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Conference Paper

Empowering the world's poor countries

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Inequality: Tackling Poverty and Social Fragmentation

Empowering the World's Poor Countries

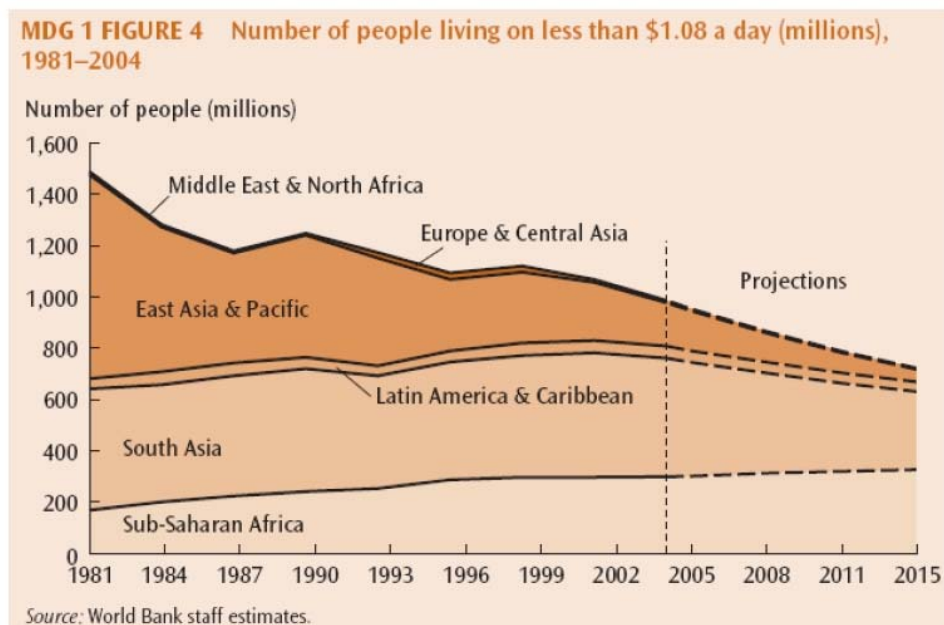
Summary

Roughly 20 percent of the developing world's population lives on less than \$1 a day. What are the most effective ways to make poverty history? There are two broad ways of empowering the world's poor countries, one involves aid and the other self-help.

Development aid has been approached through the "Big Push" method, which holds that large amounts of foreign aid are needed in order to push the poorest countries over the development threshold, and the "Big Scrutiny" method, which considers a stricter targeting of aid, a better evaluation and result-based financing of aid projects, and focusing aid on reliable and honest governments. Self-help involves initiatives by governments of poor countries and private-sector initiatives.



What combination of development strategies is required to make a decisive step in reducing global poverty? What is the appropriate turf for self-help and for development aid? How can self-help and development aid be used to leverage one another strengths? How can private enterprises contribute most effectively to this process?



Source: Global Monitoring Report 2007 Millennium Development Goals, p. 42

Proposed Solutions

Expert Opinion

How Aid Can Be Improved

Aid should be limited to cases where it can make a difference and concentrated on places where the circumstances are promising. Donor coordination should be improved to make aid more effective. Aid projects should be evaluated properly and evaluation results should be published transparently. Big-push aid should be used for infrastructure investments, to enable land-locked, badly connected countries to benefit from international trade. Big-scrutiny aid should be focused on honest governments and used to carefully assist the rebuilding of post-conflict states.

How Self-help Can Be Improved

Initiatives such as the African Peer Review Mechanism are likely to improve the incentives for local and international investors through better assessments political risks. Informing people about their rights and entitlements should make governments more accountable. Technologies such as cell phones and the internet are an important instrument to empower people by providing access to information. Developed countries, should consider lowering all sorts of trade barriers to allow poor countries to participate in the global market place, but poor countries would also gain by reducing their own trade barriers.

How Aid and Self-help Can Reinforce Each Other

An experimental approach to aid and self-help that allows for proper evaluation and learns from failed interventions appears to be promising . Development aid should try to support local initiatives and ideas, such as microfinance and conditional cash transfer programmes. Documenting deliberate interventions that have helped at the margins in diverse circumstances should be useful for generating persistent mechanisms of communication and accountability.