World poverty is back on the global policy agenda and central to current development debates. After 50 years of official development assistance the basic questions are again what they were back in 1948: how to get rid of human deprivation in the light of the Universal Declaration of Human Rights; how to assure the civil, political, economic, social and cultural rights for humankind as a whole.

The debate on human deprivation, on poverty has both seen a proliferation of complexity in concepts and a simplification to one basic concept: the number of people with less than 1 dollar-a-day. Both complexity and simplicity are needed. Complexity to understand the linkages between the many causes of human deprivation and to understand the reasons for success or failure of poverty reduction approaches. Simplicity to catch the eyes and ears of a world community of decision makers and of public opinion leaders who have become a victim of a disease called aid fatigue. And maybe also to break through the vested interests of an established, but not evidently successful aid industry.

As an opening of this conference, let me start simple and first look at some data based on a table that was included in chapter 1 of the March draft of what was then called the DAC Source Book on Poverty Reduction, but which was later removed.

Table 1: Number of people in absolute poverty (living on less than 1 $ per day)

<table>
<thead>
<tr>
<th>Region</th>
<th>% below 1$/day 1987</th>
<th>Number in million 1987</th>
<th>% below 1$/day 1996</th>
<th>Number in million 1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>15.3</td>
<td>62 = 5%</td>
<td>15.6</td>
<td>77 = 6%</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>4.3</td>
<td>9 = 1%</td>
<td>1.8</td>
<td>5 = 0%</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>46.6</td>
<td>206 = 17%</td>
<td>48.5</td>
<td>298 = 23%</td>
</tr>
</tbody>
</table>

These data do not yet include the results of the East Asian Crisis and the further deterioration of the situation in Africa and the former Soviet Union. One may fear that the improvement in the world percentage of the extremely poor, between the mid 1980s and the mid 1990s, was undone between 1996 and 2000. One fears that the number of extremely poor in the world has further increased to maybe even beyond 1.4 billion people. One can assume that most of these extremely poor are also the majority of those without formal education, with a short life expectancy, with high incidences of child mortality and that they are likely victims of violence and crime. Many of them are women, certainly more than their world share; and many of the extremely poor live in degraded and risky physical environments.

In Copenhagen, at the World Social Summit of 1995, the eradication of world poverty was formulated as the most important goal of development assistance. In 1996 a straightforward target was formulated: halving the number of extremely poor by the year 2015. That would mean: 650 million people would have gone beyond the 1$ per day target. If their average poverty gap would have been a quarter $ it would mean a redistribution of about 150 million US$ per day, or close to 60 billion US$ per annum. Despite the stagnation or even reduction in international official development aid in recent years, the annual total ODA sum still stands at 50 billion US$. The annual flow of foreign direct investment to low and middle income countries from private sources is more than 100 billion US$. The big question of course is: how to make sure that at least part of those international flows to and part of the domestic savings in developing countries will improve and not further deteriorate the situation of the extremely poor. What are the most effective approaches to ensure the right to a decent life for these 1.4 billion people below what is, at the level of the planet, currently regarded as the bare minimum?

These three days are meant to be an international expert consultation on the preliminary outcomes of an OECD DAC process to design DAC Guidelines on Poverty Reduction, and in particular on chapter 1 about concepts and approaches. Until now there were four other so-called regional consultations to discuss the DAC-POVENET Guidelines on Poverty Reduction: in Bangladesh and Tanzania (funded by the British), in Chile (funded by the Germans) and in Indonesia (funded by the Japanese). There might be one more, in West Africa. The current consultation (funded by the Dutch) is a general expert meeting, combining expertise from OECD countries, from international organizations and from Asia, Africa, the Caribbean and Latin America. It is also, more than the other consultations, a mixture of policy-makers, academics and social activists, and, looking at disciplinary orientations, mainly a mixture of economists, geographers and social scientists. I am especially delighted that so many experts from the South could come and give their opinions during this expert meeting.

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3 Not included in the DAC Sourcebook, 1987 is my guestimate for China; 1996 is the figure given in WDR 1998/99 for the situation in 1995.
Concerning the Guidelines that will be discussed here, many of you will have seen the version that existed in March. Last week a new version was made available, that differs considerably from the March one, and it keeps on changing. The newest version more explicitly deals with gender and environmental aspects of poverty. But there has been a lot of rewriting and restyling of the argumentation.

Today, in the morning, we will first hear a welcome speech on behalf of our Minister for Development Co-operation, one of the ladies who took the initiative for the so-called Utstein group of like-minded ministers, and who formed the basis of the DAC-POVNET network. It will be followed by a keynote address by Michael Lipton, which I know will be challenging, and an explanation of the DAC-POVNET process by Dag Ehrenpreis, and on chapter 1 by David Booth and Kees Konings, who have been involved in the process. In the afternoon we will hear a variety of responses from other agencies and a panel discussion will offer a first overview of the issues at stake, of the dilemmas and of the controversies.

Tomorrow is the core day of the expert consultation. In working group sessions you are all invited to share your opinions and ideas on five major themes, brought together in four groups: pro poor growth, environmental security and gender, rights & governance and human security. On thursday morning it is time to agree about our disagreements as a concluding follow-up of the working group sessions. Rapporteurs will carefully note your contributions and communicate those to the DAC-POVNET group and to our Minister for Development Co-operation, who took the initiative for this consultation.

The organisers of this conference are very happy that you could come with so many despite the competing activities during this period of the year. Some invited guests could not come, because of competing activities elsewhere (e.g. Amartya Sen, Susan George, Gita Sen, Goran Hyden). Others accepted the invitation, but had to cancel at the last moment (e.g. Mr. Semboja, Ms. Ranguram, Mr Bath and Mr Blakeslee. However, we have so many excellent people in this expert consultation meeting that I’m sure it will be worthwhile to participate.

I wish you a very fruitful conference.
OPENING SPEECH OF THE SECOND DAY: SOME DILEMMAS AND CONTROVERSIES

Ton Dietz

The many contributions to this expert consultation on the first day and on the web site show a number of controversies and dilemmas, which are good to keep in mind while discussing the guidelines in the four working groups that were formed to structure the debates.

In each of the working groups, among many other things, you will be asked to deal with seven major controversies, or dilemmas:

- **the linkages between macro and micro levels of scale** in approaches of poverty reduction (on Tuesday evening we already had a challenging start of that debate when Brian Murphy talked about the problem of agency and the individual). Poverty is a reflection of powerlessness, and the powerful need to be challenged if change is to relieve disadvantage. This is certainly the case if poverty is a direct outcome of exploitation and theft by others, or a result of blocked access to assets, which are controlled by small economic minorities. But at what level do these processes work? At what level need the powerful to be challenged? Is it mainly a task to change world-level power structures, and to be sure that there will be a policy coherence between development assistance (or ‘partnership’) policies and trade, or migration, or environmental policies at a world scale. Or is it important also to make sure that development policies address the local-level power structures? The questions about the ideology of the free market also arise here: if poverty reduction entails the freedom and ability of people to bargain effectively in a free labour market, and the freedom to produce and exchange goods and services, as Sen writes, why then is so much labour mobility and trade freedom effectively restricted on a world scale and even within smaller regions? Linked to the macro-micro dilemma is the question of a prime role for sectoral macro policy or a prime role for holistic, or multi-faceted local-level policy; of big macro-economic policy and macro-political brush strokes on national and international levels of scale or fine and detailed social-geographical drawing on the scale of districts, towns and villages, which some call ‘the forgotten middle level’;

- **public versus private**: should most development initiatives and most poverty reduction activities still mainly come from the state, and be subject to public policy debate, or should there be a major shift of emphasis to the private sector, both the organs of civil society, and the commercial agencies? And what type of democratic control should then be applied to these private sector institutions? This will become a major point for debate following the launching of the World Development Report 2000 in which ‘attacking poverty’ is also presented as a major responsibility of the private sector;

- **the linkages between the South and the North**, as it is nowadays called (to the dismay of geographers); it is a controversy about the actual ownership of the development process; about the right of autonomy in decision making for each existing state versus the right to intervene by the international community, by individual donor agencies or by foreign armies; it is also a controversy about the right to define what good governance is, and about the right of the poor to wrestle power from autocratic states. Amartya Sen may be right

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about his statement that democracy is a necessary condition for the emancipation and empowerment of the poor\textsuperscript{6}, but does democracy more easily translate into poverty reduction than authoritarianism? Isn’t India, after 50 years of democracy, not the country with 40\% of the world’s extremely poor, with annual increases in numbers? And hasn’t the reduction of poverty in percentage terms and in numbers been the fastest in authoritarian East Asia?

- **the sustainability dilemma**: this is the dilemma which received a lot of attention after the Rio conference and the launching of Agenda 21: environmental protection on the long run, versus mining the environment for quick economic gain or progress on the short run; unfortunately, nicely-sounding but naïve macro-philosophies often result in environmental micro-policies and practices that work to the detriment of the extremely poor; while their livelihood activities may often work to the detriment of the environment, for themselves later and for others as well; it is a difficult question of trade off in the many situations where a win-win game cannot easily be played; and it is a struggle between concepts around ‘sustainable development’ and those around ‘sustainable livelihood’; between ecologists and economists on the one hand, and geographers and social scientists on the other;

- **the gender issue**: should all pro-poor policy have an in-built bias in favour of poor women; should there always be an in-built institutional demand for strong women representation in agencies; should there be an integrated approach or institutional separation of pro-poor-women development?; should it not be about women versus men, but about disadvantaged social categories?

- **rural versus urban**: is it still true that most extreme poverty can be found in rural areas, and especially in marginal, isolated rural areas, or is extreme poverty very much on the increase in urban centres and in commercialised rural areas? Is it true that there still is a major urban bias in public and private development spending, to the detriment of rural areas?

- **theory and practice**: how much sophistication do we need, how much complexity in our concepts, in our monitoring and evaluation, in our analysis of approaches? How can we profitably bring academics together with development practitioners? And how can we avoid that the call for local autonomy in development ownership results in a further fragmentation of the global knowledge base about poverty reduction?

\textsuperscript{6} Sen, idem
FINAL WORDS FIRST DAY

Ton Dietz

I would like to give four points after the first day of this conference:

A. It is clear to me that the OECD-POVNET group attempts to support convergence within the DAC bilateral donors, possibly also with the international donor organisations (both UN and Bretton Woods institutions) and even beyond the traditional aid community. The guidelines are one of the ways to get political momentum and to build coalitions. This means that people and institutions with very different backgrounds, and genealogies, and their baskets of concepts and priorities, should converge. This is one of the reasons for a much more multidimensional concept of poverty, in which also the languages are included of human rights activists, and of people mainly dealing with human security and emergencies, and to maintain the languages of the gender and environmental activists, who were already on board. The guidelines are clearly an attempt to bridge existing gaps between economists on the one hand and sociologists, political scientists and geographers on the other. It tries to combine insights of macro-level approaches with those of micro-level development workers (or what I would like to call social-geographical engineers). Finally players from among the private sector are invited to play much larger roles in the fight against poverty, not only those from the civil society, but also entrepreneurs and their organisations.

B. With this urge to bring about a convergence it is not always easy to build up a fully logical story with guidelines like these, and it is not always wise to be very explicit. They should be seen as political statements to enable the top levels of the 24 DAC countries to agree on basics. Beyond that it would be nice if these guidelines could also function as guidelines for middle-level bilateral donor workers - their ‘official function’ -, their counterparts/partners and the political leaders and academics in southern countries. And it would be good if the guidelines would provoke a more healthy relationship between the development bureaucracy and academics, both in north and south.

C. Today’s discussion concentrated too much on concepts, and not enough on approaches. Discussing approaches also means discussing the question what, as donor agencies, you want to measure, when and by whom. If the emphasis in donor-based evaluation would move from inputs and throughputs, to outputs, effects and impact, as the guidelines tend to suggest, the questions about evaluating what, when and by whom are too important to ignore.

D. One of the most challenging tasks in poverty reduction guidelines is to create a better negotiation atmosphere world-wide to make redistribution acceptable by the political leadership of the world and in individual countries and districts. How can internal redistribution be institutionalised? How to negotiate with external and internal agents (multinationals as well as local entrepreneurs) who thrive on cheap labour, on flexible labour markets and on voiceless labourers? How to become more political without losing what Else Øyen called the ‘teddy-bear approach’, and how to accept that empowering the poor not only means giving them a voice, but also accepting their teeth?
Final words at the end of the conference

Ton Dietz

We have been involved in three days of rather intensive construction and deconstruction; in a sometimes rather harsh negotiation and accommodation process. During the first day all of us experienced a major, and for some members of the DAC-team shocking, divergence. During the second day there was quite some convergence, especially during the afternoon brainstorming sessions in small groups. During this morning’s final touches there was a very drastic swing again to divergence, resulting in quite some confusion.

The DAC-POVNET group until now has been trying to forge internal convergence, and it was not so easy for some of them present during this meeting to acknowledge that that would mean giving up some of their own concepts and approaches and to accept a fuzzy mixture of old and new concepts that not always make things clearer (e.g. DfID’s wish to give ‘sustainable livelihood’ a prominent place (with a.o. the result that the wisdom of the so-called ‘sectoral approach’ is questioned) versus NEDA’s wish to stick to ‘sustainable development’ as a central core concept and it’s wish to maintain the sectoral approach). Even if the DAC-POVNET group present here would, with some re-wording and re-styling, now accept the basics of the guidelines, it will still be quite a job to get the agreement absent DAC members (e.g. Japan, France, Italy).

What does not seem to be very difficult is to get a greater convergence with the international agencies. From the comments by representatives of the World Bank, IMF, UNDP and maybe also IFAD it can be concluded that quite a surprising convergence already exists, and that it would probably not be a very difficult task to convince recipient states and agencies with more or less the same message. Simon Maxwell’s summary yesterday at the end of the day went along the same lines.

However, involving academics and representatives of civil society and active NGOs, both from the south and from the north means much more divergence, as we have experienced these three days. If the DAC guidelines will also be discussed with the ‘voices of the poor’ on the one hand, and with international and national entrepreneurs on the other it will be even more difficult to form a new alliance against world poverty. And then we do not even talk about the teeth of the poor (and of the rich). Their kalashnikovs might easily shoot the whole negotiation process to pieces.

I would like to make one final point:

Talking about convergence of concepts and approaches is one thing. Practising more converging aid practices at national and district levels is probably as important. What DAC should do is stimulate joint poverty impact assessment studies of assistance packages (using the lessons learned with EIAs) - joint meaning: both involving all international donor agencies active in a certain area or sector and the various key players at local levels. At the same time DAC can stimulate the formation of joint policy impact measurement institutions in the recipient countries, and at the central OECD level. It could help a lot to stimulate a real public debate and to take the aid industry out of its confines, or, some would say, to open its closed
pot mentality. Policy coherence assessments at the macro-level would also add a lot to a rejuvenation of the public and political debate about global poverty eradication.

Thanks ETC for making this conference a success: Nienke Swagemakers, Ellen Radstake, Donna Porter and Sarah Mitchell for a lot of work behind the scenes; René van Veenhuizen for excellent overall management. Phil O’Keeffe and Bram Huijsman for major work as well. Else Øyen and Sam Moyo for sharing some of the burdens of chairing; the chairpersons and rapporteurs, as well as the keynote speakers, for the success of the working group sessions. And finally NEDA’s Rob Visser for making this all possible. We know you are in an embattled position. Please go on with the battle against world poverty.