

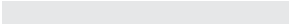
# Development Cooperation Forum

*Human Security and the  
Future of Development Cooperation*



*Waging Peace. Fighting Disease. Building Hope.*

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The Carter Center strives to relieve suffering  
by advancing peace and health worldwide;  
it seeks to prevent and resolve conflicts, enhance freedom and democracy,  
and protect and promote human rights worldwide.

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# Development Cooperation Forum

## Human Security and The Future of Development Cooperation

Co-chaired by Jimmy Carter and Robert Rubin  
Feb. 21-22, 2002



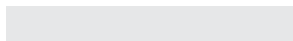
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# Table of Contents

Overview	
<b>Terms and Abbreviations</b> .....	<b>3</b>
<b>Foreword</b> .....	<b>5</b>
<b>Acknowledgments</b> .....	<b>7</b>
<b>Introduction</b> .....	<b>9</b>
<b>Executive Summary</b> .....	<b>13</b>
Addresses	
<b>Keynote Addresses</b> .....	<b>17</b>
Global Interdependence: Recognizing the Realities, and the Need for a Political Strategy.....	17
Robert E. Rubin, Director and Chairman of the Executive Committee, Citigroup Inc.	
Remarks: Co-operative Republic of Guyana.....	23
Bharrat Jagdeo, President	
Remarks: Republic of Mozambique.....	30
Joaquim Alberto Chissano, President	
Remarks: Republic of Mali.....	35
Alpha Oumar Konaré, President	
National Progress Reports on the Millennium Development Goals.....	41
Mark Malloch Brown, Administrator, United Nations Development Programme	
Comprehensive Strategies for Poverty Reduction: The Challenge of the 21st Century.....	48
James D. Wolfensohn, President, World Bank	
Highlights	
<b>Presentations and Discussions</b> .....	<b>54</b>
Summary: Rethinking Our Global Development Architecture: Good Markets Require Good Politics.....	54
Nancy Birdsall, President, Center for Global Development	
Highlights of Discussion.....	56
Summary: Development Cooperation Processes: Issues in Participation and Ownership.....	59
Roger Norton, Consultant, Global Development Initiative, The Carter Center	
Highlights of Discussion.....	60

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Appendices

<b>Appendices.....</b>	<b>64</b>
1. Rethinking Our Global Development Architecture: Good Markets Require Good Politics.....	64
Nancy Birdsall	
2. Development Cooperation Processes: Issues in Participation and Ownership.....	75
Roger Norton	
3. Agenda of the Meeting.....	122
4. List of Meeting Participants and Brief Biographies.....	125
5. Conversations at The Carter Center: Are We Really Attacking Poverty?.....	137
6. Carter Center Press Release with announcement of the Development Cooperation Forum, Jan. 19, 2002.....	138
7. Carter Center Press Release upon conclusion of Development Cooperation Forum, Feb. 22, 2002.....	140
8-11. Newspaper Articles related to the Development Cooperation Forum.....	142
12. Carter Center Press Release with announcement of President Carter’s participation at the International Conference on Financing for Development, March 14, 2002.....	147
13. President Carter Press Conference at the International Conference on Financing for Development, March 19, 2002.....	149
14-15. Newspaper Articles related to President Carter’s participation at the International Conference on Financing for Development.....	152
 Carter Center	
<b>The Carter Center at a Glance.....</b>	<b>155</b>

# Terms And Abbreviations

ACP.....	Africa, Caribbean and Pacific Group of States
ADB.....	African Development Bank
CARDS .....	Community Assistance for Reconstruction, Development and Stabilization
CARICOM.....	Caribbean Community and Common Market
CAS.....	Country Assistance Strategy
CCA.....	Common Country Assessment
CDF .....	Comprehensive Development Framework
CGCED .....	Caribbean Group for Cooperation in Economic Development
CSAG .....	Civil Society Advisory Group
CSO .....	Civil Society Organization
DAC.....	Development Assistance Committee
ECOWAS.....	Economic Community of West African States
ESAF .....	Enhanced Structural Adjustment Facility
EU .....	European Union
EURODAD .....	European Network on Debt and Development
FRELIMO .....	Front for the Liberation of Mozambique (Portuguese acronym)
FTAA .....	Free Trade Area of the Americas
FUSADES .....	Salvadoran Foundation for Economic and Social Development (Spanish acronym)
G8 .....	The group of eight main industrialized countries
GAO .....	General Accounting Office
GDI .....	Global Development Initiative
GDP .....	Gross Domestic Product
GPRS .....	Growth and Poverty Reduction Strategy
HDI .....	Human Development Index
HIPC .....	Debt Initiative for Highly Indebted Poor Countries
HIV/AIDS .....	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IDB.....	Inter-American Development Bank
IFI.....	International Financial Institution
ILO.....	International Labor Organization
IMF.....	International Monetary Fund
I-PRSP .....	Interim Poverty Reduction Strategy Paper
IT .....	Information Technology
LDC .....	Least Developed Country
MDG .....	Millennium Development Goal
MTEF .....	Medium Term Expenditure Framework
NAFTA .....	North American Free Trade Agreement
NCSAG .....	National Civil Society Advisory Group
NDS .....	National Development Strategy
NDSC .....	National Development Strategy Committee
NEPAD .....	New Economic Partnership for Africa's Development
NGO .....	Nongovernmental Organization
NHDR .....	National Human Development Report

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ODA .....	Official Development Assistance
ODI .....	Overseas Development Institute
OECD .....	Organisation for Economic Co-operation and Development
PARPA.....	Plan for the Reduction of Absolute Poverty (Portugese acronym)
PES.....	Economic and Social Plan (Portugese acronym)
PFP .....	Policy Framework Paper
PNC .....	People's National Congress
PPP .....	People's Progressive Party
PRGF .....	Poverty Reduction and Growth Facility
PROAGRI .....	Agricultural Sector Public Expenditure Program (Portugese acronym)
PRS .....	Poverty Reduction Strategy
PRSP .....	Poverty Reduction Strategy Paper
PRSS .....	Poverty Reduction Strategy Secretariat
QSP .....	Quick Start Package
RENAMO .....	National Resistance of Mozambique (Portuguese acronym)
SAA .....	Stabilization and Association Agreement
SNLP .....	Stratégie Nationale de Lutte contre la Pauvreté
STWG .....	Sector Technical Working Groups
SWAP .....	Sector Wide Approach
TRIPS .....	Agreement on Trade-Related Aspects of Intellectual Property Rights
TWG .....	Technical Working Group
UN .....	United Nations
UNDAF .....	United Nations Development Assistance Framework
UNDP .....	United Nations Development Programme
USAID.....	United States Agency for International Development
WTO .....	World Trade Organization



I have long been concerned about the lack of vision, policy coherence, and overall effectiveness of international development cooperation. Yet, Carter Center programs over the past 20 years have been able to demonstrate that where sound nationally owned policies exist, where people are able to participate in determining their future, where enabling resources are made available, and where the donor community effectively cooperates and coordinates — development assistance yields effective results. I am, therefore, pleased to see that after years of dialog and debate the international community finally is beginning to show signs that it is committed to taking meaningful action to attack global poverty and reduce human suffering.

It has been a decade since the Carter Center's first development cooperation conference, which I co-hosted with then U.N. Secretary-General Boutros Boutros-Ghali. In 1996 we held a second development cooperation conference to review the experiences of our Global Development Initiative in Guyana. With our Guyanese partners, we were able to demonstrate that the successful formulation of a comprehensive long-term national development strategy is dependent on its methodology — one that is country-driven and involves as many different interest groups as possible — including the political opposition. The national development strategy (NDS) that Guyanese civil society produced with broad-based participation in 2000 provides a long-term policy framework, which has already helped guide the preparation of Guyana's Poverty Reduction Strategy or PRSP process. It is hoped that a parliament-endorsed NDS will further serve to guide Guyana's sustainable development.

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development assistance on that continent. Recent decisions by the European Union to increase ODA and the announcement by the United States that it finally will take action to increase its aid budget and create a Millennium Challenge Account reflect growing confidence in the more businesslike, accountable and goal-oriented development environment. It is my hope that this promising new environment for more effective development cooperation will lead to policy changes and resource flows that will narrow disparities and reduce human suffering in a meaningful way.

Through its country-level activities, The Carter Center will continue to work toward improved development cooperation and keep the international community informed of the obstacles and opportunities our partner countries encounter. By doing so, we hope to help ensure that both recipient and donor countries alike will adopt the more effective policies and practices that will be required to achieve sustainable development, peace, and security in the new millennium.

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink on a light-colored background.

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# Acknowledgments

The Carter Center is most grateful to the Carnegie Corporation for helping with our Global Development Initiative, and to the Kellogg Foundation, the United States Agency for International Development, Norway, and the Netherlands for making this Forum possible.

I would like to extend a special thanks to the presenters of the two excellent conference papers — Dr. Nancy Birdsall and Dr. Roger Norton — and to the panelists who ably led the discussions on these papers, especially our panel moderators Dr. Carol Lancaster and Gus Speth for effectively guiding the rich exchange of views. The success of our third meeting on development cooperation was due in no small part to the dedicated and tireless efforts of the Global Development Initiative Atlanta staff Jason Calder, Hannah Feinberg, Irene Langran, and Annabel Azim; GDI field staff Michael Hoffman, Mark Simpson, Andrew Blum, Xhevi Hasa, and Brian Lewis; GDI consultant Idrissa Dante; Carter Center staff from our Events, Public Information, Development, Security, and Volunteer offices — especially Susan Johnson, Kay Torrance, and Jackie Culliton.

Edmund J. Cain  
Director  
Global Development Initiative

## **Global Development Initiative Atlanta Staff**

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# Introduction

In 1992, The Carter Center hosted a conference for Global Development Cooperation. The purpose of the conference was to identify specific and practical ways to improve development cooperation on a global scale. President Carter and United Nations Secretary-General Boutros Boutros-Ghali co-chaired the event, which convened world leaders, development experts, and representatives from donor institutions, developing nations, international organizations, nongovernmental organizations, private foundations, and the private sector. In the ensuing decade, the need for improved development cooperation was central to the formulation of strategies designed to reduce human suffering and narrow disparities.

The Carter Center has long understood that conflict resolution and the promotion of democracy are pre-conditions for sustainable development. However, during the last decade the Center increasingly recognized that the success of its efforts — as well as those of the international community — to consolidate democratic institutions and achieve lasting peace was equally dependent upon countries, both developed and developing, following sound development policies and practices. The Center, therefore, established in 1993 the Global Development Initiative (GDI) to demonstrate a new model of development cooperation leading to country-owned and

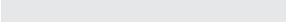
broadly participatory development strategies. In 1996 GDI hosted a second development cooperation conference at which this new model was analyzed by a high level group of policy makers and practitioners.

A decade of U.N. conferences, international institution reforms, and the development of innovative mechanisms for delivering assistance that emphasize country ownership and participatory planning have shaped the formation of a new development agenda aimed at eliminating poverty. The Millennium Development Goals (MDGs), agreed to by the international community, are the first attempt to measure progress in achieving this agenda. The Carter Center welcomes this new attempt to measure the effectiveness of development cooperation but remains concerned over the willingness of governments to take the actions necessary to support the agenda's implementation.



*U.N. Secretary-General Boutros Boutros-Ghali co-chairs the Global Development meeting with former President Jimmy Carter in 1992.*

Photo: Ann Youngling



Despite unprecedented international consensus on what needs to be done to reduce poverty, disparities between rich and poor continue to grow and human suffering remains unacceptably high. At the time of our third meeting on development cooperation, a decade of donor fatigue had continued unabated while the least developed countries continued to fall further behind. Recognition of the need for country-owned processes to facilitate cooperation had yet to be translated into strategies that would lead to a meaningful increase in aid effectiveness. Duplication of efforts by donors and a lack of accountability among recipient countries continued to perpetuate donor fatigue and developing country disillusionment.

The ability of the global community to reach consensus on goals and targets is, therefore, not enough. Equally important is reaching agreement on strategies to be followed, processes to be employed, and resources to be allocated for achieving them.

Recent reports from both the United Nations Development Program (UNDP) and the World Bank indicate that many countries are not making enough progress to meet the MDGs. If the Millennium Development Goals are going to be achieved, a number of issues affecting strategies, processes, and resources still need to be resolved.

## On Strategies...

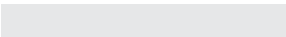
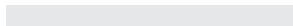
- ♦ Can there be a consensus on the means of achieving the MDGs? In view of the MDG agenda endorsed by the international community, how can human development and poverty reduction goals be reconciled with the need for sound economic policies and practices that promote growth?
  - ♦ Should bad governance practices continue to be tolerated where business and/or geo-economic interests exist? What is the responsibility of the private sector in helping to promote a more equitable
- 



Photo: Carter Center Staff

*Guyanese civil society leaders present President Bharrat Jagdeo with Guyana's National Development Strategy.*

As an experienced NGO with a reputation for results, political neutrality, and integrity, The Carter Center provides a unique forum for helping build consensus. While U.N. conferences, World Bank, IMF, WTO meetings, and privately sponsored forums such as Tidewater and Davos address issues of development cooperation, none involve the full cross-section of actors on an equal basis and draw on the specific experiences of a select group of developing country partners. The Carter Center, as it did in 1992 and again in 1996, demonstrated that it can contribute to improving development cooperation and bridging the gap that still exists among many development partners by facilitating this dialogue. President Carter's convening authority is among the Center's advantages in being able to bring together decision-makers at many levels from across the full development spectrum and influence public opinion. ■





# Executive Summary

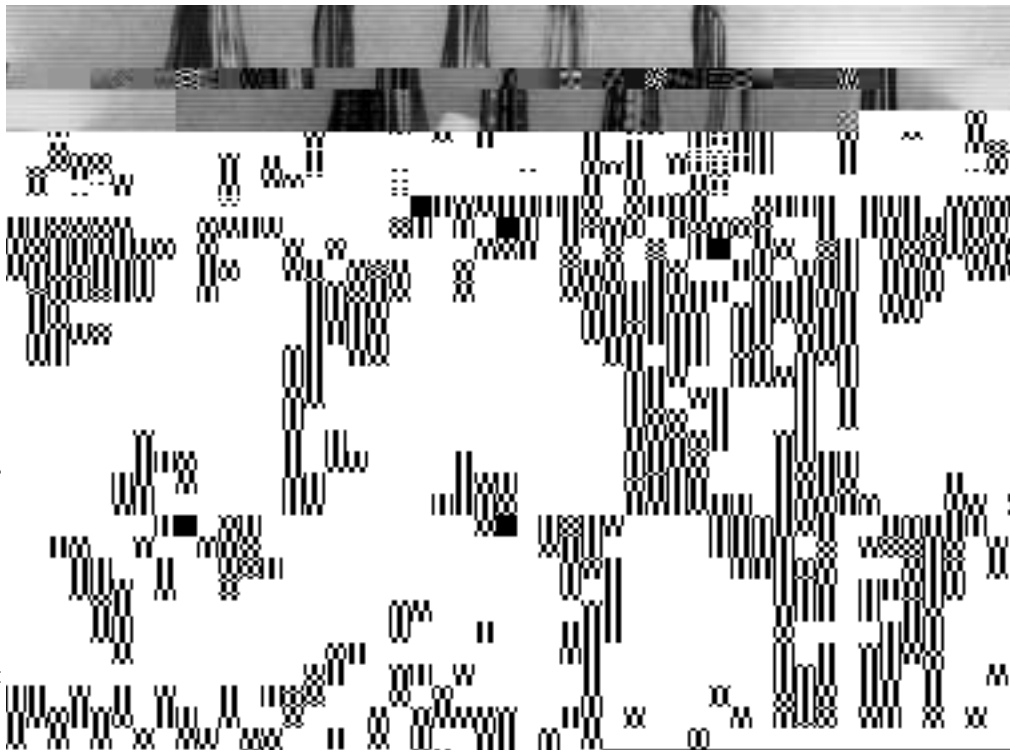
The Carter Center's Development Cooperation Forum was held on Feb. 21 and 22, 2002, to take stock of the reforms of global development cooperation instituted over the last decade, with the experiences of the Carter Center's partner countries as a reference point. The Forum was scheduled in advance of the International Conference on Financing for Development in Monterrey, Mexico, so that the deliberations at the Center might inform the outcome of the conference.

Among the other senior figures who attended the Forum were the heads of state of Guyana, Mali, and Mozambique; Hilde Johnson, minister for International Development of Norway; Luis Amado, secretary of state for Foreign Affairs and Cooperation of Portugal; James Wolfensohn, president of the World Bank; Mark Malloch Brown, administrator of the United Nations Development Programme (UNDP); Andrew Natsios, administrator of the United States Agency for

International Development; and Jean-Claude Faure, chairman of the Organisation for Economic Co-operation and Development's Development Assistance Committee. The Forum also brought together delegations of civil society and private sector representatives from Albania, Guyana, Mali and Mozambique, as well as scholars, nongovernmental organization representatives, the private sector, and other government and international officials.

While the Forum was closed to the general public, the Center took the opportunity of using the event to raise public awareness of key issues. The Carter Center has an

ongoing series of evening programs known as *Conversations at The Carter Center*. The series focuses on a specific topic and brings together distinguished speakers, special guests, and Carter Center staff for a panel discussion and presentation, followed by a question-and-answer period for the attending public. The Feb. 20 *Conversations* was entitled *Are We Really Attacking Poverty?* and featured an expert panel to discuss actions needed to halve global poverty by 2015.



Photos pp.11 – 75: Annemarie Poyo

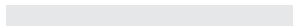
From left to right: James Wolfensohn, president of the World Bank; President Alpha Oumar Konaré of Mali; former President Jimmy Carter; President Joaquim Chissano of Mozambique; President Bharrat Jagdeo of Guyana; and Robert Rubin, chairman of the executive committee of Citigroup Inc.

The Development Cooperation Forum was co-chaired by President Carter and former U.S. Treasury Secretary Robert Rubin. In addition to being a prominent American voice in favor of development assistance, Mr. Rubin was part of the “Zedillo Panel” appointed by the U.N. secretary general to develop financing proposals to achieve the Millennium Development Goals endorsed by the General Assembly in September 2000.<sup>1</sup>

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The theme of  
the third Forum





# Global Interdependence: Recognizing the Realities, and the Need for a Political Strategy

Robert E. Rubin

*Director and chairman of the executive committee of Citigroup Inc.*

Let me begin by thanking President Carter for inviting me to join him at this conference — it is one more example of the remarkably important role that he and The Carter Center have played in the life of our nation and the life of the entire world over the past two decades. I have had the opportunity to get to know President Carter somewhat better since he left Washington and I am consistently struck — as are so many around the world — at both his vision and his effectiveness in public life. I have also had the opportunity to see the presidential fisherman in action, when he and I went on a fly fishing trip, together with a few friends of his, to Tierra del Fuego — a wonderful trip, though I never understood why, Mr. President, when we were standing next to each other in the river, you blamed me when you lost two fish in a row. With that, let me now turn to the subject of our conference, combating poverty.

Looking back over the past several decades, I have no doubt — though I know some might disagree — that globalization, by which I mean greatly reduced barriers to cross-border trade and capital flows, the spread of market-based economics and technological development, has, on balance, contributed very positively, though very unevenly, to global economic conditions. However, these forces also further tightened the ever-greater interconnection of the various parts of the world, and, in this vastly more interconnected world, poverty is not

just an issue primarily for the developing and emerging market countries but can enormously impact the economic and national security interests of the industrial countries, very much including the United States. Rather early in the Clinton administration, President Clinton passed around a book by Robert Kaplan that basically made the point that the gated-community approach to life will no longer work for industrial countries, and that book crystallized for me a set of thoughts that had been developing for a long time.<sup>1</sup> Most of you here are deeply involved in the issues of poverty, so I will not delve into this set of interconnections, telling you what you already know. But, just to make the point in brief, poverty in an increasingly interconnected world can generate cross-border environmental degradation from countries where environmental

focus gives way to the struggle each day for enough to eat or can drive flows of illegal immigrants — as is happening now in large numbers in Europe and has been for a long time in the United States. Diseases that develop in countries that cannot afford decent healthcare can readily spread, with today's

vast movement of people and goods across borders, to the industrial nations, and poverty can — in my view, understandably — foment hopelessness, resentment and anger that feeds political instability and even terrorism. For all of these reasons, poverty in poorer countries seems to me as critical to our national interest as defeating the spread of communism in Western Europe after World War II — and that threat, as you know, produced the Marshall Plan, which was funded by two percent of our gross domestic product for some number of years.

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global poverty as well. However, he also used to say that a strong economy was far from sufficient in overcoming poverty — and that too applies to global poverty.

Thus, I think that the debate between the globalists and the anti-globalists is simply the wrong framing of the issue. In some sense, both are right and both are wrong.

As I said at the beginning of my remarks, I believe that globalization, the spread of market-based economics, and the development and expanded use of technology is the best path forward for global growth. However, these forces also create terrible dislocations for large numbers of people, and these forces do not adequately address, and in some respects may exacerbate, poverty, the failure to achieve broad-based sharing of growth, environmental degradation, and financial crises. Thus, we must also have an equally important parallel agenda of programs that do what markets by their nature won't do to specifically address these issues.

And that takes us to practicality. When I was at Treasury, I saw many proposals from well-meaning people that seemed to me unlikely to have the effects desired and even to risk serious unintended consequences.<sup>ii</sup> As an example that may well be controversial amongst some here today, debt relief is certainly necessary in some instances; on the other hand, advocates of broad-based debt relief run the real risk of undermining the principle that debts must be repaid which underlies all credit extension. And if that principle is weakened, borrowers could become less disciplined in their borrowing, and, of great concern in many emerging market finance ministries, credit could become less available, and more expensive, to many emerging market countries' public and private sector borrowers. The key is to find the right balance.

In that regard, there is broad recognition that combating poverty depends not only on assistance but also indispensably on emerging market countries having sound economic and social policies, and that raises the exceedingly difficult threshold issue sometimes referred to as good governance. I will return to this issue of governance in a few moments.

When I visited emerging market countries as secretary, I almost always set time aside to see firsthand World Bank or other programs on the ground, and clearly, at of dvoc3.4427

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that are so powerfully urged upon the emerging market







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campaign to educate and energize our fellow citizens in the industrial and emerging market countries as to their critical stake in the struggle against poverty. I believed when I was at Treasury, and I believe today, that our future depends on succeeding in this struggle. I wish all of you the best with the rest of your conference and the work that you do in your day-to-day lives to engage in this great challenge.

Thank you. ■

## Remarks: Co-operative Republic of Guyana

Bharrat Jagdeo  
President

First of all, I wish to thank President Carter for the invitation to be here and say to him that my country, my people, owe him a debt of gratitude for the role he played in returning democracy to our country and the continuing engagement of The Carter Center in Guyana in terms of development. This morning, I had the pleasure of listening to my colleagues from Mali and Mozambique speak in a private meeting. I have always admired what they are doing in their countries, and I want to say my admiration just grew enormously this morning, when I heard both of them say they are thinking about not running for another term in the future. This is sometimes necessary, and it is such a refreshing thing to see that leaders can move from office in Third World countries and want to leave office, not being forced out of it, because sometimes when we are there for very long, we start to feel that we have an entitlement to political power. And that is why it was so refreshing to see this point of view.

The way I see our presidents here, today, is from one perspective, and I want to thank President Carter for this. It is very rare that small countries like ours [get a chance to speak out]. If you were to plot the share of investment or trade for the three countries present here, in terms of global trade or investment flows,

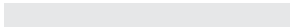
on a graph as big as this room, we probably would not even have a little blip on that graph. We have the opportunity to speak with some of the key policymakers in the world, the president of the World Bank and some of the distinguished presenters, and many of you from other institutions. However, we do not get this opportunity often. We get to pay courtesy calls from time to time to heads of states and heads of various institutions, but if we do not pose a systemic risk, or we are not a Brazil, or Argentina, or India, or China, then we do not have a forum in which to give our perspective and have it listened to seriously. And we have issues too. The developing countries fill a wide spectrum, and many issues that affect some do not affect others. What I am saying is that small countries have key issues that they want to speak about. So President Carter, thank you for giving us this opportunity today.

I want to quickly tell you what has been happening in my country over the last decade, and this has happened with the help of some very good, kind, people within various institutions, within the International Monetary Fund (IMF), within the World Bank, and others from

*President Jagdeo calls the attention of the conference to the problems of small countries.*



other nongovernmental organizations, the Inter-



And let me give you a brief idea of some of the things we are worried about. But let me make it clear that we are not saying that we want to get our way every time, because sometimes that impression is created. We just want to be listened to. Developing countries want the international community to understand that if things were reasonable, they would be taken into account in developing the new systems. For example, double standards. We have this all the time. Argentina — and what I say here is not meant as a criticism of every country; I am just using this as an illustration — because Argentina poses a systemic risk, in three



We talk about global warming. Some countries are told of their international obligations, and then we are told in Third World countries that we have to conserve the forests. If we are all living on this planet, then we should all share equal responsibility. And the polluters, the people who pollute most, should have some obligation. If it is going to affect [a country's] investments, then the compensatory schemes must match the level of pollution, because this planet belongs to all of us.

We spoke about fiscal policy in the industrialized countries. Mr. Rubin spoke about fiscal policies in the industrialized countries and the developing countries and the fact that the multilateral institutions would come into a country and say, "You have to do this."<sup>ix</sup> I would say, "The U.S. is doing

something totally different to stimulate their economy: they are expanding the deficit; they are giving tax breaks. You want me, on the other hand, to tighten the tax system?" And they say... Well, they do not answer. And you have to do it; otherwise your program gets delayed.

So, then we have the issue of coherence. Everyone is going to hear about the Millennium Development Goals and the target set by the OECD countries of cutting poverty by half by the year 2015.<sup>x</sup> But we do not have any policy coherence. Many of the policy positions taken by the countries will increase poverty. We are not going to achieve those targets. And just have people read out these things — in a mechanical way — from time to time is not going to solve the problems, because the trade system is worse, we are losing markets.


We do not want any help... Anyhow, let me not say that because I was going to say we don't want aid... We want aid. But we eventually want to grow out of it and we want, 15-20 years from now, to pay our own way, to develop our countries so that we do not have to rely on the industrialized countries for aid. But the only way we can do that is through market access, etc.

From time to time, we hear — and I am speaking about why people feel the system is unfair — we hear very progressive statements coming out from the president of the World Bank or the managing director of the IMF, or we see the G8 communiqués, and they promise, like the Cologne Initiative, to give debt relief quickly.<sup>xi</sup> And we have all of these Millennium Summits and Monterrey plan of action, South Summit, etc.<sup>xii</sup> And we say, "Yes, the political will is there; it is all in these declarations."

But let's examine the reality of it. When the staff of the IMF comes to negotiate with you and you show them the statement from the managing director of the Fund which says flexibility and country-ownership, they do not pay an ear to that.

So, there is a big dichotomy between public declarations and what actually happens on the ground in countries like ours. And the negotiating power that these missions have is disproportionately in their favor. If you do not eventually agree to things sometimes in your heart you know will not solve the problems, your whole program gets stopped, and it means a lot for our people. So, this is why we have this huge feeling that the system is unfair, and many, many leaders in the Third World countries talk about this when they get together. And they are concerned because they do not know how we are going to address these problems.

The other issue I wanted to talk a bit about is the labels. Mr. Rubin mentioned Argentina and the model they set. We have done almost everything that the multilateral financial institutions have asked: privatization, we have had some macroeconomic growth, we have liberalized our financial sector, we have in some cases reduced the public sector, we have removed restrictions on movement of capital in and out of the country. And the point, here, is that in this model, in a country like mine that has done all of this to practice sound economic policies at the national level, what happens in Argentina affects me.



And I do not know what is right or wrong, whether Argentina did it correctly or not. That is not the issue here. But why should a poor person, who has been saving his money all his life, maybe to get his children educated, putting the money in the bank, see overnight, not because his country is not practicing sound economic policies, but what happens in a far-away country, wipes all the value of his savings because of exchange rate depreciation? How could that be a fair system?

People say to us as leaders, “You are following this model but it is not helping us because we do not have control over these variables, look for an alternative.” And the search for alternatives is often seen as ideological. It is often ideological but not always because we all believe in a market-based system. The search has to be within the framework of the market. I am sure we can find ways of dealing with those issues. But we never have the opportunities, because it is stereotyped, and in many cases, the institutions have a clichéd approach, because they are following this predominant model which says, “Open up everything, the capital accounts, everything.” And then they are reluctant to examine the experience of other countries that have had more restrictions on capital flows and how they are coping with issues, and maybe adopt from them some of the good things, the good lessons that we may learn. But there is almost an institutional block from the multilateral financial institutions.

I want to tell you a bit about our Poverty Reduction Strategy Paper (PRSP).<sup>xiii</sup> We have gone through a very extensive process in Guyana, and it built heavily on the National Development Strategy, for which we are extremely grateful for the help of The Carter Center. We completed it in October. I want to relate to you my

thought we had resolved this issue in Guyana because when the Fund team found that it was not so, they said, “Alright, let us commit to a study next year to see whether there is a possibility of reducing exemptions, which are all across the board, and many of them are related to government activities, so if you buy more exercise books for the school, you have higher levels of exemption.” So I agreed with that. If the managing director of the IMF had not read his brief to me, he would have felt that my country had a fiscal slippage because of some wild tax exemption policy that we practice. I said to him that was not true. I explained to him. There was no response from the staff, because they didn’t have a response. But if he had not done that at that meeting, within the institution, they would have felt that the government was practicing unsustainable policy. And guess what happened. The team came back down and found out that there was no “fiscal slippage,” because they did not have all of the figures. We had a target of seven percent and they told the institution it was 9.4 percent, and it ended up at 6.1 percent. I am just making this point, just telling you, if we do not get [access] — if I did not have access to the managing director, and I know very few countries have that kind of access — what could happen to a country.

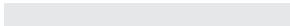
I wrote Clare Short and she mentioned the tax exemption policy.<sup>xvi</sup> So word had already spread to the UK and the Department for International Development! It has gone all around the world! The reason why I am saying this is because we need a mechanism today to ensure that when these things happen, we can [have access]. I may know people within the institutions because I have worked as finance minister with many of the people in the institution, and there have been many very helpful people within the multilateral institutions, but many countries don’t have that access. We need a world system that gives us this access. We need a system within the multilateral institutions. We need an audit to look at all the communiqués and all the summits, etc., and see how much has actually been implemented. We need groups, maybe through The Carter Center, and I see some of the wonderful foundations — I read this

excellent paper by Dr. Birdsall — maybe through those foundations, to support our negotiating teams. Because the balance is disproportionate.<sup>xvii</sup>

I know I am taking up too much time so I don’t want to go on to the other issues. I just think that if we are going to address human security, and that is the theme — *Human Security and the Future of Development Cooperation* — we have to understand that the solution or the cause of human insecurity, in many cases, is deprivation, want. Those cannot be solved by selective programs and interventions from time to time. They have to be solved through sustained intervention. These are just some of the thoughts I had.

Thank you, President Carter, and thank you very much.





vii The “Everything but Arms“ Initiative is a plan adopted by the European Union (EU) in February 2001 to provide the world’s 48 least developed countries full access into EU markets through the elimination of quotas and duties on all their products of export, except arms.

viii Cipro<sup>®</sup> is an antibiotic used in the treatment of the inhaled form of anthrax.

ix Robert E. Rubin, director and chairman of the executive committee of Citigroup Inc., former U.S. Treasury secretary under the Clinton administration, 1995-99.

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# Remarks: Republic of Mozambique

Joaquim Alberto Chissano

*President*

On behalf of the people and the government of the Republic of Mozambique and on my own behalf, I wish to join the previous speakers in congratulating you most sincerely for inviting me and my delegation to participate in this important global development forum. I am sure that your proven skills, wisdom, and guidance will be essential for the success of our forum. We are committed to the welfare of our peoples as well as to a sound and bright world for the future generations. Hence, it is our obligation to make the world safer and prosperous. This is possible only if we can identify adequate ways to improve the existing instruments of cooperation. Bearing in mind the experience of Mozambique in the context of global change, I will slide over some of the main challenges faced by our countries as well as by our cooperation process.

Over the last century, we have been witnessing the phenomenon of globalization that is increasingly commanding the dynamics of international relations.

Currently, among international political, financial, and business circles, we witness an increasing awareness on the serious problems posed by poverty, affecting the developing countries, in particular those of sub-Saharan



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develop efficiently and effectively their activities in pursuit of better living conditions. This involves behavioral changes.

Activities of individuals and institutions do generate income, and they depend on the volume, quality, and efficient use of assets. Expanding income contributes to sustainable expansion of consumption, and above all to the expansion of savings, a requisite for building assets, which are the bases for viable initiatives and activities, expanded opportunities for choice and consequently improving the standards of living of the people. Among institutions, we include both private and public ones. In particular, we refer to the following: families who are important microeconomic units, developing activities mainly in agriculture, in the rural areas, and in urban informal sector; religious groups; companies, including individual entrepreneurs, micro, small, medium and large enterprises; public institutions; and nongovernmental organizations. Hence, the essential challenge of enabling the citizens and institutions has to be translated into the setting up of adequate human, institutional, and physical infrastructure, contributing to a sound environment. This encompasses public sector effectiveness and efficiency, serving the citizens and their institutions, in particular boosting the private sector initiative and investment. In this sound environment we also include the need of promoting an open economy, allowing for exchanges and adequate flow of resources. Sound macroeconomic management is another key element of a set of consistent policies to be pursued.

In the case of Mozambique, with its specific history, which includes wars and their disruptive consequences, the above underlying thinking led to the selection of priorities and shaping the strategy and plan of action for poverty reduction and promotion of economic growth,

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e) Good governance, which includes the reform of the public services, the reform of the judiciary and legal

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significant action to promote sustainable social and economic development and to reduce poverty in a foreseeable time frame.

Private sector development is a critical issue for development and poverty reduction. Prosperity depends also on private sector development, and it comes from wealth and income expansion, opening the room for an effective transition from aid dependence. The continuous efforts to build infrastructure and create an enabling environment pave the way for the flourishing of private sector initiative and expansion of domestic and foreign investment flows. However, practice urges us to mention the following aspects:

- a) Foreign investment has to expand and play its role fully. Simultaneously, the expansion of indigenous private sector cannot be forgotten. This is an important issue for long-term sustainability. The domestic private sector faces real problems, mainly the access to financial resources, particularly for start-up capital. There is a role to be played by the partners from the developed countries and International Financial Institutions in addressing this issue through suitable and special financial engineering.
- b) Private sector development is also a question of availability of markets and consequently of foreign trade. An important contribution by donor and developed countries for private sector development and for a sustainable reduction of aid dependence would be a further reduction of protective barriers against the exports of developing countries. In this context, free access to the markets of the developed countries, through significant improvement and expansion of initiatives like the African Growth and Opportunity Act, would be a good objective.<sup>ii</sup>

Mozambique has associated herself with those who, being poor and trying to resist marginalization, have been asking for more democratization of international relations, including the restructuring of international institutions such as the United Nations system, the World Bank, International Monetary Fund, and World Trade Organization. We need to have more participation

in determining the rules of the game, by allowing opportunities for all voices and ideas. We should all endeavor to build a partnership for poverty eradication and development by involving all stakeholders, including the poor, with a view to meet the international development goals enshrined in the Millennium Declaration that we all adhere to.<sup>iii</sup>

I Thank You! ■

## Endnotes

<sup>i</sup> Poverty Reduction Strategy Papers are national macroeconomic, structural and social policies and programs to promote growth and reduce poverty. They are prepared by governments with the participation of civil society and the partners of development, including the World Bank and the International Monetary Fund.

<sup>ii</sup> The African Growth and Opportunity Act is an agreement signed in 2000 between the United States and African countries to provide reforming African countries — i.e. countries that open their economies and build free market — with a liberal access to the U.S. market.

<sup>iii</sup> The Millennium Development Goals are a set of eight quantifiable, time-bound development objectives to improve health, education and environment and



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Development cooperation has had a positive evolution through time and has taken on different forms. In spite of the different initiatives and processes involved, the gap between the developed and developing countries is widening more every day, and poverty rises. In the face of this situation, we must question the relevance of the strategies and approaches of development cooperation. The “Millennium Declaration” has identified the problems which affect humankind and has drawn priority goals, the achievement of which will help to establish a prosperous, more equitable world and which will show more solidarity.<sup>1</sup> The “Millennium Declaration,” while seeking durable solutions, aims at mobilizing the international community around essential concerns, namely: misery; hunger; the lack of drinkable water; the insufficiency, if not absence, of elementary education; infectious diseases and HIV/AIDS; and conflicts, only to mention a few. The achievement of these goals requires national and regional strategies soundly elaborated with the participation of all the components of society. It also requires another partnership and sufficient resources for implementing the projects and programs agreed upon.

Over the last four decades, Mali has benefited from international aid so as to meet the fundamental needs of our population and fight poverty. In spite of advances at the political level and the courageous economic reforms undertaken over the last few years, we must observe that the levels of economic and social development indicators remain unacceptable.

- ◆ More than 50 percent of Malians are less than 15 years old and have a life expectancy at birth of 55 for men and 58 for women.
- ◆ One Malian out of five dies before the age of five.
- ◆ One child out of three suffers from chronic malnutrition.
- ◆ One Malian man out of two, and one Malian woman out of three does not have the chance to go to school.

- ◆ With an average per capita annual revenue of \$230, only one of eight Malians has access to potable water; more than 50 percent of Malians have a daily revenue less than \$1.

Available social indicators for the period 1998-2000 reveal a worrying increase of poverty, even if the growth rate of poverty is slowing down as a result of considerable efforts. This alarming observation arouses a number of questions:

- ◆ The correct evaluation of the extent of poverty and the measures advocated to respond to structural problems;
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I would like to call your attention to an extremely worrisome situation, which must find a solution urgently, otherwise all the efforts undertaken for the development of our countries will remain vain.

As you know, the two-thirds of our African populations live in rural areas. However, we have observed, over the past decade, a considerable decrease of the resources allocated to this sector, among the bilateral as well as the multilateral partners. This situation is in contradiction with our commitment to make the fight against poverty an absolute priority, as the poor live in majority in rural areas. In the face of this situation, it is our responsibility to give a largest priority to agriculture, food security, the struggle against hunger, the increase of agricultural revenues, and investments in rural areas. If present tendencies are not reversed, all our efforts will be jeopardized since the majority of the population will not have the resources to maintain infrastructures and the state will not have the means to reimburse its debts, as it is getting its revenues from taxes paid by the farmers. Let us be clear, the fight against poverty will first be won in rural areas or it will not be won. This is why Mali and other African countries have decided, with the assistance of the United States of America, to give a decisive impulse to the Partnership to Cut Hunger and Poverty in Africa between now and 2015.<sup>iii</sup> This partnership seeks to increase investments in rural areas and to improve governance in rural areas by promoting farmers associations and providing them with the instruments that will allow them to quickly master the new information technologies.

We must also put a particular emphasis on the financing of education and the reinforcement of capacities. We must initiate a revision of our education systems, taking into account the emergence of local population will nsu(system1ast)TT

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entire line, from the production to the importation, the exportation, and the circulation of light weapons. Antipersonnel mines are another source of serious concern. I would in that matter like to make an urgent call to all states to apply the Ottawa Convention rigorously, by proceeding to the destruction of their stock of antipersonnel mines.<sup>iv</sup> The phenomenon of child soldiers is of much concern and needs to be fought vigorously as a challenge to the human conscience and a serious threat to development. In this matter, we are delighted of the entry into force, last Feb. 11, of the international treaty forbidding the use of children less than 18 in armed conflicts.<sup>v</sup> We must also pursue our efforts for a quick ratification and implementation of the International Penal Court statutes so the groups or persons who resort to this shameful and inhuman practice can be brought before justice.

We must also rally to the campaign undertaken by the International Labor Organization against the work of children and provide assistance to the states that are committed to combat child labor.

The AIDS pandemic is another source of serious concern and an offense against the security of the individuals and the countries. Africa, it must be recalled, is the continent most affected by this disease, whose victims on the continent account for two-thirds of all victims. The effects of this disease on the perspectives of economic and social development and on life expectancy are countless. The good economic results registered in several countries over recent years face the risk of being reduced to nothing.

This is to say Africa is in an emergency situation. Only an exceptional commitment of the international community and unfailing solidarity can bring an end to this pandemic, which decimates entire populations. We are very pleased with the United Nations secretary general's initiative to create a Global Health Fund, which must be granted sizeable resources to become operational quickly. The first cause of mortality on the African continent, malaria, must also retain our attention.

We must be fully conscious of the correlation between peace, security and development. There is no development in a situation of belligerency. Similarly, there is no peace without development because the increase of poverty, by itself, poses a serious threat to the peace and stability of our planet, and no security or administrative fence can protect the richest nations against such a threat. Only solidarity, sharing, and social justice can alleviate the effects of poverty.

The democratization of the United Nations Security Council is a fundamental requirement in order to better

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the big advances accomplished over the past years, I shall say that the new culture does not infuse the entire body of these institutions.

The activities of the development partners must fall within the framework of African initiatives such as the African Union or the New Partnership for Africa's Development (NEPAD). With the African Union, Africa provided itself with a major instrument to affirm its leadership in the promotion of peace, security, stability, cooperation, and development. It will also allow accelerating Africa's political, economic, and social integration dynamic and will favor its insertion in the

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More than ever, today, we are interdependent, more than ever, today, the wealth of the world lies in its diversity. All the events in the world, today, concern each citizen, each state, and each country: the events in Congo, the drama lived by the peoples of Palestine and Israel are linked. There is a duty to intervene — with due respect — to allow the advent of a more just and unified world. We do not have the right to let things go. Those who take a hands-off approach have the most to lose. The others will not continue to live in fear and humiliation.

Thank you. ■

*Translated from French by Carter Center staff*

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## Endnotes

<sup>i</sup> The Millennium Declaration is a resolution adopted by the United Nations General Assembly in September 2000 by which more than 150 heads of state and government pledged to promote development and eradicate poverty, adopting the Millennium Development Goals, a set of eight quantifiable, time-bound development objectives to improve health, education and the environment across the world, with the overarching goal of halving extreme poverty by 2015.

<sup>ii</sup> Poverty Reduction Strategy Papers are national macroeconomic, structural and social policies and programs to promote growth and reduce poverty. They are prepared by governments with the participation of civil society and the partners of development, including the World Bank and the International Monetary Fund.

<sup>iii</sup> The Partnership for the Reduction of Hunger and Poverty in Africa is an independent effort formed by U.S. and African public and private sector institutions and international humanitarian organizations to formulate a vision, strategy, and action plan for renewed U.S. efforts to help African partners cut hunger significantly by 2015.

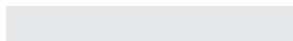
<sup>iv</sup> The Ottawa Convention, open to signature in 1997, is designed to prohibit the use, stockpiling, production and transfer of antipersonnel mines and to facilitate their destruction.

<sup>v</sup> Refers to the “Optional Protocol on the Rights of the Child on the involvement of children in armed conflict” which entered into force on Feb. 12, 2002.

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political support from heads of government to achieving these dramatic gains in the quality of life in the poorest countries, Monterrey is, if you like, the next step in the story line: It is how to begin thinking through how to pay for it.

It will be followed in the summer by Johannesburg, the Rio plus 10 conference, the World Summit on Sustainable Development, which for many of us is the step after that: beginning to agree on how to do it; what are the business plans, if you like, for achieving basic health care for all or ensuring that every kid is in primary school by 2015?<sup>vi, vii</sup>

So we are starting to see a very different approach to how you put together the support for a global campaign like this. I, and my own comrades in arms in this, see these international meetings as critical steps to legitimizing this process and building the political will, but we don't see the meetings themselves as the vehicle for tracking this thing to going forward. We have had too many of these conferences already: Beijing plus five, Cairo plus five, Copenhagen plus five, and so on.

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educational access as a result of much greater awareness of both the size and scope of challenges we face in meeting the MDGs and much better, more targeted, more sustained policy and resource interventions to address them.

I see governments in parts of the world like Africa — and we have two represented here today which I think are excellent examples — moving beyond the old politics of personalities, and factions, and ethnic groups towards a new politics of development driven by good, democratic governance. What the two African presidents we have with us today — President Konaré [of Mali] and President Chissano [of Mozambique] — have done is convert the politics in their countries to being about issues. When the electors next go to the polls — very shortly in Mali and in a few years in Mozambique — the debate will be: Has this government done enough to reduce poverty; has it got enough kids into schools; which of the candidates will do better in terms of addressing that? And having that kind of debate shaping and framing the politics at the country level is worth more than millions of dollars of UNDP project assistance in terms of the difference it is likely to make in human development of their citizens.

But it is not just at the level of the South. It is at the level of our politics too in the developed countries that I think we have to ring a similar change in terms of priority. And this, as Bob Rubin said this morning, is not easy.<sup>xiii</sup> Think of Sonny Callahan, the congressman who said that there were no votes in foreign aid and a lot of lost votes if you were for it.<sup>xiv</sup> This has been for too long the prevailing mood in the United States.

But I must say, what I see when looking across the Atlantic to Europe, is, as politics at home become more homogenized by the disciplines of international competitiveness and by the reduction of differences between national politics, an awful lot of the energy of the new generation of voters is being exported to foreign policy and particularly to development assistance. If you again go to my own country Britain, and look at the quality of young applicants trying to join the Development Cooperation Ministry, DfID [Department for

International Development], they are as good as the people trying to get in the Treasury and the Foreign Office, the traditional homes of the best and brightest. That is an extraordinary shift, and it is symptomatic of something much wider stretching across Europe and other parts of the developed world. If you see the energy which went in to the debt relief movement, and before that to the land mine movement, I think we all know that we can capture it into a similar effort for global poverty.

But if this is going to work, it cannot be a United Nations campaign. Whether it is in Mozambique or whether it is in the United States, it must be an American and a Mozambican campaign, drawing on the benchmarking material that we produce about progress towards these goals, but then transformed into the national political debate in an accessible way. And that simply can't be done by outsiders. It needs a lot of domestic political energy, and it is very much what we hope will happen on both the South and the North sides.

Now having given that by way of introduction, let me hone in on the relationship of these MDGs to the PRSPs and the division of labor that I think Jim Wolfensohn and I — and I would say Horst Köhler of the International Monetary Fund as well — are very much in agreement on.<sup>xv</sup> First, as either the most statesmanlike thing I have done in my time at UNDP or the most suicidal, depending on your viewpoint, I have drawn the U.N. system, with the full support of the secretary general, into fully accepting that the PRSP is the dominant macroeconomic instrument for developing countries to organize their priorities internally and their relationships with donors externally. And this is despite continued uneasiness about the extent to which these PRSPs are being internalized and owned and about the extent to which the macroeconomic tail may still be wagging the poverty dog.

My own view is, if those are problems, we need to work them out in the framework of the PRSP, not by reintroducing a plethora of confusing and uncoordinated alternative planning instruments. We should have honest, fierce fights, with the government in the driver's seat,





And of course Mozambique — which, as President Chissano I think knows, I use much too frequently as my favorite example. The point about Mozambique is that for many of the years of the president's term in the 1990s, it had

**“... starting with Monterrey, a new global deal can happen, where developing countries recommit to better policies as far as growth is concerned and better policies as far as social spending goes, [and where] the countries of the North commit to aid, trade, debt, and investment on new and increased scales.”**

Southeast Asian rates of growth of 10 percent a year. And the finance minister who did it is over there. It has calmed down a bit because of the drought and then the problems in the regional economy with Zimbabwe, but even when they were doing 10 percent growth a year and really being very successful of ensuring that growth was distributed equally across the country, when you are compounding a per capita income of less than \$200, even 10 percent a year seems to take a lifetime to get you out of poverty. So here is a country where the debt burden has been dramatically cut because of the Debt Initiative for Highly Indebted Poor Countries (HIPC) from \$6 billion to \$2 billion, which is a darling of all the donors, which gets very high levels of international development assistance, is very strong in claiming it does not want to be permanently aid dependent, and yet the success in poverty reduction is quite modest.<sup>xvi</sup>

So I think, far from the international organizations being able to afford to fall back on formulas, solutions, and believe it is just an issue of will and implementation capacity on the developing countries side, we have to acknowledge that countries which have been following our prescriptions for years have had disappointing results. And in that sense, the ultimate outcome and aspiration we have for this MDG campaign is to generate a new debate about development policy, but not to generate it in the think tanks of Washington — excuse me, Nancy

— or New York or Europe, but in developing countries themselves.<sup>xvii</sup>

We need to make sure that in each MDG debate, at the political level, at the subregional, and at the global

level, there is a much more energetic comparison of notes about what is working and what is not working, what is applicable and transferable, and what is not. Because there is a real sense that, beaten down by years of official development assistance decline, combined with certain intellectual complacency that seems to be the curse of the international organization community, we are failing to both understand the crisis and urgency of world poverty or to think very clearly, or originally, or innovatively about solutions.

**“We have an opportunity to take development from the backwaters of politics in the North and from the backwaters of politics in the South and make it the issue for**

And I hope that, starting with Monterrey, something very big can happen: a new global deal, if you like, where developing countries recommit to better policies as far as

growth is concerned and better policies as far as social spending goes, but [where] the countries of the North equally commit to aid, trade, debt, and investment on new and increased scales. And all of that is monitored, and the debate managed, through these MDGs as indicators of our success.

Because I really think we are at a turning point. We have an opportunity to take development from the backwaters of politics in the North, and in some ways, frankly, from the backwaters of politics in the South and make it the issue for smart people to think and argue about in the small hours of the morning, whether it is in



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# Comprehensive Strategies for Poverty Reduction: The Challenge of the 21st Century

James D. Wolfensohn  
*President of the World Bank*

This has been a remarkable day with such a galaxy of talent and ideas. It has been a remarkable day for a number of reasons, remarkable not only because we have heard from Presidents Jagdeo [of Guyana], Chissano [of Mozambique] and Konaré [of Mali], all great leaders in their countries, set off by Bob Rubin, who gave us such a wonderful introduction, and of course, by President Carter himself, who reminded us that the greatest challenge of this century is the growing chasm between rich and poor, a phrase that I have used before, with attribution, Mr. President, but which is really the focus I think, for all of us being here.<sup>i</sup>

We are united in this issue, as has been very clear today, more by the things that we agree upon than by the critical comments. A few misunderstandings still exist on the role of the Bretton Woods Institutions — ourselves and the International Monetary Fund. In relation to that issue, I want you to know that the relationship between ourselves and the Fund is a very constructive one, and one in which both Tim Geithner and his colleagues and the Bank have a very clear focus on the issues of poverty together.<sup>ii</sup> You will be interested to know that Michel Camdessus came to visit me just three days ago, and Michel was talking about poverty, about water, about governance, about gender.<sup>iii</sup> And I said, “Michel, you used to be head of the Monetary Fund.” He said, “But I always wanted to be head of the World Bank.” So I just want you to know that there is a very close relationship between us, and Tim is representative of the new leadership and does a remarkable and very forceful and very worthwhile job.

On the things that we agreed upon this morning — I was very struck by the fact that we started with a description by Bob of the world in which we are living, and it is a world that is not easy. As we look around our

planet at this moment, it is plagued by inequity. It is also plagued by an uncertainty as to the economic future. That puts a lot of pressure on issues of development and development financing, because the classic finance minister looks at domestic budget before he looks at global responsibilities, and that is what we are finding at exactly this moment. Minister after minister is telling me, “We would love to do more, but we are under budget constraints, and until we see the way it is going, it is unlikely politically that we can move forward.” So there is the backdrop of the economy, which clearly affects everything that we are talking about today.

There is also the backdrop of uncertainties in many parts of the world. Argentina was mentioned, a serious issue; the issue of Central Asia; of Afghanistan itself; of Gaza West Bank, Israel; of some problems that are emerging in a more continental way through Central Asia and through the Middle East, with issues of fundamentalism on many sides. It is a world which is not tranquil. It is a world which in many senses is living with problems, and again I give you that background because we are not in a steady state of growth; everything is not harmonious there. So when we come to the issue of overseas development assistance and we come to approach the conference in Monterrey, which is an extremely important conference, we cannot abstract ourselves from the reality of a world which is concerned with terror, which is concerned with uncertainty, where economic activity from Japan to Europe to the United States in different proportions is described as having at least uncertainties if not difficulties.<sup>iv</sup> Some pressure — as was said today — not of fiscal problems that will move from country to country, but of political problems that may move from country to country, in the case of the Argentine situation, were it not to be resolved in a satisfactory way. It is important that we start with the planet we live in, and it is not an easy moment.

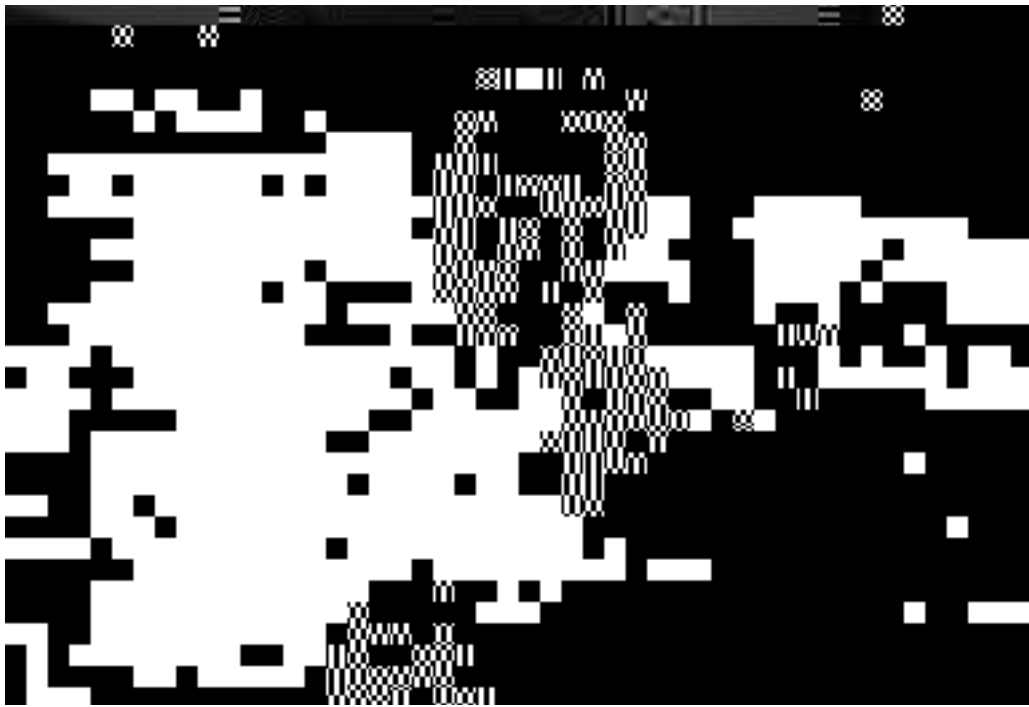
The other thing that I think is agreed is that although there has been a lot of criticism about efforts on development, we have in fact, in the last 20 years, made progress. We have made progress on the anticipated life going up by some 20 years in the last 30 or 40 years. We have made progress in relation to poverty itself. We have

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made progress in relation to education and health targets. But what is clear is that if you take out India and China, there are areas of the world that either have not advanced at all or others that have in fact receded.

There are clear areas of the world that have very specific problems, noticeably Africa, and especially sub-Saharan Africa. With its 600 million people that will double in the next 30 years, with problems also of conflict, which development policy can help to alleviate but cannot solve, with 25 to 30 percent of the countries in sub-Saharan Africa affected by conflict, and with the ravages of AIDS, the issue of getting an orderly program of development is surely made more difficult.

But all that is by way of background to the things that I believe we agreed on. Among them is the issue of partnership that is recognized now between donor countries and recipient countries, never more importantly than in the case of the New Partnership for Africa's Development (NEPAD) initiative.<sup>v</sup> This is an



*“Without support for capacity building, the way forward on development is extremely difficult.”*

0.7 percent.<sup>xi</sup> We are at 0.23 percent. And now the air is full of a \$50 billion figure per year, either immediately or over three years or over five years.<sup>xii</sup> But it is absolutely clear that there is a need for additional resources.

There is one other thing that I think has changed, which was referred to today, which is the critical issue of political will to try and make sure that those additional funds can be provided. Bob spoke of a need for getting people together to try and bring about the will for that additional funding. In the discussions today it was very clear that whatever you think of globalization, interdependence is with us. It was commented by one of the presidents — I think it was President Chissano — that if you don't deal with the question of poverty, you have the question of migration, you have the despoiling of the environment, and you create a ground in which there can be ferment for crime, for drugs, and even for terror.

***“... the globe we are looking at is not two halves... there is no wall between the developed and the developing countries... If we cannot recognize that poverty is not separable from domestic issues, then we are both blind and letting down future generations.”***

This was lifted to a wholly new level on September the 11th. It was not that interdependence was not there on September the 10th. It was not that you could have spoken with less assurance on September the 10th that poverty somewhere was not poverty everywhere, that crime somewhere was not crime everywhere, that terror somewhere was not terror everywhere, that the globe that we are looking at is not two halves, that there is no wall between the developed and the developing countries.

If that wall ever existed, the image of the World Trade Center collapsing was for me the image of that wall coming down forever. Because here was Afghanistan on Wall Street. Here was Afghanistan at the Pentagon. Here was Afghanistan in a field in Pennsylvania. The interesting thing was that there were no Afghans involved, no single Afghan

amongst the 19 people. They were all from other countries. They were all finding their haven in Afghanistan. Now there is Afghanistan, bombed and without having

the responsibility, and United Nations Development Programme, ourselves, the Asian Development Bank and the Islamic Bank are there to try and help reconstruct it.

If ever our country needed a lesson or a wake-up call on the reality that the issues of poverty are our issues, that 4.8 billion people live in developing countries on our planet of six billion, with two billion more coming in

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the next 25 to 30 years, all but 50 million going to the developing countries, September the 11th surely gave us that wake-up call. When The Carter Center meets 25 or 30 years from now, we will have a world of eight billion, with 6.8 billion, give or take, in developing countries. If we cannot recognize that that issue is not separable from domestic issues, then we are both blind and letting down future generations.

I believe that that recognition is upon us. I think it is affected today by the lac that





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<sup>x</sup> Final document produced by the International Conference on Financing for Development, March 18-22, 2002, Monterrey, Mexico.

<sup>xi</sup> In 1962, developed countries agreed to dedicate 0.7 percent of their gross domestic product to official development assistance.

<sup>xii</sup> \$50 billion: according to World Bank and U.N. calculations, amount of additional foreign aid needed to reach the Millennium Development Goals by 2015.



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countries, being left out will not be solved by globalization if the current rules and conditions continue to prevail. She gives examples of how the rules of trade, financial markets and other aspects of the global economy are stacked against the poor.

Dr Birdsall cites three ways in which the global economy sustains or worsens unequal opportunities between the rich and the poor. First, that in the global market game, those without the right training and equipment inevitably lose. Second, in the global economy, negative externalities raise new costs for the vulnerable and compound risks faced by the already weak and disadvantaged. Third, economic power matters more than ever and it is only natural for the rich and powerful to design and implement global rules to their own advantage. She provides a number of examples to support these views. These include how the market works well in channeling resources where markets are healthy but not where they are weak and in need of capital; how the educated from poor countries are drawn to the lucrative job markets of the rich; and how the regulatory institutions of the developed countries can protect their citizens from financial contagion in a way that emerging markets have shown they cannot.

Dr. Birdsall concludes her paper by calling for what she calls “a new agenda of good global politics.” Having made a convincing case for why all is not well in our new globalized economy, Dr. Birdsall supports the call by “social activists” for change but suggests global institutions should not be dismantled but reformed. She calls for a new global politics to match global economics. She notes the closest we have come to a global social compact are the statements of economic and social rights promulgated in the United Nations and minor transfers

of financial and technical resources from rich countries to poor. She notes that as in the case within countries, the social contract will have to involve greater transfers between countries, resulting in investments in human capital and local institutions that can ensure equal opportunities for the poor. She feels such transfers will be more effective in today’s more enabling development environment, which did not exist during the cold war.

Reform of global institutions would need to include making them more representative and more accountable than they are today. It would also mean giving them the resources needed to effectively manage a global social contract that would bring equal education, health and other opportunities to the poor in poor countries. Global failures of the market can be partly addressed by greater investment in global public goods that benefit the poor. Reform would also need to include giving developing countries more say in global negotiations and enhancing their capacity to protect their interests — particularly as they relate to those who are poor. She cites a number of other areas, such as immigration, intellectual property, and taxation, where the rules of the game need to be

changed if good global politics are to be practiced, resulting in greater symmetry between the real opportunities that globalization offers both rich and poor.

Dr. Birdsall summed up her paper with a call for all those concerned with global justice to band together in support of a common agenda, a global social contract that would make meaningful investments in economic opportunities for the poor possible; for global rules and regimes in trade, foreign investment, property rights and migration that are more fair; and for global institutions that are more representative and accountable to the poor as well as the rich. The resulting new global architecture would be based on good global politics and not just expanded global markets.

## Highlights of Discussion

Following Nancy Birdsall's presentation, James Gustave Speth, former UNDP administrator and current dean of the Yale University School of Forestry and Environmental Studies, chaired an eminent panel consisting of Norwegian Minister for International Development Hilde Johnson, IMF Director of Policy

Development and Review Tim Geithner, and the Peruvian Permanent Representative to the U.N. Oswaldo de Rivero, which provided further observations to stimulate wider discussion. Framed by Dr. Birdsall's observations on global development architecture, the discussions revolved around a number of opportunities and constraints.

Most participants acknowledged that the last several years had witnessed **major breakthroughs in global development policies**: a general consensus of what works and what does not; an agreement on the relationship between the United Nations and the International Financial Institutions (the fall of the "other Berlin Wall" in Minister Johnson's words); and the concept of mutual responsibility or a global social contract. All of this is reflected in the "Monterrey Consensus." While there was broad agreement on this consensus, a number of participants questioned how deeply felt it was in both developed and developing countries and questioned whether all sides were prepared to move decisively from an intellectual consensus to concerted action, which would require difficult political change. Ambassador Ruth Jacoby urged participants to look at Monterrey

as the launching platform for future progress, while OECD/DAC Chair Jean-Claude Faure highlighted the unprecedented nature of the Doha-Monterrey-Johannesburg meetings in addressing essentially implementation or "roadmap" issues.

Minister Johnson noted that the **reform of global institutions is a critical part of reducing the asymmetries** of the global development architecture. This effort must focus upon strengthening global institutions, correcting for market failure, addressing negative externalities and



*Children's rights activist Moussa Sissoko of Mali called for African civil society to participate in the discussion of NEPAD.*

enhancing the representation and participation of poorer countries. International institutions need to be strengthened to respond to a host of new crises and shocks. The example of the Inter-American Development Bank was noted, which became in many respects the forum for dialogue among Latin American



*Finance Minister Luisa Diogo of Mozambique emphasized that poverty reduction strategies must address both economic growth and social issues to break the vicious cycle of poverty.*

nations, reflecting the fact that, unlike the World Bank, borrowing countries made up 50 percent of the institution's shares.

Others noted that the **poorest countries feel the brunt of rich country policies**, so movement is needed on policy coherence, which also is reflected in the "Monterrey Consensus." In addition to a public education campaign, this will require development ministers to push their Cabinet colleagues on a host of national policy issues that impact on poor countries.

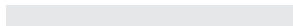
While reform is needed at both the international and national levels, Tim Geithner made the case that ultimately national policy is decisive. There is no real mystery, he noted, about what works at the national

level: good macro policies are necessary, but insufficient, conditions for development and difficult to implement in practice; sound investments in health, education and clean water systems are critical to the human capital basis for development; and basic infrastructure as well as carefully designed frameworks for private sector development and openness to globalization were

necessary. While no amount of aid could compensate for bad policies, good policies would not reduce poverty without significant increases of net concessional development finance over the current levels.

There is an urgent **need to define what a pro-poor macroeconomic policy is** for the least developed countries, noted Minister Johnson. This will have to be done on a country-by-country basis and reflect the national capacities that exist. While many demand that markets be opened to least developed countries, it is not a foregone conclusion that they will be able to take advantage of the opportunities. Africa has not been able to take advantage of the markets Norway opened to it in the mid 1990s. Capacity is the issue.

For ODA to have a greater impact, there needs to be a decisive shift from current practices which have resulted in aid "pathetically" allocated from the perspective of need, good governance, and social return; fragmented through project proliferation; and tied, conditionality-laden, and administratively burdensome. **A shift of ODA resources from bilateral to multilateral channels is needed** to reflect the better track record of multilateral institutions. Led by President Jagdeo of Guyana, there were widespread calls for greater confidence and mutual accountability in the aid relationship. The mixed results of the OECD/DAC-UNDP aid review process in Mali and the interesting experience of the donor report card produced by the government in Tanzania needed to be carefully assessed. The need for donors to provide their



# Summary

## Development Cooperation Processes: Issues in Participation and Ownership

Roger Norton  
Consultant, Global Development Initiative, The Carter Center

On day two of the Forum, GDI Consultant Roger Norton made a presentation entitled “Development Cooperation Processes: Issues in Participation and Ownership” which drew on the experiences of four Global Development Initiative partner countries: Albania, Guyana, Mali, and Mozambique. The experiences of the four GDI partner countries for which these observations and lessons were drawn can be found in Dr. Norton’s paper. (Appendix 2).

He began by observing that concerns over poverty alleviation and a commitment to participatory processes have risen to the forefront of the international development agenda over the past decade. He indicated that it is now generally accepted that wider participation is needed in the formulation of sustainable development programs and policies. He observed, however, that in practice, there have been very few cases where civil society in a developing country has felt a true sense of ownership with respect to a national development strategy.

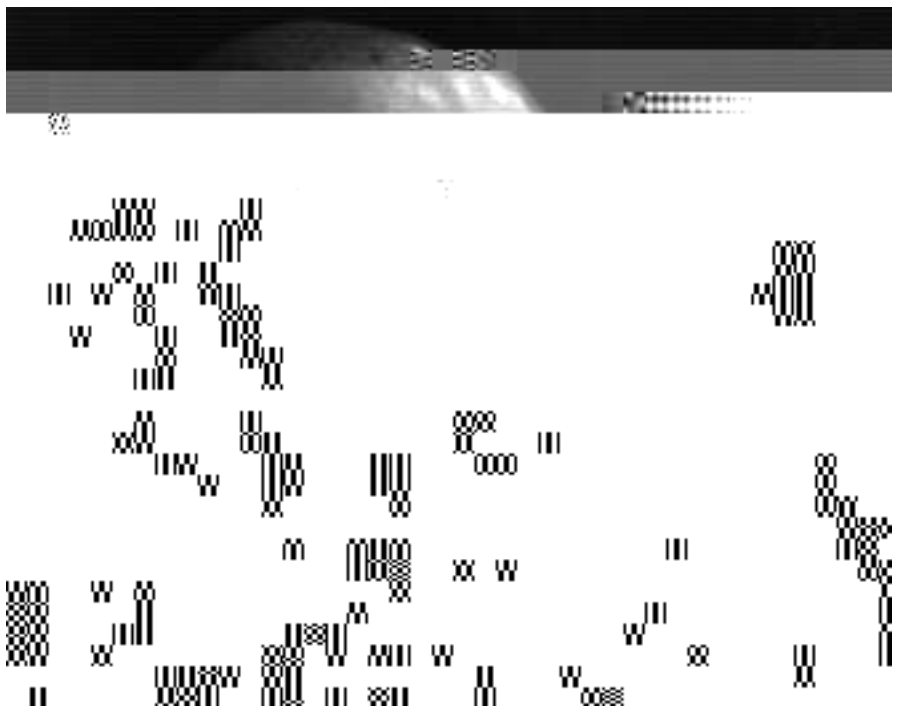
Among his conclusions were that participation is important because it fosters national consensus on policy reforms and long-term support for the reforms. It enhances the capacity of civil society and the private sector, strengthens the channels of national dialogue, develops better policies,

promotes accountability and transparency of the policy making process, and empowers the country in international dialogues.

He cautioned that participation is not a magic wand. It may run a number of risks: an insufficient number of actors commit to the process; government and civic actors could be too far apart on basic issues to be able to work together; participation does not reach out to all segments of society; civil society is divided; “participation fatigue” sets in; capacity for policy analysis is weak; and the government does not accept the policy recommendations of civic actors.

Norton noted that donors have a vital role to play in fostering participation. Development cooperation agencies and international nongovernmental organizations can catalyze latent capacity in the host government and/or civil society and promote dialogue among the stakeholders.

He observed that expectations and concepts of ownership differ from country to country. It is not always



Dr. Kenneth King, a former government minister and opposition leader from Guyana, called for the short-term Poverty Reduction Strategy Papers required of poor countries by the World Bank and IMF to be based on a comprehensive, country-owned, long-term national development strategy.





Mr. Natsios pointed out that **too much discussion of development is focused on ODA while development finance was much broader**. In the 1970s, ODA represented 70 percent of private capital flows to developing countries, and private flows represented the rest. Today the situation is reversed. An assessment of development finance from the U.S. needs to consider not just ODA, but remittances, foundation grants, NGOs, and private donations from companies and individuals. \$30 billion in remittances are sent to developing countries from the U.S. each year. Studies show that much of it is not for consumption but is invested in housing, business start-ups, and physical and social infrastructure. An NGO like World Vision is 80 percent funded by private contributions, and the Gates Foundation provides \$25 billion a year in grants. These flows are not insignificant to development and through its Global Development Alliance, USAID will attempt in its country programming to take stock of these flows and their impact.

In light of these facts, Mr. Natsios suggested that processes like the PRSP are essentially about ODA and are therefore somewhat archaic. Others, however, suggested that the PRS processes are much broader in scope and deeper in their significance. On the one hand, PRSPs are a requirement for aid-dependent countries and are closely linked to programming resources released from HIPC debt relief for social spending. However, both Callisto Madavo of the World Bank and Minister Diogo of Mozambique noted that the strategies must address economic growth and the sources of that growth. Therefore, PRSPs go beyond ODA by dealing with growth strategy, distribution, private sector development, employment creation, good governance and participatory democracy.

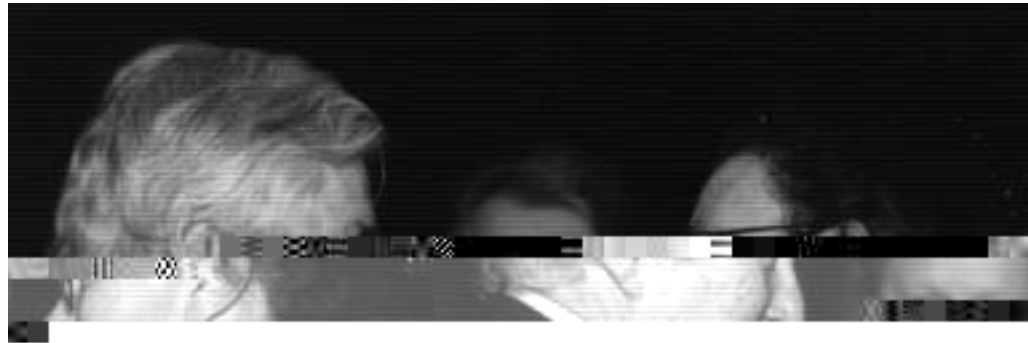
There were clearly **different perspectives on the prospects for country ownership of PRSPs**. Some pointed out that there was very little participation of developing countries in the conceptualization of either the PRSPs or the MDGs; donor countries essentially imposed the PRSP as conditionality for concessional assistance. Furthermore, they reflect a specific “social democratic” value system that may not accord with

indigenous priorities and are inseparable from the predilections of the IFIs. As Dr. Kenneth King of Guyana pointed out, there is participation in the PRSP process because of donor funding, not because of ownership, Dr. King pointed to his country’s experience with a homegrown national development strategy, which is still tracked in the media two years after its formulation, while the PRSP, of more recent vintage, has disappeared from public debate. Donors need to be honest and realistic about the capacity and incentives for countries to truly own their PRSPs. The point was widely accepted that countries needed the space and support to develop their own processes without the overweening hand of the international community. Dr. King recommended that for the process to work, **short-term PRSPs had to be embedded in more comprehensive, long-term national development strategies** that evolved through country- owned processes and received broad-based endorsement through parliaments.

On the other hand, Mr. Madavo expressed hope in the PRSP approach as the principles had emerged from stakeholder discussions. Looking back, one could see that a number of organizations had been promoting the principles that were eventually codified in the PRSP process. He pointed out that **PRSPs are an ongoing process and not a one-time event**, which gives international organizations and other stakeholders the opportunity to take a learning approach.

Mr. Madavo also noted the PRSP was changing the way the Bank works, although he acknowledged that an institution like the Bank will not change overnight. He stated that **the Bretton Woods Institutions recognize that devising alternative macroeconomic frameworks was an “unfinished agenda”** and they were prepared to be flexible. The capacity and time constraints highlighted in many of the PRSP processes would be dealt with over time. In terms of capacity building, Mr. Madavo posited that there were limitations to building capacity for PRSP formulation through technical assistance and that a more fruitful approach would be to draw on latent capacity in civil society, think tanks, and academic institutions and to seek help from third-party facilitators.

**The degree and impact of civil society participation on PRSPs is varied.** In Tanzania, for example, Mr. Madavo noted that the PRSP addresses school fees as



*World Bank President James Wolfensohn, OECD Development Assistance Committee Chairman Jean-Claude Faure, and Ambassador Ruth Jacoby, co-chair of the preparatory process for the Financing for Development Conference, were among the participants at the Development Cooperation Forum.*

raised by civil society. In Guinea, the process has strengthened the views of those in government who want to improve services to neglected areas. In Mauritania a number of issues raised by civil society made it into the PRSP. A clear subtext in this discussion, noted Dr. Lancaster, was that these processes were about building democracy.

Others noted that donors and planners have a tendency to write off civil society when it comes to macroeconomic issues. **However, a lot could be gained by better listening**, noted Ted Van Hees of EURODAD. The ESAF experience in Mozambique is a case in point. To tame inflation, the IFIs had pushed to eliminate the fiscal deficit by drastic reductions in spending. Farmers' groups made the case that over the medium term, increased public spending on road infrastructure would improve their market access and hence economic efficiency, which would help dampen inflation pressures.

This suggests that civil society can contribute constructively to the dialogue on effective alternatives if asked and as noted in Dr. Norton's presentation, when taken seriously, the contribution of these new perspectives will come to outweigh the costs of participation. Minister Diogo acknowledged the need to strike a balance between macroeconomic stability and socioeconomic development.

Mr. Natsios also cautioned the audience not to lose sight of the fact **that politics often trumps rationality in policy-making efforts.** This is the reality in developed countries as much as in developing countries, where he noted that 92 percent of the USAID Africa budget is earmarked by Congress for specific

projects that are driven by their constituencies.

Mr. Van Hees raised the need for changes in donor behavior in support of the PRSP process. There was evidence from places like Bolivia of inconsistent messages being sent by donors. Embassies on the ground were highly critical of the degree to which the Bank/Fund Joint Staff Assessment of the PRSP addressed civil society participation, while their executive directors seemed more responsive to IFI staff perspectives. Similarly, Mali had seen attempts by European bilaterals to participate in joint World Bank/IMF missions rebuffed. Bilaterals needed to address this inconsistency, perhaps through having PRSPs reviewed and endorsed at the country level through consultative groups and round tables prior to presentation to the boards of the IFIs.

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As the principles of ownership, participation and performance become more deeply embedded in the operational practice of **the international aid system, the international community has to confront the issue of nonperformers**. Roy Culpeper of the North-South Institute pointed out that a system of picking winners and losers was emerging with the World Bank's IDA and could potentially emerge with NEPAD, "turning that initiative on its head" as donors select a half dozen to a dozen African countries with which to work. President Chissano echoed this concern by stating that if partners start selecting winners and losers before NEPAD gets off the ground then they are not really committed to Africa solving its own problems. If there were no countries with bad governance then we wouldn't need NEPAD, stated President Chissano. Callisto Madavo stated the Bank would not disengage with nonperformers, but that engagement could differ, perhaps focusing on capacity building and policy change.

In his concluding comments, President Carter expressed the hope that the U.S. government would not use remittances and private donorship to justify U.S. stinginess in aiding developing countries at Monterrey. The tragic events of Sept. 11 have opened peoples' minds that development will improve the lives of all of us. **Monterrey is an enormous opportunity that should not be squandered.**

GDI Director Edmund Cain summarized many of the points that emerged over the two days of discussion:

1. Alternative macroeconomic frameworks need to be explored and tested.
2. Global efforts to monitor progress of MDGs and PRSPs are needed.
3. There is still plenty to learn about what policies are successful in promoting development and alleviating poverty.
4. Mobilizing financing for development — starting with ODA — is absolutely critical.

He closed by stating that the Carter Center's Global Development Initiative would stay engaged in these issues with its partner countries and through periodically convened high-level development forums. ■

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# Appendix 1

## Rethinking Our Global Development Architecture: Good Markets Require Good Politics

Nancy Birdsall

*President of the Center for Global Development*

**S**ecure and equitable markets demand political institutions. Markets are the domain of competition; politics, the domain of collective action. Markets are apparently self-regulated, but they require political regulation. Political decisions involve arguing and persuading, as well as compromising and voting. While markets are supposed to be competitive, politics is essentially cooperative. It acknowledges conflicting interests, but it is impossible without some degree of solidarity.

– Luiz Carlos Bresser-Pereira, Getulio Vargas Foundation, São Paulo, Brazil

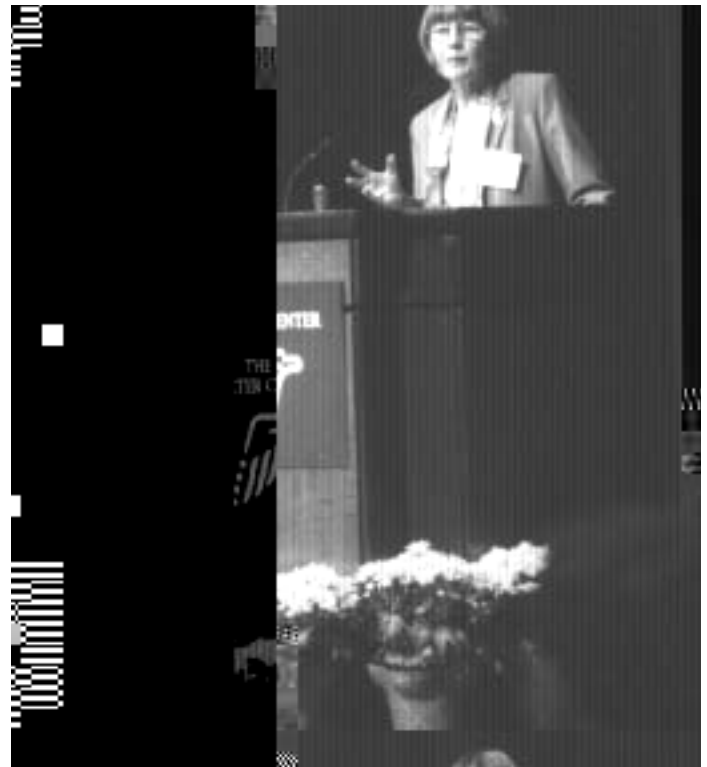
My remarks today are about globalization, its asymmetries between rich and poor, and because of its asymmetries, the need to rethink our global development architecture — to be good politicians and not just good development economists. I will be talking mostly as an economist this afternoon, but my real theme is that at the global level, it is good politics, not just good economics, that matters most. The globalization of markets can and has brought mutual benefits to the rich and poor alike. But it is only through better global politics that the values and rules critical to a secure and just world will be realized, and it is only then that the full benefits of a global market will be available to all.

Put another way, good global politics is critical to the battle against global poverty and unrealized human development and to a more just and fair as well as a more stable and prosperous global economy.

By globalization I mean the increasing integration of economies and societies, not only in terms of goods and services and financial flows but of ideas, norms,

information, and peoples. In popular use, however, the term globalization has come to be equated with the increasing influence of global market capitalism or what is seen as the increasing reach of corporate and financial interests at the global level.

A debate continues to rage about the merits and demerits of market-led globalization for the poor. On one side of the debate are most mainstream economists, the United Nations, the World Bank and the other International Financial Institutions, most finance ministers and central bank governors in poor as well as rich countries, and most professional students of development. All of these generally argue that globalization is not the culprit in any increase in world poverty and inequality. It is, after all, the people least touched by globalization, living in rural Africa and South Asia, who are the poorest in the world. On the other side of the debate are most social activists; members of nonprofit civil society groups who work on environmental issues,



*“The current global development architecture does not provide equal opportunities for rich and poor countries.”*

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human rights, and relief programs; most of the popular press; and many sensible, well-educated observers. To them, the issue seems self-evident. Globalization may be good for the rich, that is, the rich countries and the rich within countries, but it is bad news for the poorest countries and especially for the poor in those countries.

The furious debate about the merits and demerits of globalization for the poor boils down to a debate about the current distribution of economic and political power in the world and the question of whether the outcome of that distribution of power is just or fair, that is, whether it provides for equal opportunities to those who are poor and, in global affairs, relatively powerless. On this score, I believe it is time for the first group (Ravi Kanbur's Group A economists and finance ministers) to internalize the arguments of the second group (Kanbur's Group B activists and civil society types) and recognize the need for an improved global politics, in which more democratic and legitimate representation of the poor and the disenfranchised in managing the global economy



extent that globalization has “caused” increasing inequality, it is not because some have benefited a lot — a good thing — but because others have been left out of the process altogether.

## Another View of the Facts: Globalization is not the Solution

**G**lobalization is not the cause but neither is it the solution to continuing miserable poverty and haunting inequality at the global level. First, the fact is that many countries being left behind have not been xenophobic or closed to world markets. Many of today’s poorest countries have in fact participated heavily in global markets. But despite rising exports, tariff reductions, and economic and structural reforms including greater fiscal and monetary discipline and the divestiture of unproductive state enterprises, a large group of the poorest countries has failed to increase their export income and failed to attract foreign investment and has grown little if at all. One group of countries, highly dependent on primary commodity and natural resource exports in the early 1980s, has been “open” for at least two decades, if openness is measured by their ratio of imports and exports to gross domestic product (GDP). But unable to diversify into manufacturing (despite reducing their own import tariffs), they have been victims of the decline in the relative world prices of their commodity exports and have, literally, been left behind.

Many of these countries in sub-Saharan Africa, as well as Haiti, Nicaragua, and some in the Middle East, seem trapped in a vicious circle of low or unstable export revenue, weak or predatory government, inability to cope with terrible disease burdens (the HIV/AIDS pandemic being only one recent and highly visible example), and failure to deliver the basic education and other services to their children that are critical to sustainable growth. Their governments have made, from time to time, fragile efforts to end corruption, to undertake economic reforms, and, more to the point, to enter global markets. But, caught in one variety or another of a poverty trap, “globalization” has not worked for them. For these

countries, success in global markets might be a future outcome of success with growth and development itself, but it does not look like a good bet as a key input.

The better-off emerging market economies have a different problem. Global trade for them has been generally a boon, but global financial markets pretty much a bust. In the last decade, Mexico, Korea, Thailand, Indonesia, Russia, Brazil, Ecuador, Turkey, and this year Argentina, were all hit by financial crises triggered or made worse by their exposure to global financial markets. For them the benefits of global financial markets have been heavily offset by their increased risks during any kind of global crisis. Because their local financial markets are less resilient and local and foreign creditors more wary, they are much more vulnerable than their industrial country counterparts to the panicked withdrawal of capital typical of bank runs. Particularly troubling is the growing evidence that the financial instability associated with open capital markets is especially costly for the poor and tends to exacerbate inequality within countries. In Turkey, Argentina, and Mexico, with repeated bouts of inflation and currency devaluations, the ability of those with more financial assets to move them abroad, often simultaneously acquiring bank and corporate debt that is then socialized and paid by taxpayers, has been disequalizing — and certainly appears unfair. In parts of Asia and in much of Latin America, inequality increased during the boom years of high capital inflows in the mid-1990s as portfolio inflows and high bank lending fueled demand for assets such as land and stocks, which were beneficial to the rich. In both regions the poor and working class gained the least during the pre-crisis boom and then lost the most, certainly relative to their most basic needs, in the post-crisis bust. The high interest rates to which the affected countries resorted to stabilize their currencies have also had a redistributive effect, hurting most capital-starved enterprises and their low-wage employees. The bank bailouts that often follow financial crises create public debt that is seldom equally shared; as John Keynes pointed out decades ago in another context, public debt almost always implies a transfer from taxpayers to rentiers.

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The technical debate among economists about the feasibility and merits of more open capital markets has abstracted from the obvious point that, as Goni Sanchez de Lozada, a former president of Bolivia once said, “The banks lose in a financial crisis, but the bankers never do!” The anti-globalization protesters are right that the enormous financial flows across countries in the last decade have not helped the poor. They are also right to note that China and India have kept their capital markets relatively closed and survived relatively well the financial crisis in the last



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institutions, human capital, the rule of law, and the other factors that keep returns to capital relatively high even where it is already plentiful.

In short, countries caught in the poverty trap mentioned above will not necessarily benefit from a healthy global market. Of course there is nothing necessarily permanent about a poverty trap. Like poor and uneducated people, with the right rules and some help from friends, countries can escape welfare dependency. But more on that below.

At the individual level, the best example of how healthy markets can generate unequal opportunities is the rising returns throughout the world to higher education. The effect of having a university education compared to secondary education or less has been increasing for years everywhere. This is true despite the fact that more and more people are going to university; in the global economy, with the information and communications revolution, the supply of university-educated people has not been keeping up with ever-increasing demand. In the United States the highly educated have enjoyed healthy earnings gains for three decades, while those with high school education or less have suffered absolute wage losses. Similarly in Latin America: Between 1991 and 1995, the period of intense liberalization, the wage gap between the skilled and unskilled increased for six of seven countries for which reliable wage data are available. In Mexico, where the rural poor are concentrated in agriculture that had been protected prior to the North American Free Trade Agreement (NAFTA) and where education levels are low and unequally shared, income declined between 1986 and 1996 for every decile of the income distribution except the richest. In Eastern Europe, with the fall of communism, the wage difference between those with and without post-secondary education has widened considerably. More open markets have also favored the young and have penalized women, many of whom worked in state enterprises and government. Work experience in the state sector has little value in an open, competitive market.

Rising wage gaps in open and competitive markets should not surprise or alarm us; they may be a short-term price worth paying for higher long-run sustainable growth. They create the right incentives for more people to acquire more education, in principle eventually reducing inequality. But that happens only if short-term inequality is not locked in politically. In most countries educational opportunities are not particularly equal. With the notable exceptions of a few socialist economies (Cuba, China, Kerala state in India) education systems tend to reinforce instead of compensating for initial advantages. In the U.S., it is now college education that differentiates between winners and losers. Here

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social contract that tempers the excess inequalities of income and opportunity that efficient markets easily generate. The social contract may not be perfect, but it exists at the national level. Progressive tax systems provide for some redistribution, with the state financing at least minimal educational opportunities for all and some social and old age insurance. So the first challenge for global governance is the construction of a meaningful global social contract.

## The Market Fails

**M**arkets fail in many domains. Global markets compound the risks and costs for the weak. What is true at the local level, where local polluters do not internalize the costs of their pollution, obtains at the global level, and often in spades. The rich countries that have historically emitted the highest per capita greenhouse gas emissions have imposed costs on the poor. In the absence of global government, collective agreements meant to minimize that negative externality require voluntary compliance; if the United States continues in its failure to comply voluntarily, it will be free-riding on the Europeans and others who do. Worse, as the biggest polluter in per capita terms, it will be imposing costs not only on its own future citizens but on the children and grandchildren of the world's poor, who are much less likely to have the resources to protect themselves from the effects.

The dangerous contagion across countries, affecting even those emerging market economies with relatively sound domestic policies, is another example of how market failures can affect the already vulnerable asymmetrically. The problem developing countries face in global financial markets has not only brought instability and reduced growth; it has affected their capacity to develop and sustain the institutions and programs they need to protect their own poor. With global market players doubting the commitment of nonindustrialized countries to fiscal rectitude at the time of any shock, countries resort to tight fiscal and monetary policy to reestablish market confidence at precisely the moment when in the face of recession they would ideally implement macroeconomic measures to stimulate their

economies. The austerity policies that the global capital market demands of emerging market are precisely the opposite of what the industrial economies can afford to implement, such as unemployment insurance, increased availability of food stamps, and public works employment — fundamental ingredients of a modern social contract. We know that the effects of unemployment and bankruptcy can be permanent for the poor; in Mexico increases in child labor that reduced school enrollment during the 1995 crisis were not reversed, implying some children did not return to school when growth resumed.

The risks of global warming and the problems of global financial contagion are only two examples of market failures that entail asymmetric costs and risks for poor countries and poor people. The same can be said of contagious disease that crosses borders, of transnational crime, and of potentially beneficial but risky new technologies such as genetically modified foods. Similarly, poor countries that protect global resources such as tropical forests and biological diversity are paying the full costs but are unable to capture the full benefits of these global goods. Within countries, governments temper market failures through regulations, taxes and subsidies, and fines; and they share the benefits of such public goods as public security, military defense, management of natural disasters, and public health through their tax and expenditure decisions. Ideally the latter are made in a democratic system with fair and legitimate representation of all people, independent of their wealth. In nations, such political systems seldom work perfectly (as the proponents of campaign finance reform in the U.S. would argue). In the global community, a comparable political system just barely exists.

## Economic Power Influences Global Rules and Their Implementation

**T**rade is the best and thus the worst and most costly example for the poor. In general, political constraints in rich and powerful countries dominate the design of global rules. The resulting protection of agriculture and textiles in the U.S. and Europe locks many of the world's poorest countries out of potential

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markets. Because these are the sectors that could generate jobs for the unskilled, rich country protection, through tariffs and subsidies, hurts most the poor. The recent initiative of the European Union to eliminate all barriers to imports from the world's 49 poorest countries,



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limited in their resources and insufficiently effective to manage a global contract that would bring equal education, health, and other opportunities to the poor in poor countries. Making them more representative and more accountable to those most affected by their programs, and thus more effective, has to be on the agenda of better global politics.

## Addressing Global Market Failures

The returns to spending on global public goods that benefit the poor have been extraordinarily high. This is the case of tropical agricultural research, public health research and disease control, and the limited global efforts to protect regional and global environmental resources. These global programs need to be financed by something that mimics taxes within national economies. The IMF is now proposing a new approach to sovereign bankruptcy that might make the costs of financial crises less great for poor countries and poor people. Global agreements on bankruptcy procedures, on reducing greenhouse gas emissions, on protecting biodiversity and marine resources, on funding food safety and monitoring public health are all development programs in one form or another — because they reduce the risks and costs of global spillovers and enhance their potential benefits for the poor.

## Just Global Rules and Full and Fair Implementation

Reducing protection in rich country markets belongs on the agenda of all those fighting for global justice and the elimination of world poverty. Developing countries are at an unfair disadvantage in global negotiations and in global forums; that they are poor and relatively small in GDP terms puts them at a disadvantage wherever market size and resources can command more diplomats, lawyers, and supporters. The current intergovernmental process governing global rules is cumbersome, ineffective, and as a result, unfair. More than 40,000 treaties and international agreements are

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## Carter Center Endnotes

<sup>i</sup> See Ravi Kanbur, “Economic Policy, Distribution and Poverty: The Nature of Disagreements” (Cornell University, 2001).

<sup>ii</sup> Refers to the “Everything but Arms” Initiative, a plan adopted by the European Union (EU) in February 2001 to provide the world’s 48 least developed countries full access into EU markets through the elimination of quotas and duties on all their products of export, except arms.

<sup>iii</sup> The African Growth and Opportunity Act is a law enacted by Congress in 2000 to provide reforming African countries — i.e. countries that open their economies and build free markets — with access to U. S. markets.



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formulation. Another element of the current international environment is a questioning of the structure and function of the Bretton Woods Institutions. This paper also makes suggestions in that regard, in light of the need to foster more participatory approaches in policy work.

## 1.2. The Carter Center's Development Experience

The Carter Center has worked in several fields in developing countries, including the strengthening of democracy, public health, agricultural development, environmental protection, and participatory policy processes. The Center's work on development strategies commenced in December 1992, when it invited President Cheddi Jagan of Guyana to participate in the Conference for Global Development Cooperation in Atlanta. Chaired by President Carter and U.N. Secretary-General Boutros Boutros-Ghali, the conference represented an opportunity for key government leaders, donor officials, development practitioners and academics to take stock of the state of development cooperation at the end of the Cold War. As a result of this conference, Guyana would become one of the partner countries of the Center's Global Development Initiative. This partnership supported the country's efforts over the next several years to formulate a National Development Strategy (NDS) through a participatory process.

The Center convened a high-level Advisory Group meeting in June 1996 in Atlanta to review the experience in Guyana as a potential new approach to development cooperation emphasizing country ownership of development strategies, participation in policy making, and enhanced cooperation with external partners. Attention was focused on the value of a neutral, third-party facilitator of the participatory planning process. From Guyana, the president, finance minister, and leader of the opposition participated in the review, as did multilateral organizations and bilateral donor agencies.<sup>iii</sup>

The discussions in the 1996 meeting recognized that international organizations like the World Bank, in response to criticisms of the accountability and quality of their country programs, had begun to experiment with

participatory approaches in defining country program frameworks, like the Bank's Country Assistance Strategy (CAS).<sup>iv</sup> Similar approaches were also being adopted by the U.N. system and bilateral donors. However, the Center noted, this was not the same as countries taking a participatory approach to their own national strategies. In lieu of national strategies, many countries relied upon the International Monetary Fund (IMF)/World Bank Policy Framework Paper (PFP), which was often developed in complete isolation from national opinion leaders and analysts.<sup>v</sup> The Carter Center called for countries to design participatory processes for formulating their own national development strategies that could serve as the basis for donor country programs and for donors to provide the necessary support for such efforts.<sup>vi</sup>

Building on the Guyana experience, the Center has advised on or directly supported participatory efforts of a strategic nature in Mozambique, Mali, and Albania. Those three efforts are currently underway at different stages in the process. While the approach promoted by the Center is no longer unique, these experiences provide an opportunity to assess the issues involved in participatory processes and to reflect in a preliminary way on some of the lessons learned.

## 1.3. Key Questions Regarding Participation

Participation occurs at two levels: a greater voice for the country itself in determining its own development priorities and policies, and participation of nongovernmental sectors in that process. Participation has been endorsed by all multilateral and bilateral donor agencies, but it is not a magic wand. Nor does it spring up spontaneously in adequate form. Citizen involvement in policy dialogues is an organic part of the social and economic development process, and like any other part it has to be nourished. It has to be made productive. If it is not productive, it will wither and die out and make participatory efforts more difficult to mount in the future.



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The international community as a whole is still engaged in a learning process about civic participation. Some of the key questions for participatory efforts include the following:

- ◆ First of all, why is participation important?
- ◆ How can the capacity to contribute to policy dialogues be built up in civil society and the private sector?<sup>vii</sup>
- ◆ How can a sense of ownership of policies and strategies best be fostered in a developing country and in its civil society?
- ◆ How can quality control be exercised over a process of strategy formulation without compromising local ownership?
- ◆ How can a national strategy be linked most effectively to donors' action programs, taking into account time constraints and other institutional limitations?
- ◆ How can a participatory approach be applied to macroeconomic policy options?

## 2. Issues and Findings for Participatory Processes

This section distills from the country case studies a number of lessons for participatory approaches to policy and the roles of international agencies in those approaches. Many of the issues outlined in this section are familiar and have been discussed extensively in international development circles. Equally, some of the conclusions are generally accepted and have been put into practice already, at least partially. In this sense, it is more accurate to say the glass is half full than half empty. At the same time, it is not uncommon to find that an apparent consensus among international agencies, in the capital cities of the developed world, has not always been translated into new approaches or actions at the level of programs in developing countries. There have been few cases where civil society or the private sector in a developing country has felt a true sense of ownership with respect to a national strategy. For this reason, some

of the points that appear repetitious may be worth enunciating again.

The paper is based on experiences in sustained collaboration with national counterparts in formulating development policies, especially in the four principal countries represented in this Forum but also in others. In some cases, this country-level perspective produces a slightly different viewpoint on some issues, and that perspective is laid out here in the hope of contributing to the dialogue on how to better attain the goals supported by all: better and more participatory policy formulation and more complete implementation of the policies, with the objective of improving living standards in the developing world and reducing the misery that afflicts millions.

### 2.1. Why Participation?<sup>viii</sup>

Participation in policy formulation is now accepted almost reflexively as important. It is worth reviewing briefly why participation is valuable, what its benefits are. There are five basic reasons for promoting participation:

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**Donors can heighten awareness of priorities and approaches to development** that have not received sufficient attention. The PRSP process in particular has contributed to assigning a higher priority for poverty alleviation policies in many developing countries, and over the years many international NGOs have worked to direct more attention to environmental policies.

In addition, as discussed below, **donors can make external assistance more productive by linking conditionality to performance** — to the implementation of a national strategy, rather than limiting themselves to prior conditionality at the level of proposals for policy reform.

## 2.4. Incentives and Ownerships

One of the findings from a review of the four country experiences is that there are different expectations and concepts of ownership, depending on a country's previous experiences. This is true of the country's government both vis-à-vis the international development community and also for civil society organizations within the country.

The experience of Mali as reviewed below points to the danger that governments may, in the end, tell International Financial Institutions (IFIs) what they would like to hear in order to qualify for debt relief. The economic power of the IFIs relative to most host country governments is overwhelming and **it is not always realistic to expect a dialogue of equals**. All the heavy incentives come to bear on the side of accepting the IFI approach to development policies and getting on with its implementation.

Among many other observers, Kathleen Selvaggio has commented on “governments’ desire to avoid a conflict with the IMF and World Bank which might threaten the flow of loans and debt reduction, as well as the fact that many government elites often subscribe to structural adjustment policies and even benefit materially from them.”<sup>xix</sup>

This unbalanced relationship signals the need for caution in tying conditionality to participation or to the results of a participatory process. More fundamentally, it suggests **inherent limits to the extent to which IFIs can directly sponsor a participatory effort**. They can favor it, they can give it a strong boost by indirect means, but the route of direct sponsorship and tied incentives may not always produce the desired results. Concrete recommendations based on this conclusion are offered at the end of the sections.

## 2.5. Quality Control and Capacity Building

The quality control issue goes to the core of participatory efforts. If a national strategy turns out to be only a wish list and does not respect basic canons of fiscal responsibility, it will not be taken seriously. However, experiences have shown that civil society members are usually anxious to put together a technically sound, responsible document. **Capacity building is critical for quality**. This point was illustrated by the brief experience with sector technical working groups in Albania, as mentioned below. Neutral technical assistance — by parties who do not represent official positions of donor agencies — can help through a joint learning-by-doing process. In such processes the advisors learn also.

Often capacity building consists of tapping into latent talent. In every country there are experts familiar with issues in most sectors. The challenge is to familiarize them with broader policy frameworks and options that have been explored in other countries, more than entering into a teacher-student relationship.

In spite of all the advances of the science of economics, quality in policy work can be in the eye of the beholder. The criteria needed for judging quality need to be objective. Internal consistency of a strategy and fiscal responsibility are the most basic criteria. In other areas greater flexibility is often needed.

Quality can best be promoted through partnerships with national counterparts that contribute to capacity building. Formal and informal training are important tools of capacity building, but an equally powerful one is working side by side in teams, advisors and national counterparts together, over sustained periods of time, as was demonstrated in the experience of Guyana summarized below. It also is important to make efforts to explain jargon, as brought out forcefully in the review of the Mozambican experiences. There are few, if any, macroeconomic policy scenarios that cannot be presented in lay terms.

Whether at the sectoral or macro level, it bears emphasizing that **capacity building requires a sustained commitment over time on the part of external advisors.** One of the present authors had the opportunity to be part of a participatory process in Honduras in the early 1990s that yielded fundamental changes in agricultural and forestry policy and new legislation to support the changes. Over a period of a year, 80 all-day meetings were held with representatives of organizations and large-scale producers to hammer out reform packages. The more recent process in Guyana required an advisory presence in more than 100 meetings of civil society task forces over a period of several years, and in Nicaragua a similar process in 2001 required participation in 60 meetings with private sector representatives. Perhaps the most significant characteristic of these meetings is that through them **civil society actually drafted the policy reforms.** The process was always interactive between advisors and national counterparts, but the latter always had the last word and through the process they became authors of the reforms — and felt that they were the authors. This sense of ownership encouraged them to go forward and lobby for full acceptance of the strategy and its implementation.

Capacity building does not stop with the completion of one strategy document. As people move on to other occupations and even migrate abroad, capacity and a sense of commitment can weaken. They require continuous nourishment. Providing financial endowments for independent think tanks is one way to ensure that sufficiently attractive incentives are offered

to trained people. There are several examples of very productive policy think tanks in developing countries, from the Thai Economic Development Institute to the Salvadoran Foundation for Economic and Social Development (FUSADES) in El Salvador. In this regard, it is important for international agencies to commit themselves to the challenge of **institutionalization of civil society's capacity for policy work.**

In the end, **one of the most important roles for official development assistance is building national capacity for policy analysis and formulation.** In this regard it is complementary to private investment flows, not a substitute for them. Investment flows respond to the quality of the policy environment more than anything else, and therefore expenditures on capacity building can have a strong influence on those flows.

## 2.6. The Nature of Participation and Constraints It Faces

There are many kinds of participation. It runs a spectrum from information sharing to consultations to collaboration to full ownership to long-run institutionalization of the participation and sense of ownership. Expectations about participation can vary widely in developing countries. As the review of the Guyana experience pointed out, previously a tradition of civic participation in policy decisions did not exist, and the same can be said for many other developing countries. As noted earlier, the PRSP process can be useful in simply inculcating awareness that a greater degree of participation is possible.

Most participatory policy efforts to date have taken the form of consultations, in which policy papers are drafted initially by government and/or external experts and then submitted to civil society for review and comment. It needs to be said that, useful as it may be for improving policy drafts, **the consultative approach is very unlikely to lead to a sense of ownership on the part of the participants.** Ownership arises out of participation in the process of proposing and debating the policy options from the beginning and from participation in the drafting

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itself. Consultations are often seen as “extractive,” as attempts to validate policies that were conceived without taking account of participants’ views.<sup>xx</sup>

Not all participants have to put pen to paper, but when task forces are formed each task force needs to be responsible for producing a draft. It has been found that advisors can make suggestions to task forces, and on occasion they may even write them down in the form of suggested sections of a draft but, as noted, **for generating a sense of ownership the task forces themselves have to manage the process of producing drafts.** This was the procedure followed in Guyana, especially in the second phase of the work.

Proceeding in a participatory manner is an inherently time-consuming process. It is difficult to foresee how long it will take and therefore placing deadlines on the process is likely to be counterproductive. An attempt to place a deadline on the second phase of the Guyanese process was abandoned after the civil society representatives made it clear that it threatened their sense of ownership of the process. The strict timelines associated with the PRSP process have been criticized as not allowing sufficient time for local ownership to develop.<sup>xxi</sup>

There is broad awareness that another constraint is the limited capacity for policy analysis in governments and civil society, but it should be pointed out that prior to the Guyanese process the donor community was markedly skeptical about whether the capacity existed in the country to produce such a strategy. Often capacity exists, in a different form than expected, and a principal role of technical advice may be to bring it to bear on the process, in addition to the capacity-building role mentioned above. As mentioned, frequently local experts can be assembled who are much more informed about the issues in their fields than international experts are and who are also aware of at least some possible avenues of solution. This is all the more the case since the advent of the Internet. They may not be experienced in expressing their views and recommendations in the form familiar to international policy analysts, but technical advisors can assist them in that regard. In a real sense, it bears

reiterating that **the role of external technical advisors is to catalyze the latent capacity in a host government or civil society**, and not to supplant it.

As mentioned, **this kind of role cannot be played effectively if external advisors make only short, widely spaced visits to the country.** They need to accompany the national task forces on a continuing, or at least very frequent, basis in order to develop mutual rapport and understand the contributions that local experts can make. In addition, they need to be dissociated with the policy positions of donor agencies. In Guyana, the Inter-American Development Bank (IDB) agreed to make a small number of resident advisors available to the process, on the understanding that they would contribute only in a personal professional capacity and not represent the Bank in any way.

It is important to ensure that the participants represent all major groups in society, and special emphasis needs to be placed on involving women in the effort, given the social and economic barriers they often face to playing a role in public life. The role of youth groups is critical as well. Peoples who live by traditional rules — for land tenure, conflict resolution, and other matters — need to be involved in the process as well. When they live far from the capital city, **the process has to go to them**, rather than expect they will come to it. Equally, the degree of administrative decentralization of the country will have a bearing on how a participatory process should be structured.

Effective participation in the formulation of a policy reform document creates a sense of ownership. Out of such a process **champions for the reforms emerge**, and normally they will work hard to gain acceptance of the reform package in elected bodies and to promote its full implementation. If champions do not emerge, it can be said that the process has not been sufficiently participatory.



offered to a developing country the medium-term choice between, say, 3 percent growth with 3 percent inflation and 5 percent growth with 8 percent inflation? Mexico's economy grew rapidly in the latter half of the 1990s with inflation staying in double digits for most of the period, while gradually coming down as planned. Many other countries have generated rapid growth — and hence substantial new employment, which is the key to poverty reduction — for sustained periods before bringing inflation fully under control. Generating employment goes a long way toward solving the causes of poverty, thus reducing the need for expenditures on social safety nets and other measures aimed at treating only the symptoms of poverty. Who should decide the priority between growth and stabilization at the margin?

In relation to this issue, some IFIs have been reviewing their human resource management policies with an eye to changing the “institutional culture.” It needs to be asked: Do the existing personnel incentives encourage technical staff to report back to headquarters with new macroeconomic alternatives or new thinking at the sectoral level that has emerged from a participatory process?

## 2.8. Conditionality

Conditionality attached to development loans and grants is essential. It responds to the donors' need to be accountable for how their funds are used. It also is an agreement, a concrete result of the partnership between developing countries and international agencies. However, in practice the way it is used raises a number of issues that warrant further consideration.

The European Network on Debt and Development (EURODAD) has pointed out that the presence of conditionality makes it difficult for a country to acquire ownership of a policy reform program: “It is clear that excessive conditionality in Fund programs in the past has been a significant obstacle to ownership. Participants at a recent IFI/Commonwealth Secretariat conference agreed that ‘conditionality as practiced in recent years had often been overly intrusive and had thus hindered ownership.’”<sup>xxvi</sup>

In a similar vein, the Globalization Challenge Initiative has commented that, “For many southern civil society organizations, the core problem lies in the obstacles to genuine national ownership of development plans when the IMF's ‘seal of approval’ will, in all likelihood, remain conditioned upon a country's acceptance of a certain set of standard macroeconomic and structural adjustment policies.”<sup>xxvii</sup>

It is not only some international NGOs that question conditionality in PRSPs. The World Bank has commented on “the potential tension between the principle of country ownership and the need for donors to be accountable for the effective use of resources.”<sup>xxviii</sup> In addition, Christian Aid has commented: “The current system of making debt relief conditional on the completion of a PRSP has the double impact of delaying debt relief and lowering the quality of PRSPs. This has clearly been the case in Tanzania and Mozambique.”<sup>xxix</sup>

Doubts about the efficacy of policy conditionality in general have arisen in many quarters. For example, in a recent World Bank forum it was stated that: “**There is now overwhelming evidence that aid is not effective in bringing about policy reform.** I have argued that rather than redesigning the aid contract to make *ex ante* conditionality more effective, donors should switch to *ex post* conditionality (selectivity). Under selectivity the allocation of aid is tied to success.”<sup>xxx</sup>

Apart from the question of the effectiveness of conditionality in obtaining results, by now it should be clear, on the basis of many experiences, that ***ex ante conditionality and country ownership are incompatible.*** It is a virtual impossibility for a country to champion the development of a strategy and to feel a true sense of ownership of it and at the same time mold the strategy to satisfy conditions developed beforehand in Washington or elsewhere. This is all the more true when the country feels obliged to conform to the conditions because of the economic weight attached to them. This is ***the economic equivalent of the Heisenberg Principle in physics: When an IFI intervenes in the policy process, it fundamentally changes its nature.***<sup>xxxi</sup>



Perhaps this lesson should have been obvious from the beginning. Expecting a document to satisfy prior conditions (including less obvious ones on the nature of the analysis) that are imposed from the outside and also to have the document owned by the country is akin to trying to be both judge and jury. It is equivalent to wanting to participate in a contest and be its umpire as well. Both aims cannot be satisfied by the same process or document.

One avenue of solution, as will be seen below, is not to abandon the concept of conditionality but rather to change the way it is used. Another is to revisit the nature and purposes of a document like the PRSP. A third avenue consists of returning to the original concept of the Comprehensive Development Framework (CDF) as propounded by the World Bank.<sup>xxxii</sup>

**Conditionality is most effective when it supports the implementation of a country's own vision.** Even with the best of intentions, implementation often is a tortuous process, and therefore tying disbursements to actual progress on implementation — to performance — can be a very effective incentive. In Honduras in the early 1990s, joint conditionality of the World Bank and the IDB included, first, approval by the Honduran Congress of the Agricultural Modernization Law (which was developed with extensive private sector participation and had strong national ownership); second, development and issuance of its regulations; and third, implementation of its key provisions.

Equally, it has been pointed out in several quarters that tying conditionality in debt relief to completion of the PRSP places severe constraints on the PRSP process and makes it even more difficult for it to be truly participatory. Certainly the movement is in the direction of reducing that kind of conditionality, especially since the debt relief process has been essentially completed in many countries.<sup>xxxiii</sup> However, in 2001 this conditionality still was binding on policy in a number of developing countries. There is an emerging consensus to the effect that it should be sufficient, for a poor, highly indebted

country to earn the bulk of the debt relief, to have initiated a participatory process of policy review and formulation.

## 2.9. Single or Multiple Strategies?

The PRSP already has made very valuable contributions to international development: to poverty alleviation policies, to debt relief, and to citizen participation in policy making. It also has been a major vehicle for donor coordination in some countries, and it has helped increase policy analysis capacity in developing country governments. However, it is time to take the next step toward more complete fulfillment of the PRSP goals in two respects: (1) deepening participation, moving on from the stage of consultations to the stages of collaboration and ownership; and (2) broadening the poverty alleviation strategy so that it places more emphasis on sustainable poverty reduction, through growth and employment generation in the productive sectors, especially in agriculture, and other facets of the growth process. This does not mean abandoning the PRSP but rather complementing it and giving it a different role.

Since it is difficult for a PRSP to satisfy completely the requirements for both conditionality and ownership, an alternative is to clearly distinguish between the processes designed for the two purposes and to separate the corresponding documents. **A national strategy document, embodying a long-term vision, has a better chance of becoming a vehicle for generating national ownership of a policy reform program.** The Guyana experience has underscored this message, but both the process and the form of the document can vary significantly according to the circumstances of each country. The IFIs hope that the Poverty Reduction Strategy (PRS) will become the national strategy document, and the PRSP an action plan based on it. However, some of the same caveats about national ownership that apply to a PRSP may apply to a PRS, depending on how the process is conceived, organized, and managed.

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A national strategy presents a long-term vision, and a PRSP is medium-term and more implementation-oriented. A national strategy places poverty alleviation efforts in a broad context of structural reform.

- ♦ **Acknowledge the differences between a PRSP and national strategies.** The former is a medium-term resource programming document for IFIs and other donors, the latter is the country's own long-term development strategy. A PRSP should be based on a national strategic vision document that includes policy specificity. In view of the Heisenberg effect in economics, trying to make the two of them the same document cramps the space for development of a true sense of national ownership.
  - ♦ **Support participatory strategy efforts and capacity building for policy analysis in both host country governments and CSOs.** The approach should be one of development latent capacity, using indirect means such as third parties as much as possible. Capacity building is usually most effective in a learning-by-doing mode, in which advisors and national counterparts work side by side for extended periods of time. It is a process in which advisors learn as well and through which national counterparts come to draft their own strategic vision and policy recommendations.
  - ♦ **Accept and encourage discussion of macroeconomic alternatives** and provide technical assistance to ensure the internal technical consistency of each optional scenario. Macroeconomic policies have strong implications for the development of productive sectors and therefore for sustainable poverty alleviation. There is more than one viable macroeconomic path, each defined by a different configuration of macroeconomic policy instruments. Both governments and civil society need to be more involved in reviewing alternative paths in light of their own national circumstances. Today, in effect, macroeconomic scenarios all over the developing world are established by the IFIs.
  - ♦ **Move from an approach of carrying out only consultations to one of empowerment through fully participatory work on national strategies.** Consultations alone can never lead to national ownership. Drafting a document does convey ownership. It can be done in a collaborative mode, but national counterparts need to take the lead and international advisors need to play a low-key role of explaining the pros and cons of each alternative.
  - ♦ **Tie donor conditionality to concrete results in the form of implementation of key measures in a national strategy.** There is a growing consensus that *ex ante* policy conditionality is ineffective. A stronger contribution can be made by offering incentives for implementation of a country's own strategy by linking disbursements to progress in implementation.
  - ♦ **Improve incentives for IFI staff to return from work in the country with new or adapted approaches to policy.** As matters now stand, the institutional culture sometimes discourages originality in policy recommendations, especially with regard to the macroeconomic framework. Try to break with the mission culture.
  - ♦ **Use third parties for capacity building and provision of policy advice;** avoid the Heisenberg effect. As matters now stand, in many countries the IFIs are the only source of policy advice, especially at the macro level, and the only entities passing judgment on the acceptability of policies. Diversity always is a better way to progress.
- Supporting thrusts would include the following:
- ♦ **Link the PRSP and other resource programming documents of donors to the priorities of a national strategy.** Such a linkage facilitates donor coordination among donors and with the government. In addition, it has been found that country participation in developing a PRSP is more effective when there has been a prior experience in formulating a national strategy by fully participatory means.
  - ♦ **Support institutionalization of CSO capacity in the long run** by endowing and otherwise supporting independent think tanks. Such institutions have played vital roles in a few developing countries, but they are needed in many others.
  - ♦ **Urge presentation of national development strategies and PRSPs to national congresses and parliaments** for their debate and eventual approval.

This gives them greater legitimacy and national ownership and provides a firmer basis for implementation.

- ♦ **Ease conditionality on debt relief.** Tight deadlines for completing PRSPs and acceptance of rigid macroeconomic frameworks in order to qualify for debt relief have been deleterious to participation in PRSP formulation. While this problem is being solved, it still is present in a number of countries.

## 4. Four Country Experiences

### 4.1. Principal Challenges and Constraints for Each Country

#### OVERVIEW

Albania, Guyana, Mali and Mozambique have very different historical experiences and economic structures. Yet all four have experienced high economic growth in the past decade, although Guyana's growth rate has dropped markedly in the last three years. Albania is unusual in that its industry declined significantly, but it has had to undergo a fundamental transition of economic system. The other three countries also have moved out of central planning into a market economy, but their transitions were not as abrupt.

These four countries have performed better than the average developing countries in spite of adverse circumstances. Two of the countries (Mali and Mozambique) have experienced civil wars in this generation, and two have suffered civil unrest (Albania and Guyana). Albania has had to accommodate large numbers of cross-border refugees, and Guyana confronts tense border disputes with two of its neighbors. Mozambique has been hit very hard by natural disasters (floods), and Guyana also to a lesser degree (floods and drought). Agriculture is the largest sector in all four countries, and exports to industrialized nations are important for the balance of payments and for generating household income. All four

have seen real agricultural prices decline sharply, and Guyana in particular has lost preferential access to markets for some agricultural products.

All four countries have developed long-term national strategy documents and Poverty Reduction Strategy Papers. The Highly Indebted Poor Country (HIPC) debt relief process has been applied to three of them.<sup>xxxix</sup>

#### ALBANIA

Albania's history since its emergence from communist rule in 1991 is characterized by deep swings in political stability and economic growth. The immediate aftermath of the start of the transition was a period of economic depression (1992-93) followed by several years of sustained economic growth. At this time some characterized Albania as one of the most promising of the Eastern European economies. This progress came to an end in January 1997 with the collapse of massive pyramid financial schemes followed by a period of severe civil unrest leading to the fall of the government. After new elections recovery began again but the Kosovo crisis worsened, and early 1999 saw an influx of approximately

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shortage (outages of 12 hours per day in the capital and 18 in the countryside) with resulting damage to productive activity, human health, and security. The crisis has further eroded the confidence of citizens in their government and the institutions of government.

The country has also been affected by one of the highest out-migration rates in Southeast Europe. It is estimated that during the 1990-99 period 40 percent of the country's professors and research scientists left. Remittances are significant and estimated to total approximately 20 percent of gross domestic product (GDP). Rates of internal migration to urban areas are also high.

Albania receives a relatively high level of donor assistance both because of its depressed condition on its emergence from communism and because of its location in an unstable region and its need to accommodate the Kosovo refugees. Additionally, Albania aspires to join the European Union (EU), and the EU is actively working with the country to achieve that end. Albania is part of the EU's Stabilization and Association Agreement process (SAA) for the Western Balkans and the Southeastern Europe Stability Pact, and both of these affiliations bring in substantial aid and pervasive policy agendas.

Albania's total foreign debt declined from over 75 percent at the end of 1993 to below 28 percent at the end of 1999 as a result of Paris Club arrangements.<sup>x1</sup> This achievement also was the result of prudent policies regarding the contracting of new foreign debt. Albania's current public debt is below the average for similar developing countries, although its domestic component is relatively high.

The priority issues currently facing the country are crises in governance and physical and social infrastructure. Governance problems include widespread perceptions of severe corruption, the prevalence of organized crime especially trafficking in women, lack of administrative capacity, and the recurrence of political conflict. As a result, the state is struggling to retain its legitimacy in the eyes of many of its citizens.

The lack of a functioning electric supply system and piped water to large segments of the population nearly constitute a national emergency. Other infrastructure such as roads and telecommunications is similarly dysfunctional, although the government, with donor financing, has made progress in partially restoring the national highway network.

## GUYANA

While physically located on the South American continent, Guyana shares political, cultural and historical ties with the Caribbean. It is ethnically diverse and rich in natural resources (gold, diamonds, timber, agricultural land), yet it has one of the lowest per capita incomes in the hemisphere. Sustained emigration, due in large part to lack of economic opportunity, has kept the population at fewer than one million and eroded the human resource base of the country. Nevertheless, its low population density, bountiful natural resources, improving human development indicators and potential as an Atlantic trade route from South America to Northern markets give it considerable development potential.

Following economic reforms initiated in the late 1980s, Guyana's economy grew in real terms at an average annual rate of 7.4 percent per year between 1993 and 1996. This growth and the steady reversal of more than a decade of deterioration in the physical and social infrastructure helped to reduce the incidence of absolute poverty from 43.2 percent in 1992/1993 to 35.6 percent in 1999. The decline in poverty was most significant in

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and poverty alleviation programs with the assistance of debt relief under the international community's HIPC initiative.

Guyana entered the decade of the 1990s with one of the largest debt burdens — \$2.1 billion — for a country its size. Debt relief from bilateral creditors over the first half of the decade saw the debt stock decline to \$1.8 billion, but servicing requirements were still onerous. When the international community announced the HIPC debt relief initiative in 1996, Guyana was one of the first to qualify. However, even after debt relief in 1999 reduced the debt stock to \$1.3 billion, debt servicing consumed 33 percent of budgetary resources. Additional and timely debt relief was provided to Guyana when it qualified to enter the Enhanced HIPC program in 2000, helping to stave off a deeper economic recession. The participation in debt relief operations of Caribbean neighbor Trinidad and Tobago, which held almost a quarter of the original debt, is noteworthy. Guyana could potentially qualify for another \$329

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Mali is highly indebted. Its ratio of debt to GDP was 119 percent in 1997; in 1999, it fell below 100 percent. Multilateral debt represented about 71 percent of total debt stock in 1999. Debt service payments absorbed 22 percent of total government revenues in 2001. This burden of debt obligations is almost double public expenditures in basic social sectors, which represented about 11 percent of budgetary expenditures in 1996,





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region and the international community for approval by the European Commission. Each strategy is to be accompanied by a “Multiannual Indicative Program” which sets out specific programs and their funding in four major areas: integrated border management, democratic stabilization, institution building, and regional infrastructure development. Budgeted CARDS assistance to the region for the 2000 through 2004 period totals over \$3.5 billion (3.9 billion euros) with Albania’s share for the period being \$176.5 million (198.5 million euros), in addition to funding for separately budgeted region-wide programs. In the context of the overarching goal of integration with the European Union, the CARDS assistance strategy of the SAA must be considered a major part of any national development strategy for Albania.

Organizationally the Pact relies on a special coordinator and a 30-member team whose main tasks are to bring the participants’ political strategies in line with one another and to coordinate initiatives in the region to help avoid unnecessary duplication. The special coordinator chairs the most important political instrument of the Stability Pact, the Regional Table. Three Working Tables operate under the aegis of the Regional Table: *Democratization and Human Rights*; *Economic Reconstruction, Co-operation and Development*; and *Security Issues*. The European Commission and the World Bank were appointed to coordinate the economic assistance for the region.

The Pact has presented a “Quick Start Package (QSP)” of 244 projects spread among the countries of the region and costing \$1.6 billion (1.8 billion euros). The donor community pledged \$2.1 billion (2.4 billion euros) and the Pact reports that within one year 201 (82 percent) of these projects had “effectively started.” In Albania at present there are around 55 QSP projects underway with physical infrastructure projects receiving the bulk of the funding and also significant expenditures on education, civil society, human rights, and security. The European Commission/World Bank Joint Office for Southeast Europe was less than content with Albania’s performance in the area of infrastructure, stating that: “The overall sector environment [was] found to be a hindrance to project success ... for example, four of the five quick start road projects have been severely delayed by the lack of local capacity and organization in land expropriation and acquisition needed to expand the road system.” Overall, however, the QSP appears to be a sound way to focus attention on priority projects and shorten implementation times.

## THE STABILITY PACT

The Stability Pact for Southeastern Europe was adopted at a special meeting of foreign ministers, representatives of international organizations, and others in June of 1999. The Stability Pact is a political declaration of commitment and a framework agreement on international cooperation to develop a shared strategy among all partners for stability and growth in South-eastern Europe. The Stability Pact is not a new international organization nor does it have any independent financial resources and implementing structures.

At present, the aforementioned three strategies and processes are the major ones shaping Albania’s national development. These three strategic efforts complement one another and form a whole which provides a vision, a fairly well-articulated set of goals and substantial finance to meet those goals. While the vision is largely that of the European Union, the Stability Pact serves a unique

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role in that it brings the non-European actors — major bilateral donors and international organizations — not only to the table but into the process.

## THE PRSP PROCESS

In 1998 the Albanian prime minister invited The Carter Center to help organize a participatory process to produce a National Development Strategy. However, the initiative was delayed until 2000 due to the Kosovo crisis, which created an environment in which an NDS exercise could not be effectively organized. By the time plans got underway to restart the NDS process, the policy-planning environment had been significantly altered with adoption by the IMF and World Bank of the Poverty Reduction Strategy Paper as a new policy instrument for many developing and transition countries. The World Bank had already worked with the government of Albania in the development of an Interim-PRSP, which was to be developed into a national Poverty Reduction Strategy.

In late summer of 2000, The Carter Center was approached, first by the World Bank and then by the Ministry of Finance, about coordinating or integrating the NDS and Poverty Reduction Strategy (PRS, later renamed by the Albanians GPRS for Growth and Poverty Reduction Strategy) processes. The Bank expressed strong concerns about duplication, confusion, and absorptive capacity in Albania for simultaneous participatory planning processes. The Center shared some of these concerns but had others about the proposed GPRS process, including the largely consultative role planned for civil society, the compressed timetable proposed for producing the GPRS, the poor sequencing of the data production with the GPRS timetable, and the narrow sectoral focus of the GPRS, built around the four



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In November 2001 a workshop was held to launch the Growth and Poverty Reduction Strategy in the public arena. The workshop was opened by the prime minister and was well-attended by government, civil society, and donors with presentations from all actors. In particular







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absence of democracy for long periods under colonial and postcolonial authoritarian regimes has stunted the development of Guyanese civil society. Democratic political space opened in the late-1980s with political reforms, including the end of media restrictions, and continued with the advent of electoral democracy in 1992. Civil society's participation is still constrained by: shortcomings

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Guyana, particularly among conspicuous communities and groups. They feel that they have given their inputs to government and international agencies on a number of occasions but are not seeing the results. The poor economic and political climate in recent years, as well as strained state of ethnic relations, is also cited as a reason for apathy and avoidance of participatory processes.

#### GOVERNMENT'S ROLE

**W**hen considering government capacity for participatory planning at the macro level, a



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systemic issues of governance and placed them squarely on the national policy and development cooperation agendas.

For its part, the NDS process represented the first time the government engaged nonstate actors in strategic-level policymaking over an extended period. This helped set an important precedent and signal a clear break from Guyana's authoritarian past. As the first of the government's consultative initiatives, it provided a methodology and paved the way for other approaches. The fact that government created space for civil society leadership of the effort when a political standoff developed represents a precedent for civil society mediation that can be drawn upon in the future. The fact that the major political parties responded and subscribed to the NDS in their 2001 electoral platforms is an indicator of its consensus-building impact.

In a speech to donors, NDSC co-chair Kenneth King, a former economy minister and general secretary of the opposition party, noted the uniqueness of the process and some of the precedents it established in the Guyanese context.<sup>xlviii</sup> First, it was the first time members of civil society had produced a "detailed, consensus document" on development. This is all the more significant in light of Guyana's multiethnic character and "racial polarity." It also was the first policy document in recent memory produced exclusively by Guyanese, albeit drawing in part upon the reports and studies performed by international consultants. Finally, it furthered the consolidation of democracy in Guyana by demonstrating that civil society was capable of providing substantive input into policy.

An examination of the draft PRS and the NDS yields a considerable degree of consistency in the area of governance. Both documents put an emphasis on governance that previous policy documents did not.

## CONCLUSIONS

Guyana has been a strong leader in adopting participatory approaches to policy formulation at the macro level. The leadership of the government, the strong response from civil society and the ability of the

donor community to provide a supportive environment are clear from this experience. However, important capacity constraints remain to be overcome and some outstanding actions need to be taken in order to institutionalize and make coherent and truly complementary Guyana's two macro-level processes.

The immediate priority is to complete the next stage of the processes and to move on to institutionalization. Any remaining differences between the IFIs and the government of Guyana on the PRS need to be ironed out so debt relief will flow and policy support loans from the IFIs for the medium term can be finalized. This is critical to the economy and the functioning of government. At the time this document was drafted, the government and IFIs were still negotiating elements of the fiscal framework and growth assumptions of the PRS. If the IFIs' policy support loans are extended on terms and assumptions different from the PRS, this must be publicly acknowledged in Guyana. If not, the transparency of the process can be legitimately questioned.

In regard to the NDS, the government should initiate the promised process of parliamentary debate to clarify the degree of national consensus that exists on the NDS and identify the outstanding issues and what is required in terms of research, debate, and advocacy. Civil society should be called upon to participate in this process. The PRS itself notes that the macroeconomic framework has not changed from previous Policy Framework Papers (PFPs), which suggests that this is an area where further exploration may be desirable, and the NDS provides an appropriate long-term context.

For institutionalizing civic capacity for policy work, one option has been recommended by members of the NDS Committee in the form of a National Public Policy Forum. The forum would be independent but work collaboratively with government. It would undertake non-partisan policy research, develop policy monitoring and evaluation frameworks, and assist with the process of priority setting and costing of alternative policy approaches. In addition, it could undertake innovative initiatives to help overcome some of the key development constraints, including human resource

constraints, promoting consensus, and attracting private investment. The absence of a consensual, structured, and accountable forum for civil society to come together and shape its views and work with government on policy needs to be addressed. Such a forum would be an innovative institution in the context of Guyana's ethnic divisions.

#### 4.4. National Development Strategies and Processes: Mali

<b>Population:</b> 11,008,518 (2001)
<b>Absolute Poverty:</b> 73% (1999)
<b>GNP Per Capita:</b> \$250 (1998)
<b>Debt Service as % of Government Revenue:</b> 22% (2000)
<b>Primary School Enrollment:</b> 50% (1999)
<b>Ratio of Girls to Boys in Primary School:</b> 1:3 (1999)
<b>Mortality Rate for Children Under 5:</b> 218 per 1,000 live births (2001)
<b>Maternal Mortality Rate:</b> 577 per 100,000 live births (1999)
<b>HDI Rank:</b> 153 of 162 countries (2001)
<i>Sources: CIA Factbook, U.N., World Bank</i>

#### NATIONAL STRATEGY EXPERIENCES<sup>xlix</sup>

Mali has a tradition of development planning processes, having formulated and implemented five national development plans between 1961 and 1991 and a series of structural adjustment programs beginning in the early 1980s. The modern era of comprehensive development planning should consider three processes: The National Poverty Alleviation Strategy or SNLP (*Stratégie Nationale de Lutte contre la Pauvreté*), the National Outlook Study: Mali Vision 2025, and the Poverty Reduction Strategy Paper (PRSP).

The SNLP received its impetus at the 1994 Geneva Round Table meeting, which recommended the elaboration of a poverty strategy to help focus development cooperation and poverty reduction efforts. In 1997 the Government of Mali launched the

preparation of the SNLP, with the facilitation support of UNDP, consistent with its role in other countries. The goal was to prepare a national poverty eradication program for discussion at Mali's next Round Table in 1998.

The process began in close collaboration with Malian national institutions and experts responsible for conducting studies and surveys on poverty-related issues. A nationwide survey on the perceptions of the poor was organized to take into account the views of the poor themselves. An evaluation of 30 ongoing and past anti-poverty projects across the country was conducted to assess the main causes of success or failure of these projects, as a basis for developing future programs. National consultations were organized in November 1997 with representatives from governmental institutions, civil society, the private sector, universities, community-based organizations, and development partners, in order to define strategic approaches and priority actions for reducing poverty.

The first draft of the SNLP was validated through consultations at the national and regional levels. The Council of Ministers endorsed the SNLP in July 1998, and it was presented at the Round Table in Geneva in September. As recommended in Geneva, an action plan was derived from the SNLP in 1999, including monitoring and evaluation mechanisms. A new ministry was established (*Ministère du Développement Social et des Personnes Agées*) to monitor, *inter alia*, SNLP implementation. A network comprising 30 poverty focal points was established in core ministries, institutions, and NGOs to implement the action plan. The action plan mainly consisted of the poverty reduction components of existing projects and programs. A shortcoming of the SNLP that would undermine its utility for development cooperation was the absence of an explicit macro-economic framework. As a result, the main source of funding for the SNLP was existing commitments, and new commitments were requested to fill the gaps.

In general, CSOs and civil servants seemed to share a strong sense of ownership of the SNLP. However, one recent study indicates that some NGOs believed the process was not "truly participatory."<sup>1</sup>

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The National Outlook Study known as Mali Vision 2025 was a joint effort between the government, the African Development Bank, and the UNDP. Launched in 1997, the process was completed in 1999. Its objectives were to formulate a long-term vision of Mali for the year 2025, promote national consensus on the aspiration of Malians over a horizon of one generation, and provide the basis for the elaboration of a national development strategy. The process consisted of surveys of people's perceptions and aspirations for their future, along with retrospective studies conducted to take account of previous analyses, and national and regional workshops held to validate conclusions of surveys and studies.

An institutional framework was established for elaborating Vision 2025. An Orientation and Follow-up Committee (Comité d'Orientation et de Suivi), comprising notable personalities from Malian society to lend moral support to the study, and a Prospective Study Group (Groupe d'Etude Prospective) composed of 40 experts to provide scientific and technical expertise to the Vision 2025, were organized. A Steering Committee (Comité de Pilotage) of four experts managed the entire process. The government formally endorsed the final document at a cabinet meeting in June 2000.

The process was both participatory and owned by the Malian authorities and experts. Besides the fact that the population was asked to give its views and perceptions of their future, the process used existing institutions and national experts to elaborate the vision. Indeed, the National Office of Statistics conducted the survey using the same sample frame of the wider survey on consumption and budget. Consensus was reached amongst the various stakeholders to widely distribute Mali Vision 2025, and it subsequently was used as the long-term vision for the PRSP.

#### POVERTY REDUCTION STRATEGY PAPER (PRSP)

The PRSP became the driving force of the development planning process in Mali when it was introduced in 1999. While the government had produced the SNLP, the IFIs refused to use it as a basis for the PRSP (known as the Cadre Stratégique de Lutte contre la Pauvreté or CSLP), arguing that: (1) the SNLP was not based on an up-to-date household survey, (2) it did not specify macro projections, and (3) its focus was too narrow and left out some key sectors (energy, transport, industry) of the economy.

The IFIs, led by the World Bank, took a strong position that the CSLP process should start from a clean state. However, local stakeholders strongly objected — citing the experience of other countries that built their PRSP on the basis of existing poverty strategies — and the Government of Mali eventually utilized the SNLP as a departure point for the CSLP.

The interim CSLP process was led by a Technical Steering Committee, bringing together people from governmental institutions, representatives of NGOs, the private sector, and bilateral and multilateral aid agencies. Four working groups were established to write the first draft. A consultation process of various stakeholders was then launched to validate the interim CSLP in July 2000.



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## CIVIL SOCIETY

Civil society participation in public life was severely constrained until the return of democratic governance in the early 1990s. The ruling party controlled many of the associative groups that could have constituted organized civil society. The exception to this rule has been the strong influence over government of traditional and religious chiefs and the existence of autonomous trade unions.

The transition to democracy in the early 1990s, combined with donor support, stimulated the growth of civil society and its influence. The number of associations has peaked at 4,000. The country counts 650 NGOs — 50 percent of which are active — compared with 50 in 1990. Trade unions are becoming more organized and more powerful while peasants' organizations are becoming more influential. Donors are pushing for even more civil society participation in policymaking. They have not only supported but also initiated the participation of CSOs in this area, most notably in the SNLP and PRSP processes. However, the vulnerability of CSOs to donor and partisan political interests is an ongoing concern. Finally, a common concern — noted even by some civil society advocates — in processes including the PRSP is the “technical legitimacy” enjoyed predominantly by government and donor representatives that gives them undue influence over such efforts, undermining legitimate perspectives of CSOs.

Overall, the PRSP has fostered institution-building in Mali by providing civil society, especially NGOs, with the opportunity to advance discussions of key national issues.

## GOVERNMENT

Analysts often praise Mali's commitment to reforms. Directors of the IMF, in a recent statement on the completion of the first PRGF review, “welcomed the measures taken by the new Government and its commitment to push ahead with structural reforms.”<sup>lii</sup> However, recent studies showed that commitment alone is not enough. Trade liberalization and financial restructuring, for instance, have not been able to overcome the

“extremely poor human and physical resources” and “low” growth potential of Mali, and thus significantly reduce poverty.<sup>liii</sup> A long-run perspective and more consistent and credible policies in the area of good governance, particularly fighting corruption, would yield better results.

The political will to fight poverty existed before the initiation of the PRSP process in Mali: the SNLP was elaborated prior to the HIPC initiative. However, the commitment of the authorities has weakened under the weight of the complexity of the PRSP process and the mixed signals sent by the IFIs. In addition, policy reform and poverty reduction are increasingly difficult to manage in light of regional integration. Limited absorptive capacity is expected to further impede the implementation of reform.

The Government of Mali welcomes the resources that will be released through the HIPC initiative. However, there is a great concern among officials — shared by President Konaré at the FAO Summit in July 2001 — that the \$870 million that will be freed under the HIPC over a 30-year period will not be enough to meet the millennium target of reducing poverty by half, relative to the 1990 level, by the year 2015.

Commitment to the PRSP at the highest levels of government is essential, but it is also crucial for success that the public administration be fully involved in the process and share a sense of ownership. The PRSP is a demanding procedure, and its impact will eventually depend on the capacities and incentives of civil servants to implement the policies proposed. However, it has always been difficult to mobilize the administration's full commitment: salaries are low and many civil servants depend on extra salaries and per diems paid by donor projects. Moreover, policy development is by nature an activity without financial incentives for civil servants. Traditionally, donors tried to resolve this problem by financing parallel administrative structures, but such practices lacked sustainability and resulted in a more disorganized administration.



The main innovation of the PRSP (compared with the former Policy Framework Papers) is that it requires the Ministry of Finance to make a medium-term allocation of all resources — internal and external. In principle, this should strengthen the program budgeting approach and the budgeting system. However, weak links between sectoral ministries and the budget office do not allow the latter to define the envelope for each ministry with regard to its objectives. The PRSP approach to budgeting is still a real change: under structural adjustment programs the IFIs were mostly interested in the size of the fiscal deficit rather than the allocation of public expenditure.

## THE DONOR COMMUNITY

Before the introduction of the PRSP and further to the recommendation of the OECD/DAC Mali Aid Review/Reform initiative, donors requested the government to develop a single national development strategy, built on existing development projects and programs. The introduction of the PRSP was expected to bring increased coherence to Mali's development strategy and reconcile fragmented short- and long-term programs by establishing priorities, taking into account the country's macroeconomic strategy and fiscal framework.

Bilateral donors remained passive in the early stages of the PRSP. They joined the process only progressively, as governments at home rallied to the concept and asked their cooperation agencies to engage locally, as in the case of the French. Donor involvement subsequently increased, resulting in an agreement in principle to fund the PRSP process.

The Government of Mali welcomed donor support to the PRSP, but support was not delivered effectively. Funding could not be channeled through the budget system, which delayed and complicated the financing effort. (The EU and Germany, the only donors with available resources, were able to provide timely funding.) As a result, some working groups delayed the start of their work. Working groups, such as that for Mines, Natural Resources, and the Environment, received no financial support and consequently did not function at

all. In contrast, some other groups received a lot of support from external institutions. While submitting very detailed documents, they reflected the views of their sponsors. In other cases, consultants wrote the document.

As a result, donors question the credibility of the PRSP. They have expressed concern about the true commitment of the working groups, the poor quality of some of the outputs, and the short time span for completion of the final PRSP — the original deadline for which was September 2001. There is thus a real danger that the final document will suffer a lack of credibility.

Coordination among bilateral donors appears to have improved as a result of the PRSP process, with bilaterals agreeing to be collectively represented by the Netherlands on the PRS Steering Committee. However, attempts at wider cooperation among bilaterals and the International Financial Institutions have not progressed as well. European Union members were denied in their request to the IMF to be involved in joint IMF/World Bank missions. The government and the IMF blamed each other for the refusal, but it is also clear that there were varying levels of support of the initiative among EU members which, after all, are represented on the IFI boards.

Donors have also expressed concern about the commitment of the World Bank to adjust its policy stance and lending portfolio to the framework of the PRSP — the Bank traditionally being known as the “lender of first resort.” The absence of the African Development Bank from the discussions is another source of concern. The ADB is Mali's second biggest creditor behind the World Bank's IDA for an amount equal to that owed by Mali to the Paris Club.

It is essential, for the sake of coherence, that donors incorporate their own development cooperation programs within the PRSP. This is also critical in terms of ownership and implementation. However, it would seem that donors do not feel constrained by the PRSP at this point, and it remains unclear whether the PRSP will generate new approaches to future development cooperation activities.

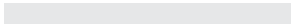
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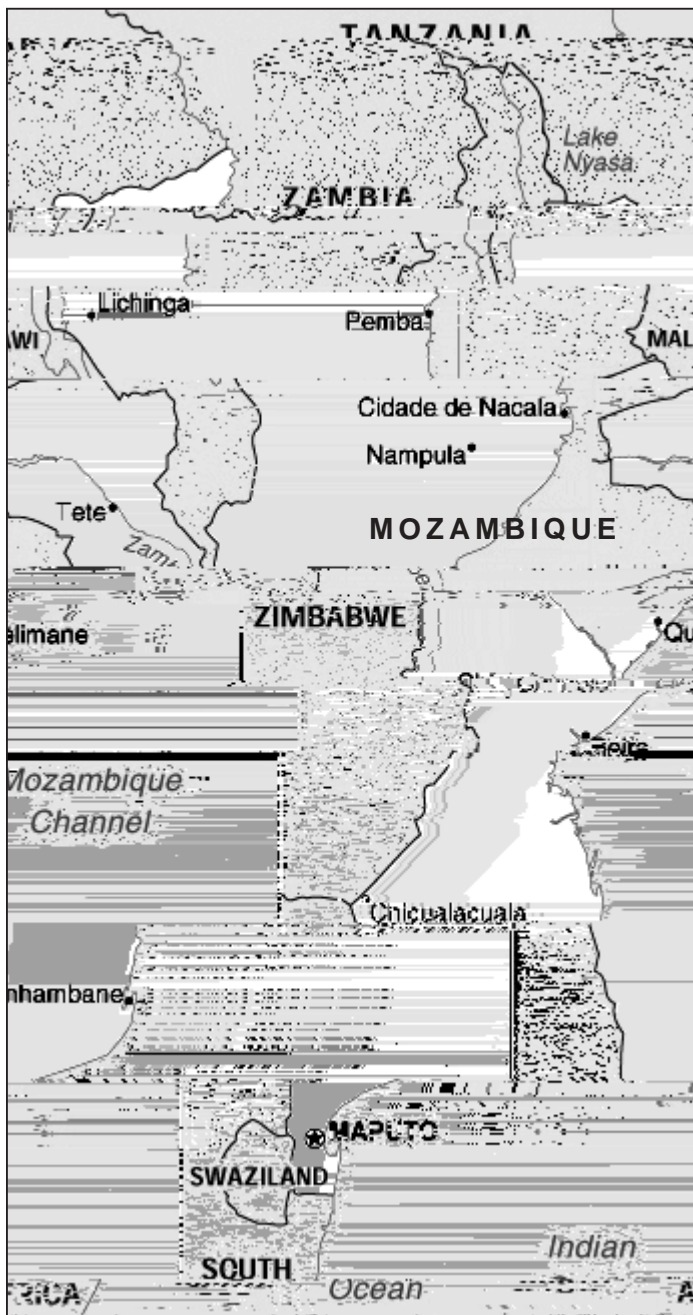
In the end, donors could improve significantly the planning and management of Mali's economy by taking the following two steps. First, donors should use the PRSP as a national development strategy and work their development cooperation activities into the PRSP. This would facilitate the mobilization of resources and ease management at the country level. Moreover, they should reduce the number of conditionalities and, reflecting the principles inherent to the PRSP process, define a single set of conditions for all their initiatives.

## RESULTS

The PRSP process in Mali tries to allow Malians to drive the dialogue and affect some changes in their policy focus, which is now on poverty reduction. But, in so doing, the PRSP process tries to do too much too fast, and might ultimately be an exercise in form over substance.

The purpose of the PRSP is to accelerate poverty reduction by harnessing the HIPC dividends and putting them to work for the poor, in support of the goal to halve extreme poverty by 2015. But the process has not helped focus on extreme poverty. In a country with 70 percent of the population living under the poverty line, the poverty





provincial level PESs and three-year Public Investment Programs, as well as recent experiences in district-level planning.

Given Mozambique's dependence on external aid, the government's plans were traditionally framed within the limitations of a triennial Policy Framework Paper, negotiated with the World Bank and IMF. The PFP of 1999-2002 was drawn up by the government of Mozambique with the technical assistance of staff from

the World Bank and the IMF. The document contains a calendar for the implementation of the macroeconomic and structural policies that will be carried out during the period in question and details the government's proposed measures in terms of fiscal policy, governance and public administration, foreign debt and trade, legal reform, health, education, agriculture, transport and communications, water and energy, etc. The PFP lays out, therefore, the medium-term objectives of the government and represents the set of agreements reached between the government and the IFIs regarding the range of reforms to be undertaken by the government.

A novel planning instrument was introduced with the development of Mozambique's PRSP (PARPA) which is considered by the government to be a "rolling and dynamic programming instrument," and which will therefore allow for new information to be incorporated and for adjustments to be made in light of changes in the economy and society. The PARPA is a document which brings together the strategic plans of those sectors that are considered vital for poverty reduction and seeks a substantial reduction in the levels of absolute poverty in Mozambique.

In accordance with the guidelines of the World Bank, the government designed a program of consultations on the PARPA, aimed at ensuring the participation of civil society in order to legitimate the plan in the name of the Mozambican people. There were many consultations, which is laudable. However, as is clear from many studies carried out on the experience, questions were raised as to how these consultations took place, who took part and on what basis, and the extent to which the opinions expressed during these consultations were reflected in the final plan.

## SECTORAL PLANNING AND THE SWAP

**S**ector Wide Approaches (SWAPs) in Mozambique have their origins in the sector investment programs of the World Bank. SWAPs may be analyzed through two prisms. On the one hand there is the perceived need to abandon the approach of isolated, freestanding projects in favor of a system whereby sectors are transformed into

integrated units coordinated by their respective ministries. While projects were often successful in delivering the expected services, they also resulted in the extensive fragmentation of the country's public sector given the multitude of projects that had to be negotiated, monitored, and evaluated by the concerned ministries. A second benefit would be that much off-budget expenditure would be eliminated and funds would eventually be channeled directly into the state budget, which would strengthen the capacity of the state to plan expenditures within the context of a unified totality on the basis of the Five-Year Plan, as well as annually in the context of the Economic and Social Plan.

A SWAP is basically an agreement between the government and its development partners concerning priorities in terms of sector policies and the strategies to be pursued. In Mozambique, SWAPs have become the dominant paradigm in terms of the management of aid, with currently about 55 percent of the World Bank's International Development Association portfolio programmed in SWAP sectors such as health, education, and agriculture and rural development.

#### THE AGENDA 2025 PROCESS — NATIONAL VISION AND NATIONAL DEVELOPMENT STRATEGY

The Agenda 2025 process is unique in its independence as a strategic planning process. It is a strategic exercise aimed at thinking about the future of Mozambique in the context of a long-term perspective. The exercise was launched by President Chissano in 1998 with both the UNDP and The Carter Center providing technical assistance and is headed by a small group of citizens that are broadly representative of the various political, religious, racial, ethnic, regional, and gender groupings in Mozambican society.

The objective is to establish a long-term national vision that is shared by all groups within society and on that basis to draw up a national development strategy which will lay out the policies and programs that are necessary in order to achieve the vision. At the same time, there is a recognition of the need to increase the

capacity of the government, as well as civil society, in terms of the drafting and implementation of national programs, and to ensure consistency between short-, medium- and long-term economic and social policies, as well as to strengthen the capacity of the government in terms of the management and coordination of development cooperation. As regards the latter objective, by setting a broad national agenda and strategy, it is hoped that the Agenda 2025 process will also serve as a guiding framework for future discussions between Mozambique and its development partners.

## National Participation and Ownership

### CIVIL SOCIETY

Mozambican civil society, predominantly in the form of urban-based CSOs, has expanded rapidly in the last 10 years. By 1997 there were around 788 local and foreign NGOs operating in Mozambique, many of them grouped together in umbrella organizations which operate at both national and provincial level and on the basis of shared interests.

An additional aspect that is worthy of note is the fact that, as mentioned earlier, the local elections of 1998 showed the interest of civil society in organizing itself in order to take part in the political process. Urban civil society in Mozambique has been quick to grasp at the opportunities that peace brought to the country and to occupy the space guaranteed by the constitution, and has organized itself accordingly into CSOs that seek to participate in all areas of public life. One group in particular, the private sector, has been notably pro-active in terms of making its views and demands heard by the government. Rural civil society remains largely excluded, a result of poor communications, low literacy rates, and physical distances.

Sometimes there is a lack of clarity on the part of the government regarding the terms and conditions under which any participatory exercise takes place. This, not surprisingly, leads to unrealistic expectations, frustration, and then disillusionment on the part of civil society

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actors when they feel that their views are not being properly reflected in policies, often coupled with a poor understanding of the constraints under which the government is itself operating vis-à-vis the donor community.

The vast majority of civil society organizations do not have their own resources in order to ensure their participation in the country's development processes. Where such resources exist, they usually come from outside the country, and it is often the case that such funding does not cover the needs of these organizations when they are called upon by the government to participate in a consultative process, and they need to carry out preparations in the form of meetings with other organizations with a view to preparing common positions or to conduct research on the issues to be discussed.

Mozambican civil society needs space in order to participate, and this is being gradually won over time. No matter how well-prepared CSOs are in terms of their capacity to participate, however, this will only yield the desired benefits in terms of the improved designing of policies and more efficient implementation of projects if the terms and conditions for their participation are guaranteed and if the donor community is prepared to undertake a broad program of capacity-building of these organizations so that they can become constructively critical and pro-active actors in all the country's development processes.

Of necessity, CSOs have to have offices in the capital city, close to the decision-making centers as well as the donor community. Nevertheless, all organizations headquartered in Maputo have recently made greater efforts to ensure that the views they express at the central level are the result of the gathering of views collected at grassroots levels and that the views of marginalized groups are adequately taken into account.

The development of the PARPA, in which so many donors have expressed great interest, is beginning to also arouse the interest of CSOs since they see this as an opportunity to build their own capacity given that many donors have expressed an interest in strengthening their

role for monitoring and evaluation purposes. This would, of course, also require that the government issue an unequivocal invitation for civil society to work together with it in order to ensure the successful implementation of the plan. Both the Mozambique Debt Group and LINK, amongst the best organized CSOs, have adopted the PARPA as a key element of their work plans and clearly see themselves as playing a critical role in monitoring the implementation of the poverty reduction strategy and also regarding public information.

Mozambique is still going through a transition, and the extremely high incidence of absolute poverty seriously prevents a large number of people from exercising their full citizenship rights. In addition, growing political tensions following the 1999 general elections have resulted in a sharp polarization of society along party political lines. Under such conditions, it is predictable that views expressed by civil society representatives are often automatically seen as being either pro- or anti-government when the intention was not so, with all self-imposed constraints that result.

## GOVERNMENT

Given that the IFIs are increasingly demanding some sort of national ownership for the policies that they draw up for beneficiary countries, this becomes the greatest priority for the government. In the transition, and the



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Second, the PARPA itself is not widely known outside a small group of specialists in the government, the donor community, and those civil society organizations that made a point of studying the document in order to attempt to engage in discussions with the government on the poverty reduction strategy.<sup>lvii</sup> It should be noted, however, that as the document itself makes clear, it is a rolling exercise that is to benefit from the establishment of a permanent consultation mechanism, and therefore there is clearly room for the whole process to improve in the course of subsequent iterations of the PARPA.

For their part, questions have arisen in the course of the development of SWAPs in Mozambique. It could be argued, firstly, that there was an over-emphasis on the negative side effects of the project approach, and that in fact the rise of the project approach was precisely a reflection of the past poor performance of recipient countries in terms of absorbing aid through their national ministries, which led donor agencies to engage in direct implementation themselves. Now these same sectors are expected, under the SWAP arrangements, to manage aid themselves in larger volumes and with greater efficiency, cost-effectiveness, and transparency than ever before. Already in Mozambique it is clear that earlier expectations regarding the speed with which ministries can take over the functions allocated to them under SWAP arrangements have proven to be unrealistic, particularly in view of the continued hemorrhaging of qualified staff to the private sector and the aid agencies themselves.

Secondly, a serious problem from the point of view of Mozambique relates to the fact that there is a potential conflict between support to SWAPs and support for the need for greater decentralization in the country. This tension has played itself out within donor agencies themselves. Many had previously set up representative offices in provinces where they had worked historically and over time had established unique understandings of local realities and needs, as well as close relations with their respective provincial governments. These offices had often managed to negotiate the details of aid programs for those provinces with provincial level government technicians. Such arrangements are

threatened by the SWAPs under which negotiations take place centrally between government and donor agency technicians in Maputo.

This tension is illustrated by the experience of one project in the field of decentralized planning, namely the UNDP's District Planning and Financing Project executed by the United Nations Capital Development Fund. This project, based in the northern Nampula province, has been working in a number of pilot districts since 1998 and aims to create genuine opportunities for popular participation in policy formulation and implementation at the local level through the development of long-term, multisectoral District Development Plans. The central government had decentralized a proportion of provincial public investment allocations in order to facilitate a certain amount of provincial discretion in the identification of provincial priorities, planning, and execution. In addition, provinces were also able to use this discretionary element to support planning process at the district level. Their ability to continue to do so is threatened by the rise of the SWAP. With all power now centralized in Maputo-based ministries, the Nampula



in Mozambique, such as the teachers union in the case of the education SWAP and peasant farmers in the case of the agricultural SWAP. As regards their efficiency, it is still too early to draw any final conclusions. Nevertheless, early indications reflect that the promised reductions in the costs of aid management may not be fully realized. The exercises have proved to be “time consuming and in particular take a lot more of senior management time than people assume.”<sup>lix</sup>

Given the favor that SWAPs currently enjoy, the question is how to improve a model which has great potential benefits for the recipient country given the rationalization that can take place in terms of time spent by ministries in administering multiple aid programs, that enables state budget to more faithfully reflect what is actually being spent on development, and that puts an end to off-budget expenditure which is often less than transparent.<sup>lx</sup> It is important to ensure that this new tendency towards vertical planning does not run counter to a commitment to decentralization, especially in a situation such as Mozambique where decentralization is seen by many as a way of de-bureaucratizing daily life, of bringing the decision-making process closer to the people, of empowering communities, and of ensuring greater transparency in public management, and maybe above all, as a conflict resolution mechanism given the country’s enormous diversity.

These processes are new both for the government and civil society. Under the previous system, the interaction between state/government and society took place according to very different rules, and the current modus operandi is still being consolidated. While still incipient, it is nevertheless the case that there is a dialogue between the state and civil society, including the private sector. While not yet institutionalized with the exception of the private sector’s regular meetings with government, there is a growing awareness on the part of both the state and civil society of the need for greater interaction.<sup>lxi</sup> And one must also be aware, in a young democracy such as Mozambique’s, of the costs and effort required to carry out genuine consultations.

The results of the processes to date have been encouraging. Most processes remain, however, largely externally driven (one notable exception being the Agenda 2025 process), which leaves the Mozambican state little room for maneuver. Such processes are also often very restricted, leaving little room for the participation of civil society, including the private sector. The high degree of external dependency results inevitably in low levels of ownership, both on the part of government as well as civil society, with rural society remaining as largely passive objects of these processes.

Such processes take place against the background of high rates of illiteracy, with 70 percent of the population in a state of absolute poverty, and a state, which is absent throughout large parts of the country. What is required, therefore, is that a way be found to ensure greater inclusiveness and participation, especially on the part of the most vulnerable groups in rural areas, while at the same time being cognizant of the high costs associated with extensive and genuine consultations. ■

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## Endnotes

<sup>i</sup> The material on the four country cases in this paper is adapted from papers on country experiences in participatory policy processes prepared by Jason Calder (Guyana), Idrissa Dante (Mali), Michael Hoffman (Albania), and Mark Simpson (Mozambique), who was assisted with primary research by Dr. Irae Baptista Lundin and Fernando Antonio Menete. The country papers were prepared through interviews with key actors and review of secondary literature. The author is grateful to Jason Calder for helping develop the bridges between those four papers and the present one, and to him and Ed Cain for very useful comments on earlier drafts of this paper.

<sup>ii</sup> United Nations General Assembly, “Road map towards the implementation of the United Nations Millennium Declaration. Report of the Secretary-General,” 56th Sess., Doc. A/56/326, 19.

<sup>iii</sup> For a meeting report and a more detailed description of the initial work on Guyana’s National Development Strategy, see: The Carter Center, “Toward a New Model of Development Cooperation: The National Development Strategy Process in Guyana” (Atlanta, 1997).

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<sup>iv</sup> The Country Assistance Strategy (CAS) is the World Bank's central vehicle for board review of the Bank's assistance strategy for borrowers. The CAS document describes the Bank's strategy based on an assessment of priorities in the country and indicates the level and composition of assistance to be provided.

<sup>v</sup> Policy Framework Papers are forward-looking documents that serve as the basis for assistance from the International Monetary Fund and the World Bank. They identify a country's macroeconomic and structural policy objectives, the strategy and priorities of the authorities to achieve those objectives, and the associated external financing requirements.

<sup>vi</sup> The Carter Center, "Toward a New Model of Development Cooperation: The National Development Strategy Process in Guyana"

The PRGF, which replaces the Enhanced Structural Adjustment Facility, intends to broaden the objectives of the Fund's concessional lending to include an explicit focus on poverty reduction in the context of a growth-oriented strategy. It is based on a country's Poverty Reduction Strategy Paper.

The Enhanced Structural Adjustment Facility is the International Monetary Fund's concessional financing facility for low-income member countries. It is designed to support macroeconomic adjustment and structural reforms and lay the basis for sustainable growth and external payments viability.

<sup>xxiii</sup> Key research on this topic has been carried out by Peter Timmer and, at the World Bank, by Martin Ravallion and Gaurav Datt. A good summary of the findings is found in John Mellor, "Faster More Equitable Growth: The Relation between Growth in Agriculture and Poverty Reduction," "CAER II Discussion Paper" 70 (Cambridge, MA: Harvard Institute for International Development, 2000).

<sup>xxiv</sup> Dani Rodrik, "The Global Governance of Trade: As If Development Really Mattered" (New York: United Nations Development Programme, 2001), 24. Dani Rodrik is professor of International Political Economy at Harvard University's John F. Kennedy School of Government.

<sup>xxv</sup> Joseph E. Stiglitz, "Globalism's Discontents," "The American Prospect" 13 no. 1 (2002), 7. Joseph Stiglitz is professor of Economics at Stanford University and a former senior vice president and chief economist at the World Bank, 1997-2000.

<sup>xxvi</sup> EURODAD, "The Changing Nature of Development Cooperation: Building Ownership," in "Many Dollars, Any Change?" (Brussels: EURODAD, 2001), 6. EURODAD adds that the practice of adding conditions through World Bank Letters of Development Policy (LoDPs) and IMF Letters of Intent also undermines country ownership: "Whilst the weakness in a country's strategy can be an understandable cause for concern for donors and NGOs alike, the appropriate answer is not to add extra policy specification via a backdoor route. The LoDP is not usually a public document, and ... will not ordinarily be a matter for public discussion. This will tend to reinforce perceptions that PRSPs are a Bank-owned process." *Ibid.*, 7.

<sup>xxvii</sup> Sara Grusky, "The IMF and World Bank-Backed 'Poverty Reduction Strategy Papers' — Comments from Southern Civil Society, Globalization Challenge Initiative" (Takoma Park, MD, 2000), 1.

<sup>xxviii</sup> The World Bank, "Review of the PRSP Experience: An Issues Paper for the January 2002 Conference" (Washington, D.C., 2002), 8.

<sup>xxix</sup> Jennie Richmond and Paul Ladd, "Ignoring the Experts: Poor People's Exclusion from Poverty Reduction Strategies," 10 Jan. 2001 < <http://www.christian-aid.org.uk/indepth/0110prsp/prsp.htm>>, 32.

<sup>xxx</sup> Jan Willem Gunning, "Rethinking Aid" in Boris Pleskovic and Nicholas Stern, eds, "Annual World Bank Conference on Development Economics" (Washington, D.C.: The World Bank, 2000), 141. Emphasis added.

<sup>xxxi</sup> Werner Heisenberg developed the principle that the mere act of measuring a subatomic particle changes either its mass or its velocity or both.

<sup>xxxii</sup> The International Monetary Fund/World Bank's Comprehensive Development Framework is a long-term holistic approach to development which recognizes the importance of macroeconomic fundamentals but gives equal weight to the institutional, structural, and social underpinnings of a robust market economy.

<sup>xxxiii</sup> "... a number of HIPC governments and NGOs have urged the Bank and the Fund to change the incentive structure by delinking decisions under the Enhanced HIPC Initiative from the PRSPs so that there is no delay in making debt relief irrevocable." The World Bank, "Review of the PRSP Experience: An Issues Paper for the January 2002 Conference" (Washington, D.C., 2002), 14-15.

<sup>xxxiv</sup> The World Bank, Comprehensive Development Framework Secretariat, "Comprehensive Development Framework: Meeting the Promise? Early Experience and Emerging Issues" (Washington, D.C., 2001), 8.

<sup>xxxv</sup> The World Bank, "Comprehensive Development Framework Questions and Answers" (Washington, D.C.: The World Bank, 1999), 2. Emphasis in original.

<sup>xxxvi</sup> The World Bank, "Comprehensive Development Framework Questions and Answers" (Washington, D.C.: The World Bank, 1999), 5.

<sup>xxxvii</sup> The World Bank, Comprehensive Development Framework Secretariat, "Comprehensive Development Framework: Meeting the Promise? Early Experience and Emerging Issues" (Washington, D.C., 2001), 8. Emphasis added.

<sup>xxxviii</sup> *Ibid.*, 8-9.

<sup>xxxix</sup> HIPC, the Debt Initiative for Highly Indebted Poor Countries, is a World Bank and International Monetary Fund comprehensive approach introduced in 1996 to reduce the external debt of the world's poorest and most heavily indebted countries to sustainable levels.

<sup>xl</sup> The Paris Club is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor nations.

<sup>xli</sup> 15-25 percent of gross domestic product, 80 percent of capital expenditure, and 30 percent of current expenditures derive from external sources.

<sup>xlii</sup> PARPA, or Plan for the Reduction of Absolute Poverty, is the Mozambique Poverty Reduction Strategy Paper.

<sup>xliii</sup> Of a total debt of \$6 billion in 1998, HIPC-I resulted in debt relief in the order of \$3.7 billion. Under Enhanced HIPC, relief granted amounted to \$600 million. As a result, debt service fell from \$100 million to an average of \$56 million between 2002 and 2010.

<sup>xliv</sup> The Medium Term Expenditure Framework was first introduced in Albania in 2000 with the intent to provide a comprehensive analysis of public spending, promote fiscal discipline, and establish fiscal priorities. As such it is the link between the Growth and Poverty Reduction Strategy and the budget.

<sup>xlv</sup> Examples include: Aidsair Sinclair, "Comments on Guyana's Draft National Development Strategy" (The World Bank, 1997); Dennis A. Pantin, "Review of the National Development Strategy for Guyana: 'Shared Development through a Participatory Economy' from the Perspective of the Sustainable Human Development Paradigm" (United Nations Development Programme, 1997); and Chandra Budhu, "Mainstreaming Gender in the National Development Strategy: A Working Document" (United Nations Development Programme, 1997) — submitted to Minister Indra Chandarpal.

<sup>xlvi</sup> Co-operative Republic of Guyana, "Poverty Reduction Strategy Paper," draft (Georgetown, 2000), 40.

<sup>xlvii</sup> Co-operative Republic of Guyana, "Poverty Reduction Strategy Paper," draft (Georgetown, 2000), 40.

<sup>xlviii</sup> Kenneth King, Address at the Comprehensive Development Framework/Poverty Reduction Strategy Papers Focal Points Meeting, London, Sept. 14, 2001.

<sup>xlix</sup> The Mali section of this paper was prepared by Idrissa Dante and draws heavily on: Idrissa Dante, Jean-Francois Gautier, Mohamed Ali Marouani and Marc Raffinot, "Institutionalizing the PRSP Approach in Mali" in "PRSP Institutionalization Study: Final Report," Overseas Development Institute/Strategic Partnership for Africa (Paris: DIAL, 2001).

<sup>l</sup> R. Serra, "Mali Country Study, Creating a Framework for Reducing Poverty: Institutional and Process Issues in National Poverty Policy in Selected African Countries," SPA Working Group on Poverty and Social Policy (1999), cited in PRSP Institutionalization Study, Chapter VI, p. 8, SPA/ODI.

<sup>li</sup> Idrissa Dante, Jean-Francois Gautier, Mohamed Ali Marouani and Marc Raffinot, "Institutionalizing the PRSP Approach in Mali," in "PRSP Institutionalization Study: Final Report," Overseas Development Institute/Strategic Partnership for Africa (Paris: DIAL, 2001).

<sup>lii</sup> International Monetary Fund, "Mali: Second Review Under the Poverty Reduction and Growth Facility," IMF Country report N. 01/130 (Washington, D.C., 2001).

<sup>liii</sup> Dani Rodrik, cited in PRSP Institutionalization Study, Chapter VI, p. 26, SPA/ODI.

<sup>liv</sup> International Monetary Fund, "Mali: Second Review Under the Poverty Reduction and Growth Facility," IMF Country report N. 01/130 (Washington, D.C., 2001).

<sup>lv</sup> Chairman, "Concluding Remarks," Consultative Group Meeting, Maputo, October 2001, 2.

<sup>lvi</sup> In mitigation, it should be pointed out that the government is not constitutionally bound to submit the PARPA to Parliament for discussion, let alone for approval, unlike the case of the Five-Year Plan and the annual Economic and Social Plans.

<sup>lvii</sup> "The PARPA is better known in the offices of the embassies and development agencies than in the offices of the Mozambican civil servants which are to take it on board and execute it." Editorial, "Metical," Oct. 18, 2001. "It was a document that was better known outside the country than within it, despite the government claiming that it had carried out sufficient consultations with civil society." Editorial, "Savana," Nov. 30, 2001.

<sup>lviii</sup> That the government is aware of these tensions is clear from the fact that it is actively seeking to provide provinces and districts greater discretion in terms of how they should achieve the targets negotiated in the context of SWAPs. For example, again in the context of the Nampula exercise, there was an increase in the provincial discretionary component of the three-year public investment plan from 12 billion meticaïs in 2000 to 20 billion meticaïs in



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# Appendix 3



**Development Cooperation Forum**  
**“Human Security and the Future of Development Cooperation”**  
**February 21-22, 2002**

**Thursday, February 21**

9:00 – 10:00 Pavilion Lobby	<b>REGISTRATION AND CONTINENTAL BREAKFAST</b>
10:00 - 10:30 Chapel	<b>WELCOME</b> President Jimmy Carter
10:30 – 10:40 Chapel	<b>OVERVIEW OF THE DEVELOPMENT COOPERATION FORUM</b> Mr. Edmund Cain Director, Global Development Initiative, The Carter Center
10:40 - 11:20 Chapel	<b>KEYNOTE ADDRESS</b> “Global Interdependence: Recognizing the Realities, and the Need for a Political Strategy” Mr. Robert E. Rubin Director and chairman of the Executive Committee, Citigroup Inc.
11:20 - 12:30 Chapel	<b>OPENING REMARKS</b>  His Excellency Bharrat Jagdeo President of the Co-operative Republic of Guyana  His Excellency Joaquim Alberto Chissano President of the Republic of Mozambique  His Excellency Alpha Oumar Konaré President of the Republic of Mali



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**Friday, February 22**

8:00 – 9:00 Pavilion Lobby	<b>CONTINENTAL BREAKFAST</b>
9:00 – 9:10 Chapel	<b>WELCOME</b> President Jimmy Carter
9:10 - 9:40 Chapel	<b>WORKING PAPER</b> “Development Cooperation Processes: Issues in Participation and Ownership” Dr. Roger Norton OP, G pr



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# Appendix 4

## List of Meeting Participants and Brief Biographies

**Alexander Aboagye** is a senior economic advisor at the United Nations Development Programme in Mozambique, where he is responsible for economic and policy analysis. He held similar positions in Namibia and Angola and formerly worked for the International Labor Organization in Ethiopia in the area of industrial development and urban employment promotion. Dr. Aboagye was a senior lecturer in economics at the University of Ghana for several years.

**Gordon Alphonso** is a partner at the Troutman Sanders law firm in Atlanta. An industrial engineer, Mr. Alphonso has significant experience as a corporate lawyer dealing with transactions, supply contract, and other corporate regulatory issues. He has served as in-house counsel at Georgia-Pacific Corporation. He was the state of Georgia's assistant attorney general from 1984 to 1990.

**Luis Amado** has been the Portuguese secretary of state for Foreign Affairs and Development Cooperation since November 1997, with overall responsibility for development cooperation policy. He previously served as secretary of state of the Interior (1995-97) after being a national member of Parliament and a regional member of Parliament for Madeira. He is an economist by training.

**Brian Ames** is the deputy division chief of the Policy Development and Review Department at the International Monetary Fund (IMF). Mr. Ames has more than 20 years' experience in economic and financial analysis, at the United Nations, the United States Agency for International Development, and in the private sector. He has been with the IMF since 1995.

**Gavin Anderson** is the chief executive officer of the Leadership Regional Network for Southern Africa (LeaRN), a nonprofit organization working to develop

indigenous leadership capacity in the Southern African region. Mr. Anderson has played a prominent role in strengthening civil society across Southern Africa, especially in Botswana and South Africa. He is also a founder and chairman of the board of the "Mmegi Publishing Trust," Botswana's largest newspaper.

**Margaret Anstee** is an independent consultant, most recently serving as special advisor to the president of Bolivia for development and international finance. Dame Anstee rose to the rank of United Nations undersecretary general in 1987. Her experience with the U.N. includes her positions as resident representative of the United Nations Development Programme in Asia, Latin America, and Africa and special representative and head of the U.N. peacekeeping mission in Angola in 1992-93.

**Gerald Barney** is the founder and president of the Millennium Institute, a Virginia-based development research and service firm. Dr. Barney is a physicist, specializing in the issues of sustainable development. He advised former U.S. President Jimmy Carter when he was in office. His experience also includes work with the Rockefeller Brothers Fund, governors Nelson Rockefeller and Russell Peterson, and the Council on Environmental Quality.

**Cliff Bast** is global manager of environmental strategies and solutions program at Hewlett-Packard (HP). He also has led the successful elimination of ozone-depleting substances from HP's manufacturing processes. Prior to joining HP, he was a marketing and business development manager for an environmental consulting firm and a corporate environmental manager for Warner Lambert and the New York City Department of Environmental Protection.

**Peter Bell** is president of CARE, an Atlanta-based organization for international development and relief. Mr. Bell has served in senior positions at the Edna McConnell Clark Foundation, the Carnegie Endowment for International Peace, the Inter-American Foundation,

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and the Ford Foundation. He also served as special assistant to the secretary and then deputy undersecretary of the United States Department of Health, Education, and Welfare from 1977 to 1979.

**Robert Berg** is an international consultant and senior advisor to the United Nations Economic Commission for Africa. For several years Mr. Berg led the International Development Conference. He has also served as a senior fellow at the Overseas Development Council and director of evaluation for the United States Agency for International Development and the Organisation for Economic Co-operation and Development's Development Assistance Committee.

**Nancy Birdsall** is the founding president of the Center for Global Development in Washington, D.C. She served previously at senior posts at the Carnegie Endowment for International Peace and the Rockefeller Foundation. She was executive vice president of the Inter-American Development Bank and spent 14 years at the World Bank, including time as director of the Policy Research Department. Dr. Birdsall is the author of numerous publications on the labor market, human resources, and other development issues.

**Andrew Blum** is the Carter Center's field representative in Georgetown, Guyana. Prior to this assignment, he worked on conflict resolution and peace building programs in Kazakhstan and Azerbaijan. He has also helped design peace building programs targeted at Kosovo and conducted field research on ethnic relations in Estonia. His publications include articles on minority rights and peacekeeping operations.

**Edmund Cain** is director of the Carter Center's Global Development Initiative. Prior to joining the Center, Mr. Cain had a 30-year career with the United Nations where he held senior positions in both the U.N. Secretariat and the United Nations Development Programme. His last post was U.N. resident coordinator in the Arab Republic of Egypt.

**Jason Calder** is the assistant director of the Carter Center's Global Development Initiative. Mr. Calder is responsible for the Center's participatory development strategy initiatives in Albania, Guyana, Mali, and Mozambique and in that capacity works closely with government officials, political parties, civil society, and the private sector.

**David Carroll** has worked at The Carter Center since 1991, first as assistant director of the Latin American and Caribbean Program and, since 1997, as associate director of the Democracy Program, where he designs and directs projects on elections, democratic development, and civil society strengthening. Dr. Carroll has participated in more than a dozen projects on electoral observation and assessment in Africa, Latin America, and Asia.

**Jimmy Carter**, the 39th president of the United States, and wife Rosalynn founded The Carter Center in 1982. Actively guided by President Carter, the nonpartisan and nonprofit Center resolves conflict, promotes democracy, protects human rights, and fights disease.

**Rosalynn Carter** has worked for more than three decades to improve the quality of life for people around the world. Today, she is an advocate for mental health, early childhood immunization, human rights, and conflict resolution through her work at The Carter Center in Atlanta, Georgia.

**Alvaro Casimiro** is coordinator of LINK, a Mozambican nongovernmental coalition that serves and coordinates about 200 nongovernmental organizations (NGOs) domestically and internationally. Mr. Casimiro has participated actively in the reconstruction of Mozambique through teaching and training. He served as country director for a UK-based NGO and training manager for the Mozambique program of the U.S. Peace Corps.

**Hugh Cholmondeley** is an international communications, development, and conflict resolution advisor. He served as representative to the Caribbean for the United Nations Economic, Social and Cultural Organization; director of the UNDP's Caribbean Division; and U.N. coordinator and resident representative in Jamaica. Early in his career, Mr. Cholmondeley founded the Caribbean Broadcasting Union and the Caribbean News Agency.

**Naim Çope** is executive director of the Elbasan Regional Development Agency Foundation in Albania. He is a board member of the American-Albanian Trade and Development Association and member of the Organization for Economic Development and Co-operation Southeast Europe Forum for Entrepreneurship and Enterprise Working Group. Mr. Çope is also a member of the National Civil Society Advisory Group for Albania's Growth and Poverty Reduction Strategy.

**Charles Costello** is director of the Carter Center's Democracy Program. A career United States Foreign Service officer, Mr. Costello headed the United States Agency for International Development (USAID) missions to Ecuador and Guatemala and served in Kenya and Bolivia. He also headed the USAID mission in post-conflict El Salvador in 1993-94 and served as director of the Agency's Center for Democracy and Governance.

**Cheibane Coulibaly** is the founder and president of CUMBU University in Mali. A professor and researcher, Dr. Coulibaly created IMRAD, a Malian research institute in development, in 1987. He is also the founder and director of "Cauris" and "Kolonkise," two economic and social information newspapers in Mali, and the author of several books on development.

**João Gomes Cravinho** is president of the Portuguese Institute for Development Cooperation (ICP) since January 2001. The ICP is the institution responsible for programming, coordinating, and evaluating Portuguese development assistance, which is mainly, though not exclusively, directed to lusophone countries in Africa and to East Timor. Dr. Cravinho is an academic by training, specializing in international political theory and African politics.

**Marion Creekmore** is a professor of political science at Emory University. A career diplomat from 1965 to 1993, Ambassador Creekmore was the United States ambassador to Sri Lanka and the Republic of Maldives and deputy chief of mission in the American Embassy in New Delhi, India. He served as a program director at The Carter Center from 1993 to 1996 and was vice provost for international affairs at Emory University from 1993 until 2000.

**Roy Culpeper** is president of The North-South Institute, a nongovernmental research institute in Canada focused on international development. Dr. Culpeper held positions in the Cabinet Planning Secretariat of the Manitoba government, Canada's federal Department of Finance, and the Department of External Affairs and International Trade. Dr. Culpeper also worked as advisor to the Canadian executive director at the World Bank in Washington from 1983 to 1986.

**Idrissa Dante** is the aid coordination specialist for the United Nations Development Programme in Kigali, Rwanda. Mr. Dante has over 14 years of experience in international project management, macroeconomic analysis and policy formulation, and public corporate business management in Mali. He is also the author of several studies on development cooperation and national development strategies.

**David Davis** is an associate professor of political science at Emory University and the director of the conflict and public health program at The Carter Center. His research interests include causes and consequences of political violence, the political economy of development, and human rights. His professional appointments have included Yale and Washington University. He has published in the "American Political Review," "Journal of Conflict Resolution," "International Organizations," and "International Studies Quarterly."

**Bishop Harold Dawson** is the founding chairman of New Hope International Ministries, an umbrella organization of over 140 satellite groups located within Southern Africa. The Ministries works on AIDS/ HIV prevention, economic development, adoption and foster care, and community social services.





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**Bharrat Jagdeo** is president of the Co-operative Republic of Guyana. Before assuming the presidency in 1999, he served as finance minister and has also held a number of posts in local and international financial bodies, including director of the National Bank of Industry and Commerce and governor of the International Monetary Fund.

**Bruce Jenks** is the director of the Bureau for Resources and Strategic Partnerships at the United Nations Development Programme (UNDP), where he is responsible for developing and strengthening relationships with key constituencies and development partners. Mr. Jenks has held several high-ranking positions at the UNDP, including deputy assistant administrator. He has served abroad in Belgium as director of the United Nations Office and UNDP resident representative.

**Hilde Frafjord Johnson** is minister of International Development in Norway. She previously held this position from 1997 to 2000 and has served as a member of the Norwegian Parliament. Minister Johnson has also

worked for the United Nations Office and UNDP resident representative.

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Walsh School of Foreign Service. Dr. Lancaster was the deputy administrator of the United States Agency for International Development from 1993 to 1996 and deputy assistant secretary of state for African Affairs from 1980-81. In addition, she was a congressional fellow and worked for the Office of Management and Budget.

**Remzi Lani** is the executive director of the Albanian Media Institute. He is also editor of Tirana's Alternative Information Network and president of the South East Network of Media Centers and Media Institutes. Mr. Lani has lengthy experience as an editor and writer and is recognized widely as an independent commentator on Balkan politics. He is also a member of the National Civil Society Advisory Group for Albania's Growth and Poverty Reduction Strategy.

**Brian Lewis** is the Carter Center's office manager in Guyana. He has provided critical support to Guyana's National Development Strategy (NDS) process. Following completion of the NDS in June of 2000, Mr. Lewis has focused his efforts on the Center's most recent program on more responsive and participatory governance and rule of law in Guyana.

**Tim Lister** is the vice president of CNN International, where he is responsible for news output. Mr. Lister joined CNN International in 1996 as supervising producer. He worked previously at BBC World Service Radio and Television. Mr. Lister returned recently from Afghanistan, where he directed CNN coverage of the United States campaign against Al Qaeda and the Taliban.

**Callisto Madavo** has directed the World Bank's work in the Africa region since 2000. Mr. Madavo joined the World Bank in 1969, starting his career as an economist in the urbanization and regional projects division. He has served as country programs division chief for Pakistan (1983-86), assistant director of the Eastern and Southern Africa projects department (1986-87), country director for Eastern Africa (1987-91), and country director for Cambodia, Laos, Thailand, and Vietnam (1991-96).

**Vuyo Mahlali** is a program director for the W.K. Kellogg Foundation in Pretoria, responsible for the Integrated Rural Development Program in Southern Africa. Ms. Mahlali previously worked with the Department of Trade and Industry and the Development Bank of Southern Africa. She created her own development consulting company in 1993 and also has extensive experience in community-based rehabilitation and disability rights advocacy.

**Simião Mahumana** is a district facilitator for the W.K. Kellogg Foundation's Integrated Rural Development Program in Mozambique. Prior experience includes work at World Vision International — Mozambique and field-work on community development and natural resources conservation. A biologist, Mr. Mahumana has extensive experience teaching in schools and universities in Mozambique.

**Mark Malloch Brown** is administrator of the United Nations Development Programme. He previously served as director of External Affairs and vice president for External and United Nations Affairs at the World Bank. He also served as an advisor on several political campaigns in Asia and Latin America and worked on rights and refugee issues with the United Nations High Commissioner for Refugees.

**Freya Maneki** is the director of corporate communications and assistant corporate secretary for Dole Food Company, Inc. Her responsibilities are media relations and social responsibility issues. From 1982 to 1992 she was director of legal affairs for a privately held company.

**Eufrigina Duarte dos Reis Manoela** is the coordinator of the Mozambique Debt Group, an advocacy nongovernmental organization focused on poverty and debt issues in Mozambique. She previously worked in the field of microfinance for another Mozambican nongovernmental organization.

**Alberto Maverengue** is a deputy director of Mozambique's Ministry of Foreign Affairs and Cooperation.

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**Shelley McConnell** is the associate director of the Americas Program at The Carter Center. She supports the Americas Program director in tracking issues in inter-American relations and plans and implements conflict resolution, anticorruption, and democratization projects in coordination with an affiliated 32-member council of current and former heads of state from the Americas. Dr. McConnell is also a visiting assistant professor in the political science department of Emory University.

**Jennifer McCoy** is the director of the Carter Center's Americas Program and a political science professor at Georgia State University in Atlanta. A specialist on democratization, anticorruption global norms, and Latin American politics, Dr. McCoy has led election-monitoring projects throughout Latin America and organized two hemispheric conferences on transparency for growth and challenges to democracy.

**Deborah McFarland** is an associate professor in the Departments of International Health and Health Policy and Management at the Rollins School of Public Health of Emory University. Dr. McFarland has been involved in health care financing and health policy for 20 years, with particular interest in preventive and public health financing issues in the U.S. and developing countries. Currently, she is working on the economic assessment and financing of several diseases, including polio, measles, onchocerciasis, lymphatic filariasis, and trachoma. She is also an advisor to the Africa program on Onchocerciasis Control for the World Health Organization.

**Onchocerciasis Control for the World Health**





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has held several elective bureau positions at the U.N., including chairman of the General Assembly Second Committee (52nd session) and coordinator of the U.N. 1995-96 consultations on restructuring and revitalization in the economic, social, and related fields. He was president of the Trade and Development Board at the U.N. Conference on Trade and Development in 1989-90.

**Jacob Rosen** is consul general of Israel in Atlanta. Mr. Rosen began his career in 1993 with the Ministry of Foreign Affairs. He has served at the embassies and consulates of Israel at The Hague, London, New York, Cairo, New Delhi, and Amman. Mr. Rosen has served as Israel's highest-ranking diplomat to the Southeastern United States, stationed at the Consulate General of Israel in Atlanta since 2000.

**Robert Rubin** served as secretary of the U.S. Treasury from 1995 to 1999. From 1993 to 1995, he served in the White House as assistant to the president for Economic Policy and directed the activities of the National Economic Council. Prior to joining the Clinton administration, Mr. Rubin held senior positions in the financial service industry. He is currently director of Citigroup Inc., a New York City-based grouping of positions in New York, Delhi, and Amman. Mr. Rosen has served as Israel's

positions in the U.S. Department of State, including undersecretary for economic affairs and assistant deputy secretary for international, economic and social affairs from 1980 to 1984. Ambassador Streeb also served abroad as ambassador to the Republic of Zambia and in the U.S. embassies in Germany, Mexico, Switzerland, and India.

**John Sullivan** has been executive director of the Center for International Private Enterprise, an affiliate of the U.S. Chamber of Commerce, since 1991. In 1990, Dr. Sullivan served as the Washington office director of the Institute for Contemporary Studies and its International Center for Economic Growth. Through his work at the Institute, he was able to assemble a network of 20 new think tanks in Central and Eastern Europe that are dedicated to the transition from Marxism to market-based democracy. He was also an associate director of the bipartisan Democracy Program in 1983.

**Frans Swanepoel** is director of the Graduate School of Agriculture and Rural Development at the University of Pretoria, South Africa, and director of the Integrated Regional Development Program for Southern Africa, a project supported by the W.K. Kellogg Foundation to combat rural poverty. The author of numerous publications, Professor Swanepoel has addressed audiences in various African countries, Europe, Australia, China, and the United States.

**Fatos Tarifa** has been ambassador extraordinary and plenipotentiary of the Republic of Albania to the U.S. since 1998. His first appointment began when he served as Albania's ambassador to The Netherlands from 1998-2001. Dr. Tarifa is a career sociologist and university professor. Since 1996, he has served as a member of the International Advisory Board of "Journal of Social Sciences." From 1993-1998, Ambassador Tarifa was the founding director of the New Sociological Research Center in Tirana, Albania.

**Alamine Touré** is an economic and political analyst in Mali. An activist, he is a member of AMSUNEEM, a student union in Mali and the first organization to have fought openly against the dictatorial regime of General

Moussa Traoré. Mr. Touré recently participated in civil society consultations on the Poverty Reduction Strategy. He is a representative of the Organisation for Economic Co-operation and Development's Sahel and West Africa Club in Mali.

**Jan Vandemoortele** is principal advisor and group leader of the Social Development Group at the United Nations Development Programme (UNDP). He has served previously with the United Nations Children's Fund, where he headed policy analysis, and with UNDP as senior economist in Malawi/Zambia as well as with the Regional Bureau for Africa in New York. Prior to that, he worked for 12 years for the International Labor Organization, mostly in Africa.

**Ted Van Hees** is coordinator of the European Network on Debt and Development (EURODAD) in Brussels. EURODAD organizes 50 development nongovernmental organizations from 16 European countries. He previously worked at the Third World Centre, an Institute for Development Studies at the Catholic University of Nijmegen, and the Interchurch Centre on Development Education in the Netherlands.

**Kamoji Wachiira** has just ended a stint as head of aid for Guyana and Suriname, where he represented the Canadian International Development Agency (CIDA) in poverty reduction strategy discussions. He serves as a senior specialist in environment at CIDA, where he is responsible for climate change technical advice to operational programs. Mr. Wachiira has extensive field experience in development programming in Eastern Africa, South Asia, and the Caribbean/Americas regions.

**Jack Watson** is a lawyer and venture capitalist investor. He most recently served as chief legal strategist of the Monsanto Company. During the Carter administration, Mr. Watson served as assistant to the president for inter-governmental affairs, secretary to the Cabinet, and White House chief of staff. Mr. Watson also directed the transition of government to and from President Carter in 1976-77 and 1980-81.

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**Phil Wise** is associate executive director for Operations at The Carter Center. Prior to joining the Center in 1994, Mr. Wise was deputy chief of staff to the governor of Florida and has been the executive vice president and corporate secretary of a financial institution based in Florida. Mr. Wise served as appointments secretary to President Carter in the White House. He also served in President Carter's gubernatorial administration and participated in all of his gubernatorial and presidential campaigns.

**P. Craig Withers** is the director of program support of The Carter Center's Global 2000 agenda, focused on international health and development. He manages daily operations, international health program staff, and develops new programs. Prior to joining Global 2000, he worked on Guinea worm and river blindness eradication in Nigeria, Sudan, and Francophone West Africa at The Carter Center and at the Centers for Disease Control and Prevention.

**James Wolfensohn** is the World Bank Group's ninth president since 1946. Mr. Wolfensohn established his career as an international investment banker with a parallel involvement in development issues and the global environment. His last position prior to joining the Bank was as president and chief executive officer of his own investment firm, James D. Wolfensohn Inc., set up in 1981 to advise major U.S. and international corporations.

**Thomas Woods** is the special assistant to the assistant secretary of state for African Affairs at the United States Department of State.

**May Yacoob** is the director for the United Nations Foundation's children's health and women and population programs. An international expert on community-based health care and child survival in the developing world, Dr. Yacoob previously served as the senior public health and behavioral sciences specialist at the Research Triangle Institute and as a consultant to the World Bank and the United Nations Development Programme.

**Bernardo Zaqueu** is a director at Mozambique's Ministry of Foreign Affairs and Cooperation. ■

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# Appendix 5



Conversations at The Carter Center

**ARE WE REALLY ATTACKING POVERTY?  
THE GLOBAL EFFORT TO ERADICATE POVERTY**

**Wednesday, February 20, 2002  
7:00 – 8:30 p.m., Ivan Allen Pavilion  
Audience Q&A will follow**

**FREE, RSVP IS REQUIRED**

Poverty in all its forms is the greatest challenge the international community faces today and the greatest moral problem of our time. It is the greatest moral problem of our time.

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# Appendix 6

**FOR IMMEDIATE RELEASE**

Tuesday, Jan. 29, 2002

**CONTACT:** Kay Torrance

404-420-5129

ktorran@emory.edu

**WORLD LEADERS CONVENE AT THE CARTER CENTER TO  
ADDRESS CHALLENGES TO OVERCOMING GLOBAL POVERTY**

**Atlanta, GA...**World Bank President James Wolfensohn, United Nations Development Programme (UNDP) Administrator Mark Malloch Brown, United States Agency for International Development (USAID) Administrator Andrew Natsios, Minister of International Development for Norway Hilde Johnson, and Minister of Development Cooperation for the Netherlands Eveline Herfkens will join former U.S. President Jimmy Carter and former Secretary of the Treasury Robert Rubin February 21-22 at The Carter Center to address challenges to economic development and overcoming poverty. Four sitting presidents, from Albania, Guyana, Mali, and Mozambique, will

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At the Forum, UNDP Administrator Mark Malloch Brown will announce the first UN assessment on global progress toward the Millennium Development Goals. Robert Rubin will discuss the need to build political support to address poverty in an environment of global interdependence, and World Bank President Jim Wolfensohn will address why effective development cooperation is more important than ever in a post-September 11<sup>th</sup> world.

Conference participants include Tim Geithner, director of policy development for the International Monetary Fund (IMF), Jean-Claude Faure, chair of the Development Assistance Committee of the Organisation for Economic Co-Operation and Development (OECD), Callisto Madavo, Africa region vice president of the World Bank, and Nancy Birdsall, president of the Center for Global Development.

"The urgent need for more effective development cooperation to greatly reduce human suffering and all the ills that such suffering spawns cannot be overstated," said Ed Cain, director of the Global Development Initiative. "Based on The Carter Center's experience in developing countries, we have been able to help demonstrate how effective cooperation can be improved through broad participation and nationally

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# Appendix 7

**FOR IMMEDIATE RELEASE**  
Friday, February 22, 2002

**CONTACT:** Kay Torrance  
404-420-5129

## **WORLD LEADERS CALL FOR AN INCREASED COMMITMENT OF RESOURCES BY THE INTERNATIONAL COMMUNITY TO COMBAT POVERTY**

**Atlanta, GA.....**At a high-level forum at The Carter Center, leaders and representatives of developing countries and international development organizations called attention to the lack of progress toward achieving the Millennium Development Goals to reduce poverty.

The goals call for extreme poverty to be reduced worldwide by half by 2015 and to provide education, improve health, and preserve the environment. These targets were endorsed by 189 countries at the September 2000 UN Millennium General Assembly in New York.

World leaders who convened for the Development Cooperation Forum February 21-22 included former U.S. President Jimmy Carter, former Secretary of the Treasury Robert Rubin, World Bank President James Wolfensohn, United Nations Development Programme Administrator Mark Malloch Brown, and the presidents of Guyana, Mali, and Mozambique. They noted that although more than one billion people live in abject poverty, there is a lack of political energy in rich countries to help their poorer neighbors.

“The Forum called attention to the urgent need to move beyond rhetoric and put into action a plan in which resources are fully committed,” said President Carter. “The consensus of nations lenident





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# Appendix 8

## The Atlanta Journal and Constitution

Wednesday, Feb. 20, 2002

### Banker: Aiding poor is good business; Leaders to meet at Carter Center Thursday

By *Moni Basu*

The president of the World Bank has a message for the business community - and he points to the Carter Center to illustrate his call.

"I think it's important for capitalism to show compassion and social understanding," James Wolfensohn said. "You can approach it two ways - either that it's good business to develop your market or you could do it on the basis that it's morally and ethically right. I like to think that you start with the first and move to the second." One of the most successful World Bank-funded programs has been the Carter Center's river blindness eradication project in Africa, Wolfensohn said. The center works closely with Merck, the giant pharmaceuticals firm, which donates the disease-controlling drug Mectizan®.

"That is probably a magnificent example [of success] because it involves the Carter Center and Merck. And it saved hundreds and thousands of lives," he said.

Wolfensohn will be in Atlanta for an economic development forum at the Carter Center that starts Thursday. Also expected to attend are leaders of key developmental agencies and the presidents of Albania, Mali, Guyana and Mozambique.

Business has overtaken official government aid as the engine of global development, Wolfensohn noted.

A decade ago, the amount of investment in developing nations was \$30 billion a year, said Wolfensohn, who

joined the World Bank in 1995. Today, it stands at \$200 billion, compared to \$50 billion from donor nations.

Whether it's altruism or self-interest, Wolfensohn said the corporate world cannot ignore the fact that 80 percent of the world, or 4.8 billion people, live in the non-industrialized world.

"Business has recognized that a significant part of the future is in the developing world," he said. "In order to bring about market development in those countries, you need to make sure people live in safety and with a future."

Wolfensohn, a former investment banker often described as a "plutocrat for the poor," is a proponent of strong partnerships between government and industry. In his tenure, he has walked a fine line between trying to retain the confidence of the governments that fund the World Bank while reaching out to voluntary organizations and interest groups.

He has found foes both in anti-globalization forces and also in U.S. government officials who want to scale back World Bank goals and curb America's share of development assistance.

Wolfensohn said he is optimistic about what the Bush administration will finally decide on U.S. foreign aid in the budget for next year.

In total amount, the United States ranks second only to Japan as a donor nation. But as a percentage of national income, America spends less than any other industrialized nation, giving only \$29 per person a year, the lowest amount in 50 years.

President Bush's budget for 2003 increases "international assistance" programs by \$750 million, although \$500 million is for military aid.

The proposal was declared vastly inadequate last week by a coalition of 160 development agencies, including Atlanta-based CARE.

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Foreign aid will take center stage next month at an international development financing conference in Monterrey, Mexico. Bush is expected to attend that critical meeting.

Development agencies argue that the world is losing its fight against poverty and that foreign aid needs to be doubled to \$100 billion a year.

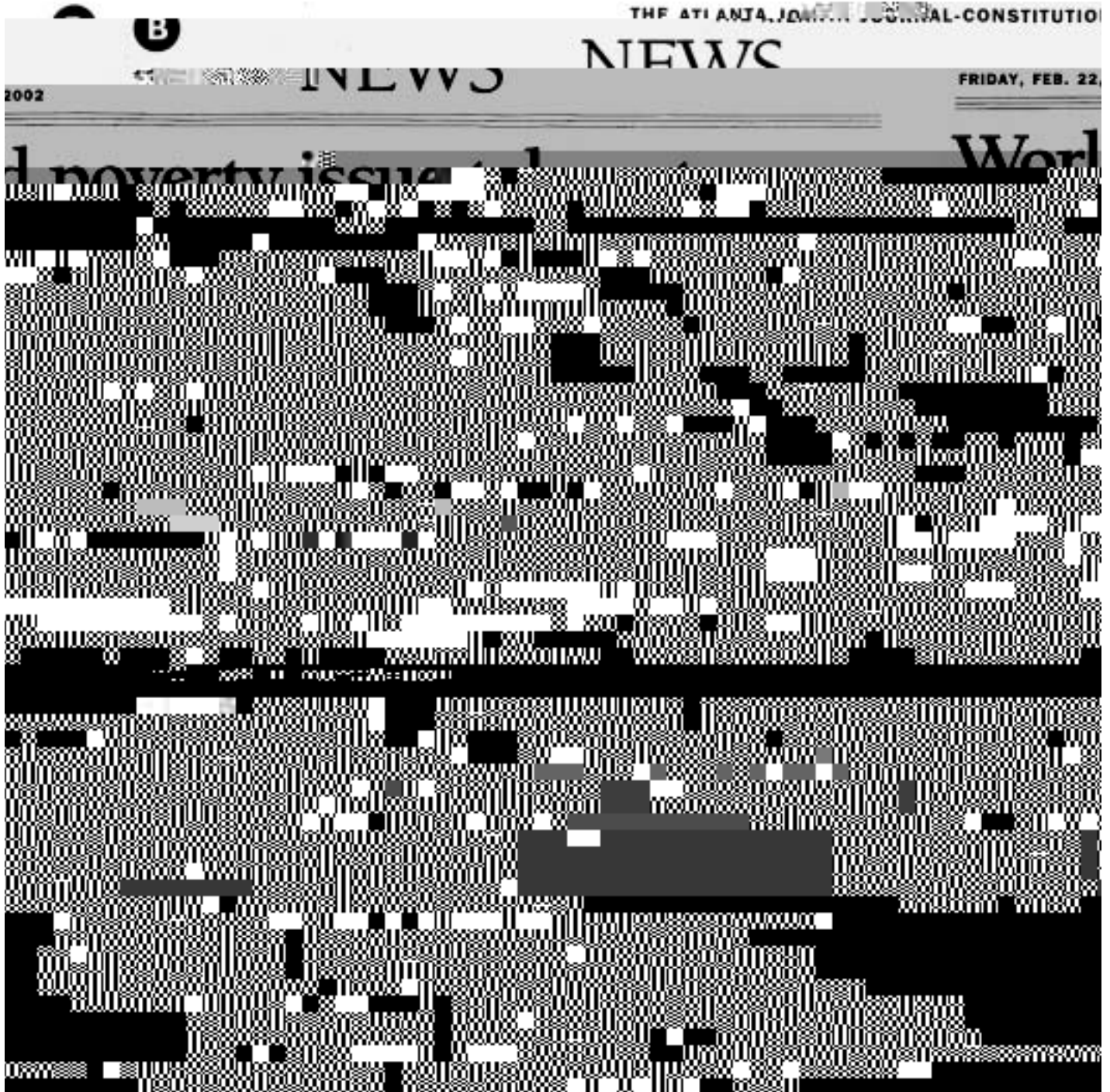
Mark Malloch Brown, administrator for the United Nations Development Program, is expected to tell the Carter Center conference that goals to decrease abject poverty will likely not be met. By the year 2015, the international community had hoped to halve the number of people (1.2 billion) living on less than a dollar a day.

Ed Cain, director of the Carter Center's Global Development Initiative, called the timing of the Atlanta meeting crucial.

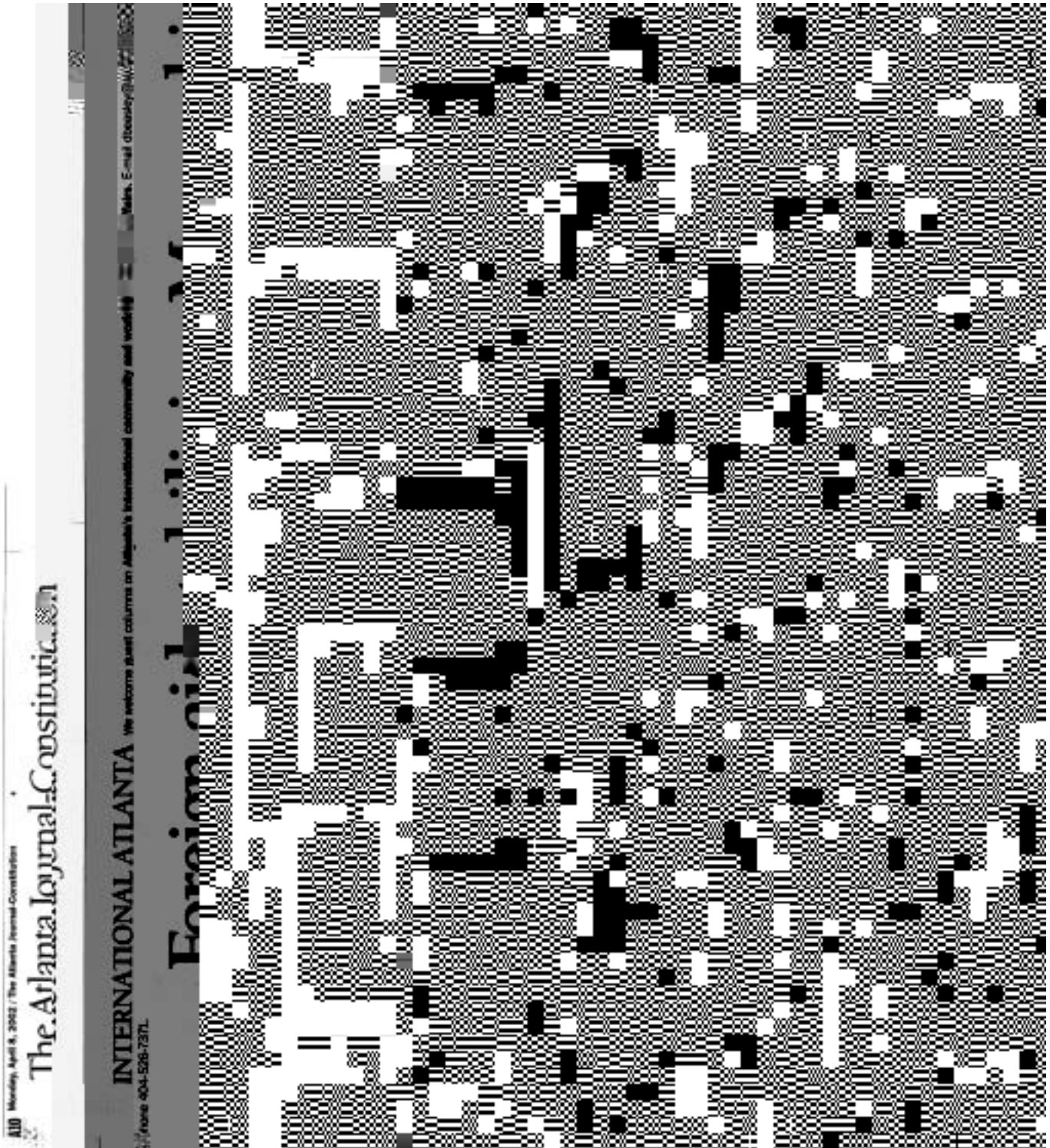
"We have just come off the World Economic Forum," he said, "and the Financing for Development Assistance conference in Monterrey is really where the rubber is going to hit the road."



# Appendix 10



# Appendix 11



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# Appendix 12



**FOR IMMEDIATE RELEASE**  
Thursday, March 14, 2002

**CONTACT:** Kay Torrance  
404-420-5129

## **FORMER U.S. PRESIDENT JIMMY CARTER TO ADDRESS WORLD LEADERS IN MEXICO AT THE INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT**

**Atlanta, GA....**Following The Carter Center's Development Cooperation Forum in which leaders said the world is not on target for cutting global poverty in half by 2015, former U.S. President Jimmy Carter will address international leaders Tuesday at the International Conference on Financing for Development in Monterrey, Mexico.

"The Carter Center's Forum called attention to the urgent need to move beyond rhetoric and put into action a plan to mobilize the resources necessary for a serious assault on poverty," President Carter said. "The Monterrey conference provides an opportunity for wealthier countries to demonstrate their political commitment to helping their poorer neighbors."

The Carter Center's Development Cooperation Forum, held February 21-22, 2002 in Atlanta, called attention to the lack of progress toward achieving the Millennium Development Goals—targets which include decreasing by half the 1.2 billion people living on less than a dollar a day and ensuring all children are enrolled in primary school, by 2015. These and six other goals were unanimously endorsed by the September 2000 U.N. Millennium General Assembly in New York.

At the Forum, President Carter, the presidents of three developing countries, World Bank President James Wolfensohn, United Nations Development Programme Administrator Mark Malloch Brown, and other leaders from civil society and the private sector called on wealthy countries to commit more financial resources to combat poverty.

(MORE)

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“A more just and fair world benefits all,” President Carter said. “Reducing poverty is in the national interest of all countries. Poverty weakens democracy and its institutions – we cannot have genuine human security for all until poverty is eradicated.”

In Monterrey, President Carter will meet with finance and development ministers from some 60 countries to discuss the need to achieve global human security through greater development assistance, debt relief, fair trade, increased foreign investment, and better managed domestic resources.

**Editor’s Note:** President Carter will hold a press conference on Tuesday, March 19, 2002, at 4:30 p.m. in the Press Center on the ground floor of the CINTERMEX Convention and Exhibition Center. The director of The Carter Center’s Global Development Initiative, Ed Cain, will be available throughout the conference for interviews on the issues of global poverty and development.



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# Appendix 13

International Conference on Financing for Development  
Department of Public Information - News and Media Services Division - New York

Monterrey, NL, Mexico  
18-22 March 2002

19 March 2002

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## Press Conference by Former United States President Jimmy Carter

“I wished I had known then what I know now about the third world”, former United States President Jimmy Carter said today at a press conference in Monterrey, referring to how little Americans understood about how little they gave and how desperately aid was needed.

The Monterrey Conference could serve to educate the American people, he said. Also, the Conference might well stimulate the rich countries to be more generous and encourage the developing world to vastly decrease the corruption and waste in their countries. At the same time, waste and corruption decreased on their own when aid touched people on a personal level.

He said the greatest challenge was bridging the divide between those nations that had everything and those whose



*At the International Conference on Financing for Development in Monterrey, Mexico, President Carter calls for a greater commitment of developed nations to fight global poverty and reduce the growing gap between the rich and poor.*

Photo: Sanjay Acharya

Appendices

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citizens were living in abject poverty. During a recent trip to Africa, where he had visited some 10 nations with Bill Gates, Sr., he had seen first-hand the lack of investment in the treatment of HIV/AIDS, for example. That had been “a real eye opener in the field of health”.

The United States gave one-thousandth of its gross national product (GNP) to overseas development, while Europe and Japan gave approximately three times that much, he continued. “We were all shocked obviously by the tragedy that occurred in New York on September 11th in that savage terrorist attack”, but in Africa alone, that many people died every 12 hours of AIDS. And, much of that could be prevented. Development assistance was critically important if it was spent wisely and effectively.

Allocating funds for health for a particular disease, whether malaria, river blindness or AIDS, however, was a different story, he said. If a top official began to steal that money, he or she was more likely to get caught because people would rise up and demand that that waste be stopped. Improving the quality of someone’s life meant development assistance was less likely to be wasted or subjected to corruption.

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Replying to a question about whether the United States should pledge to give 0.7 per cent of its GNP to official development assistance (ODA), he said, yes, but that was an unlikely prospect now. Yet, the Europeans had pledged 0.39 per cent of their GNP compared to the United States' one tenth of 1 per cent.

Asked whether Mexico's President Vicente Fox was a model leader for the developing world, Mr. Carter said that President Fox had done a good job, and his positive relationship with President Bush would be helpful to his country.

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# Appendix 14

Agence France Presse  
Tuesday, March 19, 2002

## UN development conference gathers steam, Soros, Carter scheduled to appear

A UN development conference was set to gather steam here Tuesday, with famed financier George Soros and former US President Jimmy Carter expected to add their voices to calls for a more vigorous assault on global poverty.

Ministers and senior officials from 120 countries were meanwhile planning another full day of round-table discussions to prepare the ground for a summit on poverty and development Thursday and Friday.

US President George W. Bush and more than 60 other world leaders are expected to adopt the Monterrey Consensus, a 16-page document committing them to step up the campaign against global poverty.

But the text binds them neither to dollar targets nor to timetables and - in its present form - has already been dismissed as ineffectual by non-governmental organizations, of which more than 260 are represented here. Nonetheless, the Monterrey gathering has been hailed by its organizers as a milestone in the anti-poverty effort, notably as it has mobilized the United Nations, the International Monetary Fund, the World Bank and the World Trade Organization, along with corporate and government leaders.

On Tuesday, according to UN officials, Soros will hold a press conference outlining a plan to increase the flow of capital to help vulnerable countries ward off recession and spur growth.

He will be followed by Carter, who since leaving the White House has become a spirited anti-poverty activist.

UN officials said the former president was expected to meet with finance ministers and then hold his own news conference.

On Monday the United States went on the offensive here, defending the scope of its foreign aid to poor countries but backing away from a UN call for a sharp increase in official assistance to fight poverty.

"We're proud and pleased about the story we have to tell about our contribution on this issue," Washington's United Nations representative John Negroponte said.

President Bush last Thursday unveiled a fresh US initiative, pledging a further five billion dollars in foreign aid starting in 2004 to poor countries it deems to have made commitments to good government and market-oriented economies.

The gesture appeared designed to head off a renewed attack here on the United States for its comparatively meager assistance to developing countries, 0.10 percent of its gross domestic product, the lowest such percentage of all industrialized nations.

The European Union, which currently allocates 0.33 percent of its output to development aid, last week pledged to boost that figure to 0.39 percent.

The Bush offer was quickly dismissed by non-governmental organizations as woefully inadequate, even though it represents a dramatic increase from the 11.6 billion dollars the administration has earmarked for foreign aid in its fiscal 2003 budget.

"In a world where the total, global contribution in any one year to development assistance is on the order of 50 billion dollars, I think a five billion dollar increase is very, very significant," US Under Secretary of State Alan Larson told a press conference here.

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But Larson steered clear of backing a call by UN Secretary General Kofi Annan for rich countries to add another 50 billion dollars annually to official development aid in the next two to three years.

“I don’t think there’s anyone who knows with certainty how much more official development assistance is needed,” he said.

“We are supporting the call for greater urgency in dealing with development and the president has responded with a very strong commitment by the United States.”

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# Appendix 15

Financial Times (London)  
Thursday, March 21, 2002  
London Edition 1

## Carter heartened by US signals on helping the poor

By Alan Beattie

Jimmy Carter, the former president, has been ploughing a lonely furrow of liberal concern for developing countries within the United States in recent years. Attending the United Nations conference on development finance in Mexico, and watching the flurry of US announcements on aid over the last week, he thinks the country may at last be moving in his direction.

Backed by the Carter Center think-tank he set up after leaving office in 1980, Mr. Carter has become a quiet but determined advocate of more help for poor nations. Speaking to the Financial Times, he said that the vivid horrors of the Aids pandemic in Africa and the realization that poverty-stricken nations are more conducive to terrorism have been instrumental in changing the US public's mind. "Investment in increased foreign aid assistance can be a factor in reducing the level of violence and animosity towards the United States," he said.

As well as joining the chorus of criticism that even the new enhanced US aid effort is inadequate, he is concerned that the as-yet-vague conditions for who gets the aid may also repeat old mistakes. "They may yet be heavily fraught with political considerations," he says. "My guess is that President Bush and (secretary of state) Colin Powell and (Treasury secretary) Paul O'Neill haven't decided yet."

He also strikes an unusually skeptical note on the new mantra that aid must only go to well-run countries. On a recent visit to the Central African Republic, he said, he saw an AIDS clinic that was largely confined to distributing food to sufferers. "They didn't even have a typewriter to apply for money from the (UN-run) global health fund," he said.

Mr. Carter's interventions may attract accusations of liberal do-gooding. But for a former US politician, his willingness to admit past mistakes and criticize insular US development policy makes him an unusual contributor.

After criticizing US agricultural protectionism during a press conference at Monterrey, he faced the inevitable question: why did he not do more to reduce it when he was president himself? "I wish I knew then what I know now about its effects on the Third World," said the former peanut farmer. "I have learned from my mistakes."



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## Where is the Center located?

**T**he Carter Center is located in a 35-acre setting 1 1/2 miles east of downtown Atlanta. Four circular interconnected pavilions house offices for President and Mrs. Carter and most of the Center's program staff. The complex includes the nondenominational Cecil B. Day Chapel and other conference facilities.

The Jimmy Carter Library and Museum, which adjoins the Center, is owned and operated by the National Archives and Records Administration of the federal government. The Center and Library are known collectively as The Carter Presidential Center.



