
\textsuperscript{2} See DfID (2000g), p. 20.
\textsuperscript{3} See Annex 5 for a list of possible goals.
\textsuperscript{4} See DfID (2000g), p. 6.
\textsuperscript{6} DfID (1999b), p. 8.
Differing accentuations despite reducing funds for immediate pro-poor spending include the following: Prudent budgetary policies to maintain economic stability and business confidence; the upholding of property rights with only rare exception to avoid disincentives to private investment; and the inevitability of job losses in competitive environments in those companies which are out-competed. These constraints are accepted in the general consensus. DfID also considers low rates of taxation on profits and incomes as necessary to foster enterprise and investment despite limiting immediate poverty-reducing programs. This cannot be claimed as general consensus as both Sida and the BMZ do not take this point into account and the World Bank analyses this point from a revenues perspective, exactly in order to ensure sufficient resources to finance pro-poor spending.

The view taken by DfID negates the view that achieving necessary growth for long-term poverty reduction by short-term pro-poor spending could solve the dilemma between encouraging growth and reducing poverty immediately. This view can also be inferred from the proposals in the other strategies, yet these do not take this point explicitly into account. This trade-off should to be managed explicitly in order to achieve a strong reduction of poverty in the long run without neglecting the people currently living in poverty.

In its strategy DfID proposes to focus pro-poor policies on measures that provide opportunities for the advancement of the disadvantaged by investments in basic education, good health, mobility, information and financial markets – in line with the overall consensus. That means that next to limitations on the current pro-poor spending in favor of long-term growth and thus poverty reduction, the spending is also focused on long-term investments. Therefore, the strategy emphasizes long-term strategies compared to short-term solutions for poverty reduction in both its discussion on constraint budgets and on investment of the limited currently available resources, thus placing relatively small value on the current situation of the poor. This theme can be extended for the overall consensus on poverty reduction, which views long-term investments, necessarily at the cost of short-term investments given the limited resources, as the key to poverty reduction.

This proposal solves the conflict between long-term and short-term benefits by giving clear priority to long-term benefits. But it does not solve the

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1 This discussion is based on DfID (1999b), p. 8.
2 The World Bank also regards the tax rate as high and distorting in many developing countries. This analysis is linked to other factors such as a narrow tax base, weak tax administration and poor public sector governance, which as a whole limit the states ability to collect sufficient taxes. It does not single out lower tax rates as conditional for enterprise development. It actually favors progressive tax rates especially in highly unequal societies. For the World Bank view see World Bank (2000a), p. 81.
3 For this discussion see still DfID (1999b), p. 8.
4 Actually in this economic context (DfID (1999b), p. 8) none at all. Nevertheless, other parts of DfID’s strategy take immediate help for the poor into account and mitigate this strongly long-term view.
trade-off regarding how these long-term benefits shall be achieved: By financial austerity fostering growth or by strategic investments in the poor; or by a scheme that balances the two in the most conducive way. This trade-off mentioned by DFID itself does not receive a solution in its strategy. DFID’s (and the other donors’) strategies lack the discussion on criteria by which to judge to what extent financial austerity, with its limitations on pro-poor expenditure\(^1\), shall be balanced against the need for resources to be invested in poor people. The establishment of such criteria might be beneficial to reach overall consensus on the benefit of structural adjustments vs. current spending in a specific country context, among donors’ and recipient country’s governments and among the donors themselves.

Overall, DFID’s approach spans a wide variety of topics and discusses them in detail. This entails accentuations topics that have not been integrated into the general consensus since other agencies have not included these as major components into their more comprehensive strategies, yet can be inferred as being consistent with the overall framework without leading to conflicts. The concern for water scarcity and the urban poor are such areas. The analysis of the problems of globalization deepens the discussion in this field and can serve to increase the focus on this area that will influence many future aspects of development cooperation. DFID’s strong focus on efficiency can yield greater public confidence in the way development funds are used and can serve as an international example if these aims can be translated into real efficiency advantages. One potential inconsistency of DFID’s strategy lies in its attested limitation to areas of strategic advantage while its strategies are pronounced so broadly that a limitation is hardly visible. Also a lack of prioritization is visible, yet this extends to all strategies and might portray a general concern to leave open options for assessment at country level. In its discussion on spending constraints DFID takes up an issue that might deserve a lot more attention as it concerns a critical point of implementation in most developing countries.

### 3.4. Germany

#### 3.4.1. Germany’s Background on Development Assistance

The German development cooperation was initiated shortly after the foundation of the Federal Republic of Germany after the end of World War II, with its first multilateral contributions occurring in 1952\(^2\). In 1961 the coordination of developmental concerns was delegated to an independent ministry, the

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\(^1\) This limitation holds regardless of the pro-poor expenditure is focused on long-term impact activities such as basic education or short-term impact activities such as cash transfers to the elderly.

Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (BMZ). It is responsible for establishing the principles and guidelines, for the financing and the planning, supervision, exertion of control and coordination of all developmental measures, for contracting with recipient countries and for the coordination with other donors. Since the early 1990s the BMZ has focused its activities on the vision of globally sustainable development with key areas in productive economic growth, social justice and ecological sustainability. In its efforts it has focused its work on the three main issues of poverty reduction, environmental and resource protection and education and vocational training. The guiding principles for poverty reduction have been self-help orientation and a participatory approach.

The German development assistance under the lead of the BMZ has historically pursued the formulation and implementation of an independent development strategy. This was also a strong bilateral focus in its donations. Yet in recent years there has been a trend for increasing multilateral aid, with its share rising from 30.8% to 37.5% between 1990 and 1997. The BMZ commands 7.427 billion DM in 2001 for this purpose, which marks an increase of 4.6% over the previous year.

To take over this role, the BMZ employs 570 people in its Berlin and Bonn offices as well as some personnel in embassies in developing countries. In contrast to the British organizational structure, the development assistance of the Federal Republic of Germany has historically pursued a more centralized approach, with decisions based in the headquarters in Germany. The small staff size of the BMZ in relation to other organizations, such as the DfID, results from the unique structure of the German development cooperation, in which the operational handling of the development assistance is delegated to autonomous entities in public holding.

The German government has delegated the supervision and implementation of its contributions of financial cooperation to the Kreditanstalt

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1 Until 1993 BMZ stood for Bundesministerium für wirtschaftliche Zusammenarbeit (Ministry of Economic Cooperation, the author), when the annotation 'und Entwicklung' (and Development, the author) was added.
4 See BMZ (1997), p. 6
9 See BMZ (2001c).
10 See BMZ (2001d).
This financial cooperation provides grants and concessional loans mainly in order to finance investments in the economic and social infrastructure as well as reform programs in developing and transition countries. This financial cooperation provides concessional loans in order to provide the structural conditions for development. The Gesellschaft für Technische Zusammenarbeit GmbH (GTZ) is the primary agency delegated to conduct Technical Cooperation, i.e. capacity building and institution building. Technical Cooperation is conducted to enable people and organizations to change their living conditions by their own efforts. The third, smaller component of development cooperation is the Personnel Cooperation. It aims at increasing the personal capabilities of individuals in developing countries through education and training conducted by a variety of organizations and at aiding development through the dispatch of experienced professionals as collaborators on projects in developing countries through the Deutscher Entwicklungsdiens (DED).

This structure bears benefits in making available the services of independent and specialized implementing agencies with the potential of relieving the ministry of day-to-day operational issues. The implementation agencies have also accumulated competence that has gained international reputation in the development community. Yet the inadequate distribution of labor between the ministry and the implementing agencies has also been criticized. The distribution of funds going to the various fields of development assistance is depicted in figure 8.

The German development cooperation historically has had a broad development portfolio, which was partially influenced by political considerations. In recent

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1 All of the Federal Government's shares in the Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), which has the task to support the buildup of the private sector, have been acquired by the KfW in June 2001. See KfW (2001b).
3 See KfW (2001a), p. 5.
4 See BMZ (2000d), p. 215. The GTZ is responsible for the bilateral technical cooperation in the narrower sense, which excludes among others the work of the personnel and scientific cooperation and of churches, political foundations and others. These are included in the term Technical Cooperation in the wider sense, but will be separately acknowledged in this thesis.
5 The German government has delegated the implementation of its programs e.g. to the Carl-Duisberg-Gesellschaft and the Deutschen Stiftung für Internationale Entwicklung (which are about to merge in 2001) among others. See BMZ (2000d), p. 225.
8 The pro and cons of this strategy are discussed in more detail in Ashoff, G. (73).
9 See Ashoff, G. (1996), p. 67, 68. E.g. in 1992 projects in more than 150 countries were considered, prepared or conducted.
10 See Ashoff, G. (1996), p. 75. Among economically motivated considerations the prevention of the acceptance of the DDR has played a role in the donations of the Federal Republic of Germany, as well as the containment of communism. After the break-up of the socialist
years there has been a trend to concentrate the development efforts and make it conditional on the political and economic framework prevalent in a country\(^1\); consistent with today's overall consensus. The German government has declared its support for the IDTs at the Millennium Conference in New York and has confirmed this support in its action program to reach these targets.\(^2\)

**Figure 8: Distribution of German Development Cooperation**

*Source: Internal data of the KfW based on the Einzelplan 23 of the BMZ, see BMZ (2001c).*

The action program mentions poverty reduction as the overarching goal of development cooperation and as a priority area for the work of the entire German government\(^3\), yet this view remains less pronounced than in other strategies\(^4\). Considering that BMZ publications as late as of 2000 mention poverty reduction alongside other goals such as environmental protection and education\(^5\) rather than superordinated to them, it can be inferred that a change in perception in the German development cooperation is still ongoing. The perception of poverty reduction as the central goal of development cooperation was integrated into the action program, yet the dominance that is placed on this point within other programs is not attempted herein.

The German position, in contrast to other positions, accentuates the support for middle-income countries. In its other assessments it extends this general
viewpoint. It takes a strong concern in peace and conflict prevention and in efforts to reshape the agrarian sector for greater food security and prosperity. In the environmental sector the German action program accentuates the benefits of a modernized, efficient and environmentally friendly energy supply. The German government also explicitly points at the value of alliances within industrialized nations to spur the progress in the reduction of poverty.

3.4.2. Support for Middle-income Countries

In its action program for the achievement of the IDTs the German government, under the lead of the BMZ, embarks in line with the general consensus on conditionality in the provision of ODA support. In this respect, it considers governance issues, human rights concerns and determination of the partner government for poverty reduction.\(^1\) This is in accordance with its policy in recent years to concentrate its provision of aid on fewer countries. Yet, in contrast to the view outlined for DfID\(^2\) in the previous chapter, the German government does not follow the argumentation that ODA flows should be limited to the poorest countries while middle-income countries can gain sufficient funds via the capital markets.

While the German position acknowledges the need for concessional flows for low-income countries, it confirms this need also for advancing and middle-income countries.\(^3\) Its argument is based on the belief that the “greatest proportion of poor people in this world”\(^4\) still lives in middle-income countries.\(^5\) Yet access for middle-income countries to capital markets is regarded as mostly insufficient, because large regions within middle-income countries are excluded and investment areas such as environmental projects and social infrastructure are not able to attract international capital.\(^6\) These sectors are considered commercially unattractive by many private investors but have high potential for the future development of the country. Also, the access that middle-income countries have to capital markets is prone to highly volatile fluctuations and is sometimes very expensive.\(^7\)

Based on these considerations, the German government will continue to support middle-income countries not only with technical assistance\(^8\), but also

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\(^1\) See BMZ (2001a), p. 8.
\(^2\) The German view is also contrary to the view presented in World Bank (2000a), p. 196.
\(^3\) See BMZ (2001a), p. 20, which serves as reference for this passage.
\(^4\) BMZ (2001a), p. 20. (Translation by the author.)
\(^5\) The UK governmental paper uses a more moderate statement: “there are many poor people in middle income countries”. UK government (1997), p. 40. Both strategies avoid using concrete numbers.
\(^7\) See BMZ (2001a), p. 20.
\(^8\) As proposed in the DfID conception.
with concessional flows in the field of financial cooperation to increase the impact on poverty reduction.

With regard to the goal to reduce the proportion of people living in poverty by half by 2015, strategies both pro or contra the concessional support for middle-income countries are viable, given their respective assumptions. If access to capital markets is sufficient for middle-income countries, there seems to be merit in the approach of concentrating development assistance on those countries that cannot attract sufficient flows by themselves. Under the assumption that capital markets are insufficient and that a majority of the poor live in middle-income countries, it seems to be necessary to extend financial assistance to those countries if poverty is really to be reduced by half until 2015. The accuracy of these assumptions remains to be empirically validated.¹

While the different strategic concepts analyzed for this thesis have strongly different accentuations, this is one of the few points where the strategies explicitly express opposing views. While this dispute needs further investigation to ensure the most efficient use of developmental resources, it does not pose a threat to the ability of the agencies to cooperate or to pursue coherent policies. It only depicts differences in the selection of countries where the sovereign donor wants to become active, but not concerning the actions it wants to pursue in a given country alongside the other agencies. Still, a challenge might arise within multilateral agencies like the EU or the World Bank, because the divergent views of its members might result in conflicts over the target countries for their multilateral engagement. The solution to such potential problems will be found in further scientific exploration of the consequences of channeling aid on the basis of average national GNP.

3.4.3. Peace and Conflict Prevention

In line with the overall consensus is the German position on peace and conflict prevention. While many of its insights have already been incorporated into the discussion of the consensus, the strong importance of this issue is noteworthy as it is listed as one of the foremost strategic elements in the German conception.² Developmental policies and poverty reduction initiatives are seen as one specific part that contributes to the overall efforts of the German government for

¹ The analysis in World Bank (2000a), p. 196 that aid to middle-income countries with average GNP per capita six-fold of that of low-income countries is not targeted heavily to the poor needs to be assessed with caution. If development assistance is spread to the entirety of the middle-income country, this statement seems sensible. Yet if the assistance is targeted within a middle-income country to regions with extremely high poverty rates, there might still be a heavy targeting involved.

“Prevention of Civil Conflicts, Conflict Resolution and Consolidation of Peace”.

In its assessment of the causes of conflict, the German government agrees with the mainstream opinion:\footnote{BMZ (2001a), p. 6. (Translation by the author.)} Economic and political discrimination, ethical and religious tensions, poverty, unemployment among adolescents, lack of means for peaceful internal conflict resolutions, disproportional military expenditures and lack of democratic control are all seen as contributing to the outbreak of conflicts. To avoid the detrimental effects of violent conflicts the German government relies on a coherent approach of foreign, security and development politics.

Concrete measures beyond those discussed prior are proposed in the areas of peace missions and international agreements. The action program refers to the deputation of peace specialists. These specially trained \textit{experts} are dispatched to collaborate with local partners, and under acceptance of the local authorities to strengthen the “peace potential”\footnote{BMZ (2001a), p. 41. (Translation by the author.)}, to mitigate in conflicts of ethnical or interest based background and to contribute to reconciliation and reconstruction. Priorities are perceived in the areas of human rights promotion and support for individuals traumatized in conflict situations.

While this constitutes a measure on local scale, the German government on the other side embarks strongly on \textit{international normative and regulatory frameworks}, based on the commitment to refrain from violence enshrined in the Charta of the UN. It promotes international rules and enforceable standards, especially in the areas of child soldiers and indigenous people, and is fostered by the establishment of an international court for penal and arbitrages jurisdiction. The international regulations should also be shaped to legally restrict the international trade in arms.

The German position establishes an especially strong focus on the importance of peace as a precondition for development and poverty reduction, which extends the consensus of peace and reconciliation prevalent in all strategies. Through this focus and its emphasis on the education and deputation of peace specialists it might be able to acquire and spread specialized knowledge on how to cope with conflict situations more successfully. Its concern for international enforceable regulations in this area has potential to further the progress in the international arena.

\footnote{The remainder of this chapter on the causes of poverty and measures of its prevention is based on BMZ (2001a), p. 38 – 42.}
3.4.4. Agrarian Development

Also based on international agreements is the German emphasis on agrarian development¹. This issue, which is one of the ten starting points for the German action program, relates to the UN declaration on economic, social and cultural rights, which encompasses the right for adequate nourishment. The German government seeks to support the initiative of the UN World Summit on Nutrition declared in 1996 to clarify the exact meaning of this right and to make it enforceable.

In contrast to the DfID, which places special emphasis on urban development, the German position accentuates rural development, on the premise that two thirds of all poor live in rural areas, including the majority of those 800 million people who face hunger or under-nourishment. It also looks toward agrarian development, because in countries with a high proportion of GNP related to agriculture, the “growth rate and the tempo of poverty reduction are especially dependant on the growth of the agrarian output and of the rural economic systems as well as the development of rural institutions and of human capital. An insufficient agrarian development leads to further poverty, unemployment, hunger and undernourishment”².

This necessitates domestic as well as international measures in the developing country. In addition to widely agreed-upon³ land reform, including long-term ownership and tenant laws and more equal distribution of land, the action program supports four additional measures. These include agrarian market policy that enhances the chances for small producers, the construction and improvement of social and economic infrastructure in the rural areas, and the extension of financial services to remote areas and agrarian research that focused on the needs of the small farmers. The German government also explicitly acknowledges the right to reuse bought seeds for re-sowing and for local research. The focus of agrarian research according to this conception should lie on nutrition production, especially regarding fishing, the preservation of soil fertility and biodiversity, protection and management of jointly used resources, preservation and efficient use of water resources in agricultural business.

The BMZ seeks to support this by offering counseling and vocational training to enable the local population to develop the necessary skills to be able to take on the new responsibilities associated with agrarian reform successfully. Also it aims to encourage small farmers to organize themselves in order to pursue the chances of a wider market place jointly. This is backed on the national level by a political dialogue concerned with agrarian reforms.

¹ For reference on this discussion see BMZ (2001a), p. 15 – 17.
³ Within the strategies analyzed for this thesis. On the national level of the developing countries the agreement of such a policy is exactly the problem that many agrarian reforms face. See e.g. BMZ (2001a), p. 16.
A concern for agricultural progress and rural development can be found in all strategies, yet this is especially dominant in the German concept. It extends the general consensus on agrarian reforms by supportive measures and places them in a context of under-nourishment that is not strongly prevalent in the other strategies. The action program also endorses the goal of the UN World Summit on Nutrition to halve the proportion of people suffering hunger by 2015, which has not been enshrined in the IDTs and does not receive strong attention within the other strategies. Yet this point can be assumed to have high emotional value for most of the citizens in industrialized countries and might therefore serve to achieve greater national support for the task of fighting poverty.

3.4.5. Environmental Implications of Energy Supply

Under the heading “Securing access to vital necessity resources – Supporting an intact environment”¹ the German action program displays a strong concern for the preservation of the environment and the resources it provides for poor people.² The main point of accentuation beyond those areas already mentioned as part of the general consensus concerns the supply for energy. Sustainable energy policy is regarded as an important means to reduce poverty.

Sustainable energy policy is characterized by either high-energy efficiency or the use of renewable energy resources³. Inadequate supplies of energy have led to increasing deforestation, which in turn has resulted in a reduction of natural resources like wood and biological diversity.⁴ Deforestation has led to a lowering of the ground water table, a reduction of ground fertility and reduced agricultural yields in some regions, which in turn hit the rural poor especially hard and counteract the efforts presented in the prior paragraph. Inefficient energy systems are also associated with a waste of scarce and expensive resources and with environmental pollution.

Therefore, investments in energy infrastructures in favor of energy-efficient and environmentally friendly power plants as well as in new technologies like wind and solar energy are supported by the German development assistance. This is combined with efforts to increase the access of the poor to net-based electrical energy to avoid their reliance on other, less environmentally friendly and possibly more costly resources. In rural areas remote from electrical wiring support for local energy generation, renewable resources like wind, solar and biomass is supported.⁵

¹ BMZ (2001a), p. 27. (Translation by the author.)
² For the further discussion on environmental issues and especially the encompassed issue of energy supply see BMZ (2001a), p. 27 – 30.
³ Or the combination of both.
⁴ See BMZ (2001a), p. 27.
This concern for the modernization and extension of the energy sector features strongly into the German strategy. While the German analysis affirms that the responsibility for the deterioration of the environment rests mainly with the industrialized nations, its assessment of the energy sector extends the view to measures that could help mitigate the detrimental environmental effects of the rising energy consumption in poor countries. It also provides a focus on the environmental virtues of extending electrical energy to the poor. To this degree it extends the general consensus on environmental issues.

Yet this analysis neglects to question the virtues of rather costly investments in energy supply in contrast to other measures of poverty reduction. It also lacks a discussion of to whom the benefits of energy projects mostly accrue. For local energy generation in rural areas this can be easily inferred. However, this question becomes much more difficult for larger power plants that serve a large population, as well as the industrial sector. Since the benefits of environmental preservation are only a small part of the overall benefits created by modernized, more accessible electrification, the question of to whom these economic benefits extend and if this is beneficial to the poor might need to be more strongly integrated into the analysis of the virtues of modernized and better managed energy supply.

3.4.6. Alliances within Industrialized Nations

To advance the progress on poverty reduction the German action program takes account of the other national actors that contribute to developmental progress. In interaction with the government on the issue of poverty reduction are the private economic sector, civil society organizations, the research sector and the general public, as depicted in figure 9. While the necessity for national partnerships is included also in other strategies, most pronounced in the British, its special prominence in the German position justifies the discussion in this context.

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1 Additional benefits such as increased productivity and increased living standards for the poor are at least equally important.
2 For a more detailed discussion of the question of the status of ‘poverty reduction vs. other developmental goals’ see the chapter with this heading.
3 For this discussion see BMZ (2001a), p. 9, 44 – 49.
4 See e.g. UK government (1997), p. 77.
5 See e.g. UK government (1997), p. 41 – 47.
The German action program confirms in its onset the important role of national economic and societal groups in the fight against poverty. They can contribute by demanding actions and commitment from the government and the international organizations and by contributing their own individual potential. Development partnerships between the public development efforts and the private initiatives are considered as especially effective. This link is also promoted in the British strategy.

In cooperation with the public sector this can be achieved by Public Private Partnerships as portrayed in the discussion of the consensus. The German government promotes this concept also for implementation in the UN development system. For the engagement of public enterprises in developing countries outside of Public Private Partnerships the German government relies currently on their voluntary commitment to measures to promote sustainable development in their foreign operations. It encourages movements such as

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1 This framework is adapted from KfW (2001a), p. 17, yet transferred from the international level to the national level.
3 See BMZ (2001a), p. 5.
5 See e.g. UK government (1997), p. 41.
‘Corporate volunteering’ where companies exempt their employees for developmental engagements, and also demands a greater focus of private research on tasks relevant for developing countries.\(^1\) It assumes that enterprises increasingly realize the value of complying with human rights resolutions and social and ecological minimum standards\(^2\) and therefore promote voluntary codes of conduct. The cooperation of the private sector with civil society organizations in the establishment for social and ecological minimum standards and labels to empower the consumer is considered to spur this development.\(^3\)

**Civil society** organizations engaged in developmental efforts are considered as important interceders for the poor and for the critical dialog on conceptual questions of poverty reduction,\(^4\) as well as in the implementation of development assistance through partner organizations in developing countries.\(^5\) The value of NGOs in industrialized nations for the strengthening of basic organizations in developing countries and for the promotion of self-help and participatory concepts through their local partner organizations have been acknowledged in BMZ strategies throughout the last decade\(^6\). This has been confirmed in the action program.\(^7\) The central value of self-help oriented and participatory approaches for the BMZ and for a number of German oriented NGOs has recently been confirmed in a joint communiqué.\(^8\)

The German perception of the value of **non-government organizations** (NGOs) on mobilizing public opinion on developmental issues and the central value of public opinion for the long-term commitment of any government to poverty reduction has already been presented in the general consensus. The action program takes special efforts to promote its concerns to the general public, e.g., to the government’s constituents, to strengthen the overall commitment within the nation and thus gain the political leeway to engage in this conduct.

The German government also encourages leading German organizations in the **research** sector to focus their educational and research efforts on fighting poverty and supporting the action program\(^9\). Next to social and developmental questions technical and information technology concerns shall be addressed. Yet the discussion of the research sector only receives small attention in the overall program.

A German peculiarity is the independent role of the German **states** in providing development assistance. The German government attempts a strong

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1 See BMZ (2001a), p. 47.
3 For reference on this cooperation see BMZ (2001a), p. 46, 47.
4 See BMZ (2001a), p. 47.
6 For an early publication see e.g. BMZ (1990), p. 3. For a very publication referring to this issue see BMZ (1999), p. 10, 11.
7 See BMZ (2001a), p. 36.
cooperation with the states and communities within Germany in attempts to strengthen national awareness and increase the overall effectiveness of the German development assistance.¹

The action program of the German government extends the general concern for the various actors in the international domain to those on the national level in Germany. The growing importance of private investments in developing countries is taken into account by the strong integration of the public sector economic activities in the analysis.

Overall, the German action program supports the general consensus we see today and confirms this explicitly: "Today there is a broad international consensus on the most important strategic elements for poverty reduction."² It broadens the analysis in regard to peaceful resolution of conflicts and agrarian reform as well as concerns for energy provision and the inclusion of all actors who can benefit the development process. Yet, the markedly differing approach of concessional financing for middle-income countries establishes the intention of the German government and its developmental agency to pursue an independent developmental concept.

3.5. Sweden

3.5.1. The Background of Sweden’s Development Cooperation

The Swedish development cooperation has a long tradition of strong commitment and efficiency that dates back to the 1970s, when it strongly promoted its leadership position in the international development arena.³ The international reputation that this has established is still visible today⁴ and is fostered by the continuous exceeding of the international target of 0.7% of ODA to BSP, yet with a steady decline of the contributions during the 1990s.⁵

Historically the Swedish view has taken a different path than the other donor strategies by promoting a third way between capitalism and communism in the 1970s that favored a socialist development ideology and gave support to

1 See BMZ (2001a), p. 49.
2 BMZ (2001a), p. 6. (Translation by the author). In this context the action program also refers explicitly to the WDR 2000/2001.
4 See e.g. the positive mentioning of the efficiency of the Swedish development assistance in BMZ (2000).
5 While the ratio was at 1.01% in 92-93 this declined to 0.87% in 95-96 and down to 0.72% in 1998. (See Lembke, H. (1996), p. 193 and BMZ (2000b)). This is still more than twice the percentage of the larger European Nations such as Germany and the UK and seven times the ratio of the USA).
non-aligned developing nations. This view, though prevalent, lost political weight throughout the 1980s and left way to a greater mainstream perception to development with the shift towards a conservative government in 1991. This was not reversed in the 1994 election of a socialist government still in power today. The current goals for developmental assistance established by the Swedish parliament comprise economic growth, economic and social equality, economic and political independence of the partner countries, democratic development, environmental quality and equality between men and women.

The Swedish administrative arrangement is different from those prevalent in Germany and in the UK in that there is no special ministry of development. Its function has been integrated into the Ministry of Foreign Affairs. Still the position of a minister for development exists next to the minister for foreign affairs. He is responsible for establishing the developmental conception.

Strong weight within the Swedish system is lent to the Swedish International Development Organization (SIDA) which handles two thirds of the Swedish development assistance. To fulfill its developmental responsibility Sida channeled 9.076 billion SEK to programs of international development cooperation in 1997. About two thirds of these funds are dispersed directly through Sida, another 29% of funds go to national or international NGOs, as depicted in figure 10.

Figure 10: Distribution of Sida’s Development Contributions by Channel*

* Source: Sida 1997

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3 See Sida (1997). The remainder is channeled directly via the Ministry of Foreign Affairs to multilateral agencies.

4 See Sida (1997).
Sida’s development operations are handled by 550 employees in the Swedish headquarters. A stronger decentralization to the partner countries is attempted via around 100 employees who are integrated into the embassies and consulates in cooperating countries. The country strategies on which the Swedish contributions are based are developed in cooperation between Sida, the Ministry of Foreign Affairs and the respective embassies.

Within the Swedish strategy the foremost concern is placed on the generation of knowledge on all levels. While this is generally accepted, the promotion of higher education potentially lies at odds with the World Bank position. Strong emphasis is also placed on support for marginalized groups. For the provision of its development cooperation, the Swedish strategy also relies strictly on a concentration of funds and on the integration of NGOs in its provision.

3.5.2. Knowledge and Education

Sida’s strategy embarks on the statement: “Knowledge is our most important resource.” Knowledge as a key determinant dominates its position on poverty reduction. Its assertion that the “central issue of all development cooperation is to contribute to developing knowledge – in the partner country, in Sweden, and internationally” shows the breadth of this approach. As a smaller country within the donor community the accumulation of knowledge generation can serve as a strong measure to leverage the impact of the Swedish development assistance. For example Sida’s efforts to build up “banks of experience” by systematically gathering information on humanitarian assistance missions aim in this direction.

In the specification of its concern Sida points out five areas of engagement: basic education, human resource development within the framework of projects and programs, support for higher education and research in the poorest countries, research efforts on developmental issues and the generation of knowledge to better prevent conflicts and deliver humanitarian assistance. Its proposals range from internal staff training, over inclusion

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1 On the number of employees and the division of responsibilities see Sida (2001a).
3 The Swedish strategy is used here identically with Sida’s strategy, even though in contrast to the German and English agencies Sida is not a ministry. Yet Sida is the most influential player in the Swedish discussion on poverty reduction and therefore serves as reference for the overall Swedish position.
4 Sida (2000m).
8 See Sida (1996), p. 27.
developmental content in Swedish curricula, internal studies on food security\(^1\) and international agricultural research\(^2\) to the promotion of know-how on hygiene standards in projects of development cooperation\(^3\). As a theme knowledge generation and transfer runs through Sida’s entire analysis, comparable to the emphasis placed on this point by DfID.

A priority for Sida, in line with the broad consensus, is the provision of basic education of acceptable quality.\(^4\) In this context Sida places special concern on the enhancement of the quality of education. It points at priority areas for action such as availability of teaching materials, teacher training, curriculum development, construction of schools and education adapted for children with special needs.\(^5\) These point at areas where concerted actions of the donors and the national government is required to keep consistency within the overall educational system. Yet a discussion of sensitive issues such as conducive contents in the curriculum\(^6\) is avoided in Sida’s strategy. Its concept for basic education extends beyond children and adolescents as target groups to also consider adult education\(^7\), which is seen as essential to enable people to exert their democratic and human rights.\(^8\) Especially for the poor women this is seen as a means to increase their independence and equip them to exert greater influence on the circumstances that affect their lives.\(^9\)

Adult education and the provision of knowledge is also attempted in order to spread economic benefits.\(^10\) Education and training projects for the very smallest companies and businesses in the informal sector are seen as a measure to spur their economic success. The dispersion of knowledge on market conditions is promoted as a further measure to aid small businesses in marketing their products most profitable.

Sida also extends the international consensus by its strong commitment to support higher education.\(^11\) It regards “support to higher education and research at universities in the poorest countries as a prerequisite for the development of knowledge in these countries.”\(^12\) This assessment is based on the belief that this is beneficial to a country’s ability to gain from international integration\(^13\) and know-how. Indigenous research capacity on theoretical and practical levels in a

\(^1\) See Sida (1996), p. 29.
\(^6\) The question of what should be taught has been raised in the chapter ‘Poor People’s Assets’.
\(^7\) See Sida (1996), p. 34.
\(^8\) See Sida (1996), p. 34.
\(^10\) For this discussion see Sida (1996), p. 31.
\(^12\) Sida (2000j).
wide range of subject areas is also seen as essential for a country's ability to analyze its own poverty-related issues and problems.¹

This approach favoring extensive, in-country research capacity² backed by tertiary education receives some support in the other analyzed strategies, most pronouncedly by that of the UK³, yet is not univocally accepted. Especially the World Bank projects a view in which tertiary education should be traded against basic education⁴. This is based on its assessment that "distribution within sectors must favor basic services used more by the poor"⁵. Since "education […] resources go disproportionately to tertiary education […] used more by the better-off groups"⁶ a reduction of tertiary education is the logical conclusion. This discrepancy opens room for conflict potentially deterring donor coordination in the educational sector.

Given the strong encouragement of building administrative capacity to manage the reforms and the efficient provision of public services⁷, the importance of research on problems which face the poor countries in e.g. the health sector⁸ and the realization of the importance of information technology for developing countries⁹, it is hard to see how these tasks could be tackled without support for tertiary education. The broadly attested need for stronger statistical capacities and also the potential for the adaptation of international knowledge to the local context also require well-trained specialists. While the bias of public spending on tertiary education in favor of the non-poor, possibly rich proportion of the population might be an unwanted effect, the need for qualified personal to counter the challenges imposed on developing countries refutes the proposal to withdraw support for tertiary education in most countries.

Rather it seems sensible to increase the level of primary education and secondary education without cross financing from the resources of tertiary education. Primary and secondary education forms the basis of the tertiary level. The extension of primary and secondary education to the poor, as well as lowering the financial burden and securing equal access to tertiary education will enable a stronger proportion of poor families to send their children to higher level schools. This leads to stronger social justice in the system while at the same time increasing the country's capacity in terms of higher skilled people.

³ See UK government (2000), p. 37. The German action program does not take tertiary education strongly into account. It mentions partnerships between German and foreign research institutes (See BMZ (2001a), p. 48), yet this theme is not prominent in its discussion.
⁵ See World Bank (2000a), p. 82.
⁶ See also World Bank (2000a), p. 82.
⁷ See e.g. World Bank (2000a), p. 99.
⁸ See e.g. World Bank (2000a), p. 183.
⁹ See e.g. World Bank (2000a), p. 187.
These can provide for adequate administrative management as well as business and scientific progress, which in turn aids the development of the entire country. The contrary point that higher-level education leads to a higher proportion of academically trained people than a developing country has need for, which would negate the value of higher education in developing countries, is refuted in some newer empirical research. Rather, the value of higher education for economic growth in developing countries is emphasized\(^1\), lending support to Sida's approach to give a high priority to primary education while also supporting higher education and research.

3.5.3. Disabled People and Marginalized Groups

In the discussion on education Sida takes explicit account of disabled and handicapped children.\(^2\) Special projects for children with special needs\(^3\) are considered as an effective method to combat poverty, as these children constitute an extremely vulnerable category.\(^4\) This is seen as one measure in Sida's pronounced emphasis to raise the prospects of handicapped people through their integration into society and working life.\(^5\) People with physical or mental disabilities are one of the groups to which Sida gives special priority in its work. It also takes special attention to women-headed households, mothers and children, households in areas treated inequitably by economic development and minority ethnic groups.\(^6\) Members of any one of these groups are in a position where they are constrained in their ability to take economic opportunities and contribute themselves to greater personal prosperity.

The social view that Sida brings into the discussion, possibly based on Sweden's socially oriented tradition, extends the general consensus in that it takes explicit account of those people which cannot benefit from the extension of economic opportunities and would be marginalized by a strategy that solely focuses on the poor individuals own efforts and contributions to greater

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1 Timmermann concludes from his cross-sectional study of 37 developing countries that primary education is a stronger determinant for economic growth, yet secondary education reaches nearly the same impact. See estimated coefficients in Timmermann, V. (1999), p. 2474. Yet Timmerman refutes the assumption that domestic R&D efforts are strongly beneficial to growth, withdrawing the scientific background for development contribution to the research sector at least of private companies. In Barro, R. (1999), p. 29 the impact of primary education on growth has been insignificant. Male secondary and tertiary education has proved strongly significant in his study of 114 developing countries. Since primary education is the basis for secondary and tertiary education, this does not refute the concern for primary education. The value of secondary and tertiary education is strongly established in these empirical studies.

3 See Sida (1996), p. 34.
prosperity. While this is acknowledged in other strategies as well, this point is especially dominant in Sida’s concept.

3.5.4 NGOs

Sida’s accentuates the role of NGOs in the development process. About 30% of its budget is channeled through NGOs, providing financing to about 300 NGOs in Sweden alone. This focus was based on the assumption that NGOs are superior positioned to reach the poorest people.\footnote{See Sida (1996), p. 23.}

While Sida continues to support NGOs in their work and relies on them in the provision of aid, it points at internal evaluations that depict weaknesses of NGOs to adjust to the needs of the poorest groups.\footnote{See Sida (1996), p. 11, 23. Sida does not use this point to promote its own profile, as it assesses the same weaknesses for its own aid provision, but detects a need for the improvement of aid delivery through NGOs.} It also challenges their effectiveness to deliver long-term solutions to poverty.\footnote{See Sida (1996), p. 23.}

In the solution to these finding Sida attempts to integrate NGOs stronger in their long-term planning by inviting their participation in strategic poverty reduction work and by dissemination of Sida’s country strategies and poverty profiles.\footnote{See Sida (1996), p. 11.} It also attempts to assist NGOs via consultations, training and exchange of experience\footnote{See Sida (1996), p. 11.} especially on the topics of target group analysis, methods to identify the poor, empowerment of the poor and change of power structures in developing countries.\footnote{See Sida (1996), p. 35.} The last point can be seen as motivated by Sida’s reliance on NGOs for engagement in those countries where the conditions are not favorable for broad-based poverty reduction\footnote{See Sida (1996), p. 6.} and need to be reformed from Sida’s perspective.

While Sida expresses a special emphasis on the integration of NGOs in the development process, it is also very realistic about the potentials of these organizations. The concern to strengthen the abilities of NGOs for greater effectiveness of aid provision extends the perceptions in the other strategies, which are limited to pointing out the benefits of NGOs. The Swedish concept encourages a realistic view on NGO’s abilities and ventures to find solutions to perceived deficits.
3.5.5. Conditionality

The Swedish approach to conditionality resembles closely the proposals made in the UK position. In the assessment of the generally scrutinized areas of governance and poverty focus, Sida takes into account non-productive public expenditure, military spending, subsidies for unprofitable government-owned enterprises or activities that favor better-off groups, and the relative distribution of budget expenditure between social and other sectors.\(^1\) It also promotes the concentration of funds on low-income countries.\(^2\)

In its concept Sida departs from the DfID position in that it follows explicitly a more cautious approach of "gradually"\(^3\) moving to credits and greater cost sharing\(^4\). Its goals to reduce the number of projects, which it supports by 25% to increase the quality of aid provision, is ambitious.\(^5\)

To increase the quality and impact of aid provision Sida also attempts to constraint its projects to areas where its possibilities to contribute to cooperation are especially strong.\(^6\) This relates to single projects conducted to transfer know-how to middle-income countries\(^7\) as well as to its engagement in major recipient countries. As examples for focal areas it cites its engagement in the environmental sector where the management of scarce water resources, agriculture and forestry/soil conservation, the marine environment, the urban environment as well as environment-friendly consumption and production of energy are considered key areas.\(^8\) These focal areas show scope for broad cooperation with other donors, e.g. Germany in the energy sector and Britain in the marine environmental sector.

The Swedish conception supports strongly the consensus on conditionality and has established quantified targets towards this end. Its approach to "gradually wind-up development cooperation with countries which have less need of Swedish support"\(^9\), determined on the basis of their level of development, takes a view closer to the British than to the German perspective on this issue, yet promotes a more cautious approach.

Overall, the Swedish strategic proposal is closely in line with the overall consensus on poverty reduction. In its support for higher education, it points at an area where a consensus on the international level has not yet evolved. But its position promoting the value of higher education receives increasing support

\(^{2}\) On this discussion see Sida (2000i).
\(^{3}\) Sida (2000i).
\(^{4}\) See Sida (2000i).
\(^{5}\) See Sida (2000i). The level of effort to reach this target is hard to assess, though, because the base year against which the reduction is attempted is not specified.
\(^{6}\) See Sida (2000h).
\(^{7}\) See Sida (2000i).
\(^{8}\) See Sida (2000b).
\(^{9}\) See Sida (2000i).
also on the research front. Since education is an important component in all strategies and a strong field of investment for the development agencies, the question of the value or detriment of tertiary education has the potential for strong international debate and even inhibition to international cooperation.

Sweden's background favoring a third way in development that was prevalent in its developmental conceptions up to the beginning of the 1990s is not visible in its poverty reductions programs as of today. A topic that reflects the social oriented attitude of the past approach is the strong concern on marginalized groups and disabled people, which can serve as a valuable addition to the focus on creating economic opportunities that might bypass these groups.¹ Yet the political and economical conditions that Sida promotes for poverty reduction enforce the international consensus and establish a background suitable for strong international cooperation.

3.6. Accentuations: Benefits or Hindrance?

The accentuations that are visible in the strategic documents for the most part do not hinder the cooperation between agencies but represent opportunities for the development organizations to specialize themselves. If this can be coupled with a new international approach to aid delivery in which each donor country is engaged in those areas where it has established its advantages, this can lead to higher aid effectiveness and also to faster accumulation of further knowledge. Necessary for such an approach would be a system that ensures the international sharing of knowledge, so that the development organizations can participate from the insights of the respective specialist and are able to keep a holistic view for the overall problems of development cooperation.

Only few areas show real discrepancies of opinions where cooperation will be difficult. This includes the discern over higher education as well as the concessional financial support for middle-income countries. These have the potential of inhibiting collaboration concerning the educational sector and in international organizations. Yet while these differences deserve settlement on empirical basis, they only present small obstacles in contrast to the agreement already reached on many other issues.

While these two fields of accentuation can be seen as a hindrance because they potentially curtail cooperation, most emphasis within the strategies have the potential to yield benefits. The real challenge might be imposed by fostering even greater accentuation. The strategies mostly avoid prioritizing the activities they propose. As already mentioned, this leaves scope for the adaptation of

¹ Especially in the case of handicapped and disabled people even the greater concern for empowerment will not enable them to change their situation to participate in economic opportunities. Yet the concern for empowerment and security might be able to extend their rights and their entitlements if these concerns are established with a focus on those people that cannot actively promote their interests.
priorities to the needs of the individual recipient country. Yet specific priorities of each donor would not inhibit adaptation of overall aid to the needs of the developing country as areas that do not receive priority by one donor are left to the specialization of other donor agencies. Even though the engagement in areas of comparative advantage is already discussed in some strategies, these areas are currently by large not made explicit. In order to strengthen international cooperation and the sharing of responsibilities on the basis of comparative advantage this will be a necessary task for future strategic conceptions.

3.7. Consolidation: Consensus and Accentuations

3.7.1. Consensus on Three Levels

The international consensus presented in the second part of this thesis extends across three areas of analysis. First of all, there is an overall agreement on the central goal of development cooperation: poverty reduction. This facilitates the coordination of activities and the ability for cooperation, as all parties have the same basic perception of what should be achieved in development cooperation. It also has the advantage of repelling pressures to subdue developmental goals to national political or economical priorities, as the international commitment to the same, single goal increases the pressure to direct efforts in this direction. The common interest in all strategies to fight poverty as the foremost measure also increases the ability for policy coherence especially at the multilateral level where international agreement is indispensable to reach progress.¹

This alone could not ensure close collaboration as the term poverty reduction is too broadly defined for this purpose. Yet agreement is also established on a second level concerning the more specific targets of development cooperation established in the IDTs. They are still broadly defined and need to be complimented by goals suited to the individual country’s circumstances, but they provide an overall framework that enshrines the most important global targets for development. They demand strong commitment, since the development agencies’ efforts will be measured against the agreed targets. They also provide the general direction on which the broad commitment to poverty reduction can be channeled, which serves as a means to unite international efforts.

The third level of agreement that has been reached concerns the broad conditions, areas of improvements and processes that are conducive to the achievement of the IDTs and the overall goal of poverty reduction. These elements, termed conceptual elements in this thesis, comprise concerns for

¹ The problems of poverty reduction as the foremost goal of development assistance as well as the problems of subscribing to the IDTs shall not be discussed here again. For this discussion the reader is referred to the chapter on “The Role of Poverty Reduction: Poverty Reduction vs. Other Developmental Goals”.

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domestic action in the partner countries in regard to economic, political and security-related matters as well as efforts on the international front. These are broken down to more defined elements.

In the economic sphere accord is reached on the necessity to promote an economic incentive system conducive to private initiative within a sound regulatory framework, to increase economic opportunities for the poor through pro-poor spending on human capital and providing access to markets, to implement sound fiscal and monetary policies to fosters economic growth and to pursue greater equality of assets and income. Political conditions are to be improved by greater empowerment for the poor through participation, establishment of human rights including a high concern for gender aspects and democratization; backed by processes of good governance including curbing corruption, securing the rule of law and promoting accountability, decentralization and transparency. Increased security for the poor is univocally pursued by measures to prevent, mitigate and cope with crises and also by increasing private and state insurance schemes.

On the international level this is accompanied by a consensus to open international trade for the products of poor countries, to ensure greater international financial stability and to support international treaties for the protection of the environment. The donor community has also agreed on specific elements concerning their provision of aid. These comprise a spirit of partnership with the developing country in which the developing country owns the strategy under the condition to focus on poverty, the assumption of donor responsibilities in coordinating their efforts and assuring coherence in their policies, and by promoting the provision and dissemination of knowledge.

This general agreement on the conceptual elements conducive to the implementation of poverty reduction efforts is the key point in moving from the expressions of goals to concrete action on the country level. For donors it allows a joint approach to policy dialogue with the partner country and to collaborations on the implementation of projects, sector-wide approaches and budget support. It also facilitates development cooperation from the recipient countries perspective as the similarity of the donor concepts allow for joint negotiations instead of accommodation of divergent donor viewpoints. The levels of consensus are portrayed in summary in figure 11.
This Pyramid shows that strong commitment has been reached in many areas. This broad consent is one of the main points on which the new strategies rely in their belief that faster progress on poverty reduction can be reached in the future by joint, focused and coherent approaches. This consensus in its breadth tries to avoid the mistakes that led to detrimental impacts in the past. The question of a strong or weak state involvement is tackled by a compromise relying on a strong but limited state that sets the right frameworks but limits itself from active engagement in the economic sphere. In the question of growth vs. development of personal capabilities e.g. in education or health the compromise relies on
mutually reinforcing effects that requires a joint pursuit of both. This reconciliation of divergent points and the learning from the errors of the past has led to a common basis to which all analyzed strategies subscribe.

3.7.2 Stronger Accentuations with Decreasing Level of Abstraction

Nevertheless there is room for different accentuations as pointed out in the majority of the third part of this thesis. The different accentuations and real differences in the strategies increase with lower levels in the pyramid. On the first level, there exists nearly unity. Differences are limited merely to the degree to which poverty reduction as the overarching goal of development cooperation is emphasized, with Germany being rather reserved in its pronunciation while DfID is most forward in this regard. The central goal of poverty reduction in development cooperation is unambiguously acknowledged.

The differences amount slightly stronger on the second level of consensus. While the IDTs themselves receive international agreement, this agreement does not extend towards their comprehensiveness. They do for example not account for any progress on food security as demanded in the German strategy or for urban development as proposed in the British conception. If the IDTs were simply a guiding line, the pronouncement of other relevant areas could be seen as measure for countries to specialize themselves. Yet the goal of the IDTs to serve as targets against which to measure the international efforts promotes a vigorous pursuit of these goals. While this should be welcomed to foster commitment and efficiency, the omission of an important dimension in the IDTs bears the threat that an important factor of poverty reduction is overlooked in the attempt to reach exactly those goals described within the IDTs. This illustrates that even on the second level the consensus we see today is not fully developed and will need further efforts to get full international agreement on all relevant factors, which limits – but does not negate - the current usefulness of the IDTs. There are also intentions to supplement these targets by measures that capture national circumstances and priorities in order to be adaptive to local conditions and needs, which is most pronounced in DfID strategy. While this is undisputed, it serves as an acknowledgement that with the IDTs the efforts of the international community to agree on targets has only just begun and that this needs to be continued on the national basis under the leadership of the national government.

Different accentuations proliferate on the third level of the consensus. Many conceptual elements have already been settled in international agreement¹. This is a long step towards cooperation on project or sector level. While the IDTs have set the direction but not the means, the agreement on the conceptual elements serves as a baseline for unified, coherent actions. They also settle

¹ In contrast to the IDTs this agreement is implicit. It can be inferred from the analysis of the strategies as has been attempted in the second part of this thesis.
unambiguously the question on who is to lead the developmental efforts in favor of the recipient country. Yet there are a number of different accentuations that pertain. Most of these should be welcomed as they provide the potential for development organizations to specialize themselves.

The World Bank takes a special concern for political issues of pro-poor coalitions and macro-economic policy, which reflects its role as largest donor agency with strong involvement in negotiations with national governments on poverty issues and adjustment programs. Its accentuation of security schemes and the causes and effects of inequality establishes its focus on social issues.

The United Kingdom has undertaken large efforts to establish a leading position in aid effectiveness by concentrating on impact measurement, clear connection of development activities to goals and a focus on knowledge generation. Further areas where the UK position provides insights comprise the analysis of effects of globalization, water scarcity and urban development.

The German action program most pronouncedly addresses the questions of conflict prevention and mitigation. It also shows concern for agrarian development and modern, environmentally friendly energy supply. Increased effectiveness is attempted through the integration of all national actors in the process of development cooperation, with special concern for the private sector because of its know-how and financial resources.

The Swedish position promotes strongly the generation, distribution and usage of knowledge as its main resource, which it systematically increases and deploys within the partner country, in Sweden and internationally. It also takes initiative in the protection of the disabled and of marginalized groups. In its efforts it works in closest collaboration with NGOs, yet takes the most critical look at their activities and promotes joint measures for increasing their effectiveness.

The potential for specialization that these different accentuations allow, and the associated potential efficiency gains by engaging the agency with the best skills in a given situation and by sharing the insight gained from specialization, point at their inherent value for the development process. Yet some accentuations also bear the potential of conflict between the agencies. The discussion of concessional lending to middle-income countries, which is promoted by the German government while being rejected in the other strategies, bears such conflict potential. On the national level of the middle-income country, while being grave for the country itself, the withdrawal of a donor does not compromise the ability of the remaining donors to cooperate. Yet this dispute might be a strain on the relationship between the respective donor organizations and also leads to conflicts in international organizations and forums in which the donor nations have influence.

Also the discussion over increasing or decreasing the support for tertiary education, with the former being considered by DfID and Sida and the latter

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1 The concern for the integration of the private sector is also pronounced in the British strategies.
implied by the World Bank, is still open\textsuperscript{1}. This dispute has pronounced consequences for the coordination on the country level since the education sector as a whole receives strong attention from all donor agencies. Cooperation on sector wide approaches and joint policy dialogue regarding the education sector might be inhibited by discern over this question.

While these two conflict areas explicitly arise from the analysis of the respective strategies, there is also the potential for implicit discern between donor agencies. These may arise because in some important areas, most pronouncedly on issues of globalization and information technology, the strategies only provide vague answers to the current and future challenges. Greater insights in these fields might open up new areas of discern. Another cause for potential disagreement might be the lack of clear priorities for any of the broad elements agreed to on the third level. Concerns for political reform, economic progress and security provision stand side by side, as do their subtopics. This leaves on the one hand sufficient freedom to the partner government to determine its own priorities and thus fosters ownership and can provide for greater donor specialization, yet it also bears the threat that the donor community will not keep up their portrayed unity in questions of priorities in a specific context.

This translates directly to the questions arising on the forth level. This level has purposefully been removed from the main body of the Pyramid, as the consensus does not extend to the area of concrete implementation on the local level. This was not to be expected, as strategic documents such as those presented by the donor agencies cannot take account for all the details of local project implementation. It would also constrain the ability to accommodate specific local circumstances. Yet it should be noted that despite an agreement on general terms there is much room for inconsistencies of actions and for dispute over individual measures on the national or local level. Attempts to unite all donors behind a strategy owned by the national government and coordination approaches like the Comprehensive Development Framework aim at limiting such inconsistencies and at mitigating disputes through prior discussion and agreement.

3.7.3. Synthesis of the New Consensus and its Accentuations

In summary of the analysis of the strategic documents, the strategic documents of the World Bank and the British, German and Swedish governments and their respective development agencies show a broad consensus ranging from the overarching goal of poverty reduction down to specific concepts for action on the domestic as well as on the international level. Major themes on the domestic

\footnote{The position of the German government on this point remains unclear in the German action program.}
level are the provision of economic opportunities for the poor, creation of favorable political conditions for the poor through measures of empowerment and good governance, and increasing the level of security in poor people’s lives. This extension of prior strategies by governance and security issues allows for a stronger focus on the preconditions on the national political level that enable economic progress to take hold, and to integrate a stronger concern of social consequences of crisis and individual misfortune. This broad scope of measure to reduce poverty is established as an answer to the shortcomings of the former strategies.

The broad consensus that is visible on the domestic level facilitates the implementation of the unequivocal demand for greater coordination and coherence in donor policies and activities. The donors also agree to follow the lead of the recipient country's government on poverty reduction in those cases where the conditions of poverty focus and governance are favorable. Also on the international levels efforts are expanded to tackle pressing issues, with high priority on the stronger integration of developing countries in international trade.

These key points in the new strategies have the potential to increase the prosperity of developing countries by opening trade prospects and encouraging domestic private initiative, especially fostered by increasing the opportunities of the poor. To focus national policies on all problems of the poor, including economic, social, political and security issues, and to support positive developments through unified actions of the donor community bears the chance to extend the capabilities and possibilities for the poor and to contribute to lasting improvements for their lives.

The consensus and the associated benefits are currently limited by lack of prioritization and joint procedures for concrete implementation. This is mitigated by assigning the leadership for the strategy and the implementation to the partner government and by coordination mechanisms such as the CDF. Further limitation arise from the discern on higher education and support for middle-income countries, where further empirical evidence might be needed to reach a unified stance, as well as by a lack of insights especially on the new issue of integration of information technology in the developmental process. Especially the last point will require further analytical concern from all parties.

Yet not all differences in the donor strategies have detrimental impacts to the agencies ability to collaborate. The majority of different emphasis bears the potential of specialization in a certain area such as urban or rural development, energy supply or security schemes. This can lead to a transformation of donor agencies from all-round providers of aid to specialized service and finance providers with potential benefits in terms of efficiency and expertise.

Overall, the areas of agreement that are visible in the strategies by far outweigh the areas of actual or potential disagreement, since most of the accentuations are extensions of generally prevalent views rather than departures. This lends
persuasiveness to the claim that aid effectiveness will be improved in the future through greater collaboration between donor agencies. Greater aid effectiveness will be necessary to improve the rate by which the situation of the poor people in this world will improve and to progress towards the achievements of univocally accepted International Development Targets.

To improve the aid effectiveness of their measures, the new strategies point at the value of impact measurement. This task is already an important part of the project cycle of many donor organizations. It has been chosen here to show the link between the new strategies and the actual work of development agencies. Therefore, the results of an empirical study assessing the current evaluation praxis of the German financial cooperation and recommendations for stronger integration of the insights of the new strategies in the practical evaluation process are presented in the following chapter.