

## Ten steps to a new development agenda



Simon Maxwell

**‘The poverty reduction paradigm has been a powerful driver, but the agenda is changing... An analogy I have drawn is with a visit to a game park. All eyes and lenses are focused on the lioness and her cubs on one side of the car. Meanwhile, on the other, unnoticed, a large bull elephant advances...’**

This is a time of transition in politics and policy. What contribution can ODI make?

We are always careful not to be party political and not be tarred as advocates or campaigners. Nor do we have an institutional view which might constrain researchers. ODI’s reputation rests on its ability to privilege high-quality research, and use evidence to inform policy debates.

Nevertheless, it is incumbent on us to be useful. How can we help new leaders in the UK, France, the World Bank, the United Nations, and elsewhere? As we reported last year, and in a continuing series of public events, we have been debating ‘What’s Next in International Development?’ Good question. What’s the answer?

Of course there is no single institutional answer. The mandate of researchers is specifically to challenge consensus. What follows, therefore, is a personal prospectus.

The key question is whether the Millennium Development Goals provide sufficient purchase for current development policy. The ‘poverty reduction paradigm’ has been a powerful driver of both thinking and action in international development – certainly since the publication of the 1990 *World Development and Human Development Reports*. The dominant paradigm has never been uncontested nor risk free, but it has been remarkably successful in focusing the minds of donors and recipients, especially on the purpose and use of aid.

The agenda is changing, however, in three important ways. China is reshaping the global economy, especially through its impact on the manufacturing prospects of poor countries. Security issues are everywhere rising up the agenda. And the focus on national development strategies is being supplemented in dif-

ferent ways by regional and global issues: climate change is the obvious example, but there are many others.

Much else is changing too. Urbanisation is spreading fast. Supply chains are being reconfigured as globalisation proceeds. And, interestingly, social policy debates are being re-cast. For example, inequality is becoming a more prominent issue.

We miss all this at our peril. An analogy I have drawn is with a visit to a game park. All eyes and lenses are focused on the lioness and her cubs on one side of the car. Meanwhile, on the other, unnoticed, a large bull elephant advances...

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What should be our response? There are ten key elements:

1. A vision of social justice, which extends beyond simple measures of poverty. A useful formulation emphasises equal citizenship, equality of opportunity, and a reasonable fairness in the distribution of outcomes. If this is applied at a global scale, it challenges policy-makers: global inequality becomes an immediate barrier to global well-being.
2. An approach to growth which recognises the impact of globalisation. Supply chains, including in agriculture, have become more highly integrated and more geographically specialised, requiring higher standards and greater timeliness. Furthermore, the entry of China’s large labour force into the world economy has halved the global capital-labour ratio, driven the price of manufactures down and of primary commodities up. Africa is growing, on average faster than Organisation for Economic Cooperation and

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Development (OECD) countries, but mainly on the back of a commodity boom with relatively low prospects for job creation. Aid for trade is one response, but other supply-side measures will also be needed.

3. Recognition that delivering a 'social minimum' is a priority, whether in the form of humanitarian aid or social protection. The imperative is founded in international jurisprudence on economic and social rights, but also in the self-interest of developed-country governments worried about migration pressure and security risks.
4. A commitment to joined-up thinking in government. The current debate about the dissolving boundary between development and foreign policy is not simply a manufactured response by ministries of foreign affairs to the sight of development budgets rising; nor a simplistic counter to terrorism. There are many regions of the world – the Horn of Africa is one – where complex patterns of conflict interact with poverty, and where an integrated approach is necessary. Yet governments are not often well-equipped to think and act as one.
5. Global challenges need governments to work together better than they currently do. Institutional reform, in the UN and elsewhere, needs to be driven by a better understanding of the conditions for successful collective action. As a recent UK Government policy paper, 'Britain in the World', observed, 'the strength of governments in the future will be as much to do with their ability to harness the power of others as their own direct power and influence'.
6. The effort to increase aid must continue. Though some argue that absorptive capacity is limited and that aid can decapitate political accountability in developing countries, the scale of need is such that the argument needs to be reconfigured: the question researchers must answer is how to increase capacity and simultaneously preserve domestic accountability.
7. A major effort to simplify and multilateralise aid. At present, two-thirds of aid is bilateral, only one-third multilateral – and the bilateral share is growing. The proliferation of aid agencies imposes high costs on poor countries. Donors have concentrated on improving aid effectiveness by aligning behind government plans and harmonising procedures among themselves. They should in addition take a more systematic look at the overall aid architecture, including the role of the UN, the European Union (EU) and the multilateral development banks.
8. UN reform is a priority, in aid and more widely. The various High-level Panels have delivered

only modest improvements so far, constrained by lack of trust as much as by differences of view. The alternatives to a better-functioning and more accountable UN are all problematic: 'multilateralism minus one', ad hoc 'coalitions of the willing' or new, special purpose formations.

9. The EU is an essential pillar of a new development architecture. It has the great advantage of bringing together aid, trade and foreign policy, and has mechanisms in place to improve the accountability of rich countries to poor ones. Continued reform is needed here also.
10. Independent evaluation as an essential component of mutual accountability. Many countries and agencies have strengthened evaluation and made it more independent. The next step must be to internationalise, and enable comparative data to be assembled. This will raise standards and help developing countries make informed choices.

None of the above is especially controversial. It does, however, have implications for the way governments and aid agencies manage their business. Some countries maintain separate aid or development ministries; others do not. In either case, it seems clear that the evolving agenda will need cross-government working on a new scale. Furthermore, the skills needed in development ministries will need to expand.

In the past, such departments contained many people with sectoral skills in different aspects of country-level development policy – civil engineers, for example, or agricultural specialists. In more recent years, new cadres have been added, for example with expertise in public finance and international trade. In the future, while elements of the current skill mix will need to be retained, there will also need to be expertise in managing global negotiations and in influencing the change process in international organisations. This is why I have talked about the need to 're-vision' aid.

The MDGs do not become irrelevant in the new policy environment. Reducing absolute poverty by half by 2015 remains a necessary – and minimal – ambition. Nevertheless, the MDGs were always somewhat selective from the range of targets set by the UN Conferences of the 1990s. We can now see clearly how the context is changing and what needs to be added to the policy mix.

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