



Ministerial Roundtable Dialogue

High-level Segment - Geneva, 4 July 2007
Roundtable 2
4:30 – 6:30 p.m.

Issues Note

Poverty eradication – making it happen

The international community has 8 years left to achieve the Millennium Development Goals (MDGs) to follow through on agreed targets in the universally shared framework for the betterment of people's lives worldwide and for the strengthening of global partnerships for development. Since 1990, some developing countries – particularly China, India and others, especially in Asia -- have made significant progress in several areas towards reaching the Goals, showing that significant reduction in absolute poverty and hunger is possible in a relatively short period of time. Progress on reducing poverty and hunger in other countries has been slow however, and many parts of sub-Saharan Africa have not made any advance towards the Goal. As Ministers agreed in the 2006 ECOSOC Ministerial Declaration, an important route out of poverty for most individuals, families and communities is through the generation of productive employment and decent work. Women and girls continue to be more vulnerable to poverty, part of which stems from ongoing discrimination against them in the labour market Ministerial Declaration.

Background

Success in reducing poverty and hunger in many parts of Asia is, in part, the result of well-defined national development strategies. China, India, Malaysia and Viet Nam are considered to be such cases in which Governments designed their own strategies, with the mobilization of local stakeholders' support, and complementary external financing.

Processes associated with the implementation of Poverty Reduction Strategies and, to some extent, aid policies harmonized among donors do not appear in many cases to have encouraged country-driven national development strategies. While stakeholders – domestic and external -- do agree that the consultations conducted in the PRSP countries have brought new actors into the development dialogue and increased the transparency of the process, the involvement of donors in consultation processes has tended to make the process top-down, marginalizing the concerns of local actors. Furthermore, the strict macroeconomic policy conditionalities that are part of the IMF Poverty Reduction and Growth Facility (PRGF) have a tendency to limit the scope of socio-economic policy choices available to the recipients. Greater harmonization of aid policies among donor countries has led to some concerns that conditionality has become more coordinated and powerful within this harmonized approach.

What is required is to develop partnersh

2. Aid harmonization

Greater harmonization among donors reduces “transaction costs” associated with transfers of aid from donors to recipients and make aid flows more predictable. It should be noted, on the one hand, that if overly stringent conditionalities are attached to the harmonization, they may have detrimental impact on national capacity building and limit the national policy space of the recipient. On the other hand, aid effectiveness on poverty and hunger may not be automatically improved when the conditionalities are removed or lessened.

The international community needs to strike a balance between the freedom of choice for recipient countries and the effective delivery and use of aid. Greater harmonization of donors’ assistance can make significant contributions to strengthen national capacity and to widen the policy space of recipient countries, if aid is delivered in the form of budget support and aligned to countries’ priorities. Lower administrative costs of negotiating with and reporting to multiple donors make it possible for recipient Governments to divert newly available human and financial resources for the purpose of improving policy design and coordination and monitoring outcomes.

3. The role of civil society and local communities

The consultations conducted during strategy formulation of the PRSPs have encouraged participation of various stakeholders, including women’s groups and networks. Greater attention to governance was gained in some countries and NGOs advocating for gender equality had the biggest impact in the PRSP processes. Civil society organizations in general believe, however, that this increased openness has had only limited impact on the design of domestic policy and has not allowed sufficient time for consultations with a wide range of groups. In some countries, participatory activities have waned following the completion of the PRSP and this has kindled some scepticism that perhaps governments were more concerned about fulfilling donor requirements than about achieving systemic change. Given the mixed results with regard to civil society participation, efforts should be made to ensure the extent and quality of civil society participation in policy formulation, in particular with respect to gender-sensitive poverty reduction and employment creation.

One perceived shortcoming of the PRSPs is that they have failed to consider more

how are aid policies aligned with such cross-cutting issues like gender equality and environment?

- What are some of the innovations in partnerships, both global and local, that can be scaled up to accelerate progress in the eradication of poverty and hunger and how can they be ensure that these innovations support state and local capacity?
- What are some "innovative" approaches and financing options for public-private partnerships, in particular, for addressing rural and urban development as well as infrastructure, mainly transportation and communication links?
- Are there ways to align the diverse flows of financing (traditional and new forms of giving) for greater impact on poverty and hunger goals?