

ICSW Global Conference in Brasilia 16-19 July, 2006

**Entry points for ICSW to promote
Social Justice in national Poverty
Reduction Strategy -processes**

Timo Voipio, MFA-Finland



*People cannot be developed;
they can only develop
themselves.*

[Julius K. Nyerere]

Disclaimer:

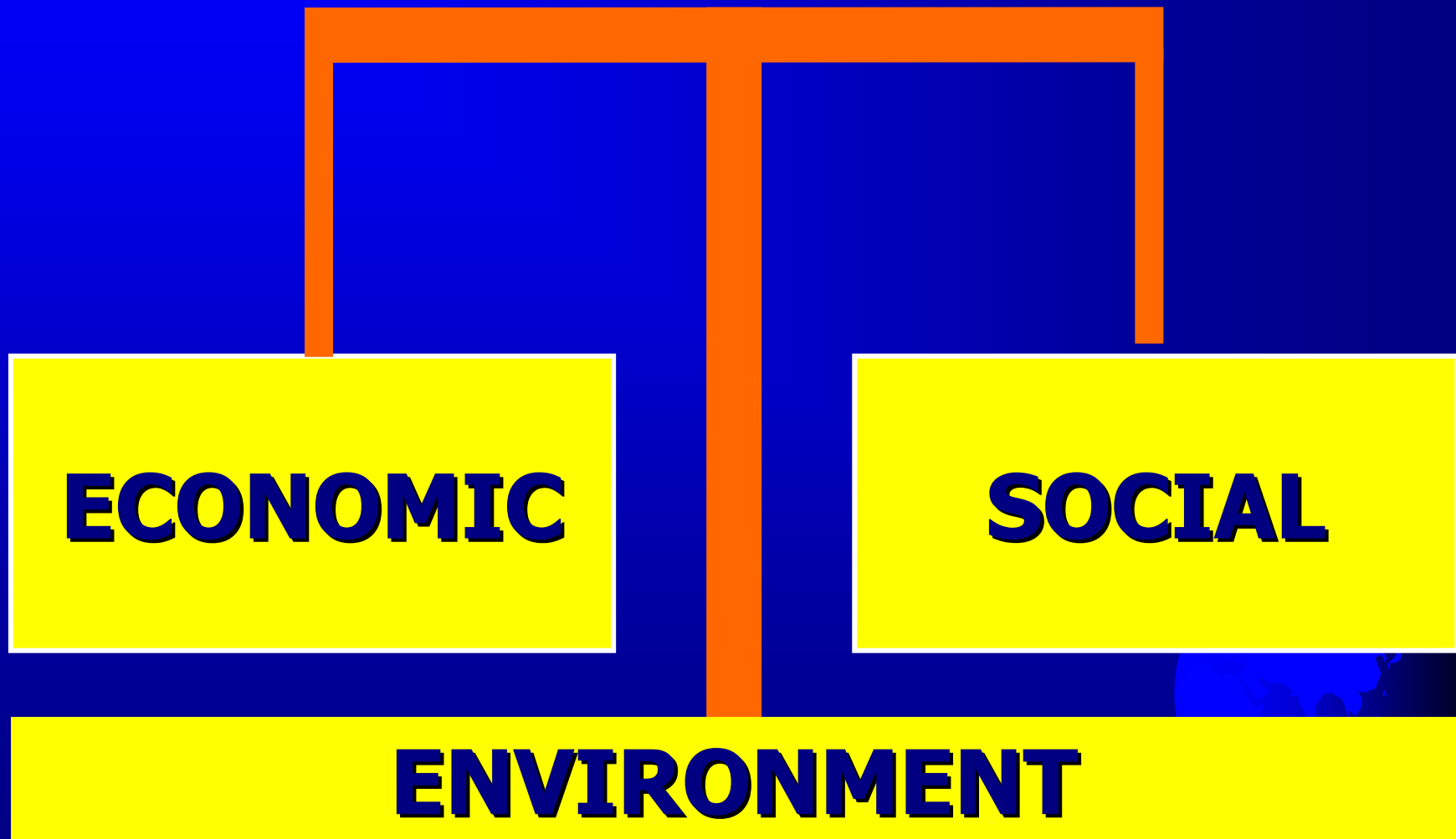
'BRAINSTORMING',
not official policies of
MFA-Finland



The theme of this workshop:
Poverty Reduction

- Understood very broadly here:
- = not only MDG-1a (\$1/income poverty)
- = not only the MDGs
- = multi-dimensional human and social wellbeing = increase of social justice
- = sustainable development, with balance between the ECON / SOC / ENV dim's
- PovRed requires comprehensive SocPol

The ECON & SOC & ENV should be in balance: *'Society for All'*

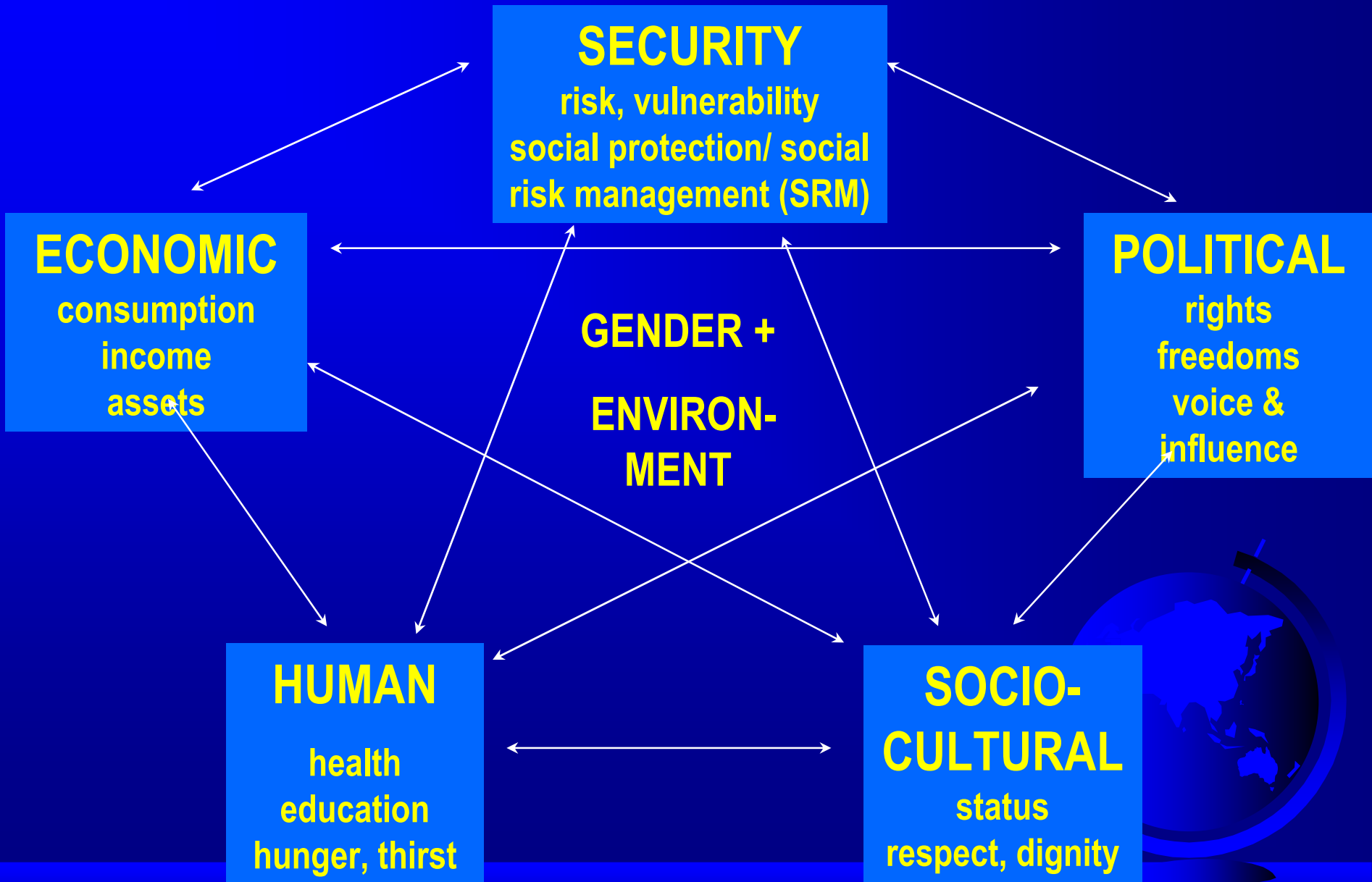


UN: Millennium Development Goals (MDGs, 2000 → by 2015)

1. Reduction of **income poverty** and **hunger** (share of people living on < \$1/day & hungry halved by 2015)
2. Primary **education** for all
3. **Gender** equality and women's rights
4. **Child** (<5) mortality
5. **Maternal** mortality
6. Fight against **HIV/AIDS, malaria, TB**, etc.
7. **Environmental** sustainability
8. Global partnership (incl. **trade, debt relief, aid**)



POVERTY is multi-dimensional (DAC-01)



The World Bank agreed in WDR-2000: Poverty is MULTI-Dimensional

OPPORTUNITY

- Pro-Poor Growth
- Inequality and Redistribution
 - Markets
 - Assets
- Governance and Accountability

EMPOWERMENT

- Responsive Public Administration
- Rule of Law
- Decentralization
- Eliminating Gender Discrimination
 - Social Fragmentation and Conflict
- Building Social Capital

SECURITY

- Social Risk Management
 - Household Responses
 - Policy Responses
 - Reducing Vulnerability to
 - Economic Crises
 - Natural Disasters

INTERNATIONAL ACTIONS

- Market Access in Rich Countries
- Reducing Global Volatility
 - Pro-Poor Intn'l Public Goods
- Voice for the Poor in Global Forums
 - Making Aid Effective in Reducing Poverty
- Relieving the Debt Burden

Change of approaches in aid for poverty reduction: **Projects → SAPs → BS for PRS**

- Donor-driven projects 60s-90s→
- Structural Adjustment Programmes (SAPs) by WB/IMF 80s-90s→
 - + proliferation of bilateral projects (transaction costs)
- 2000s → Budget Support (**BS**) to support the implementation of national Poverty Reduction Strategies (**PRS**) by WB + IMF + 13-17 bilaterals
 - Challenge: **Policy dialogue** on comprehensive:
ECONPOL + SOCPOL + ENVPOL = SustDev

The social governance of globalization starts at home:
National → Global Social Policy

Rich country experience:

➤ **INDUSTRIALIZATION**

- Prosperity for All?
- Social costs
- Inequities
- Environmental costs

19th & 20th centuries:

Social policies !

Equalization policies!

Environmental policies !

➤ **GLOBALIZATION**

- Prosperity for All?
- Social costs
- Inequities
- Environmental costs

2000s:

MFAF / ILO

Global social policy !

Global equalization!

Global environmental policies !



PRS: Different from Structural Adjustment Programmes ?

- **SAPs: Conditionality imposed from above:**
 - Macro policy reform in exchange for large loans
- **SAPs: IMF & WB/ 'Washington Consensus':**
 - neo-liberal "one-size-fits-all" **ECONOMIC** policy package
- **SAPs: Criticism from the **SOCIAL** perspective:**
 - SAPs "with a human face" & Human development (Unicef 1987, UNDP-HDR 1990→ & NGOs, etc.)
- **PRS: alternative (more social) economics?**
(E.g. *'Growth Through Equity', 'Pro-Poor Growth', 'Decent Work for All', 'Policy Space' & Industrial Economics*)
- **Or: The 3 dimensions of Sustainable Development in balance: **ECONOMIC + SOCIAL + ENVIRONMENTAL****
→ **Multi-dimensional + multi-disciplinary**

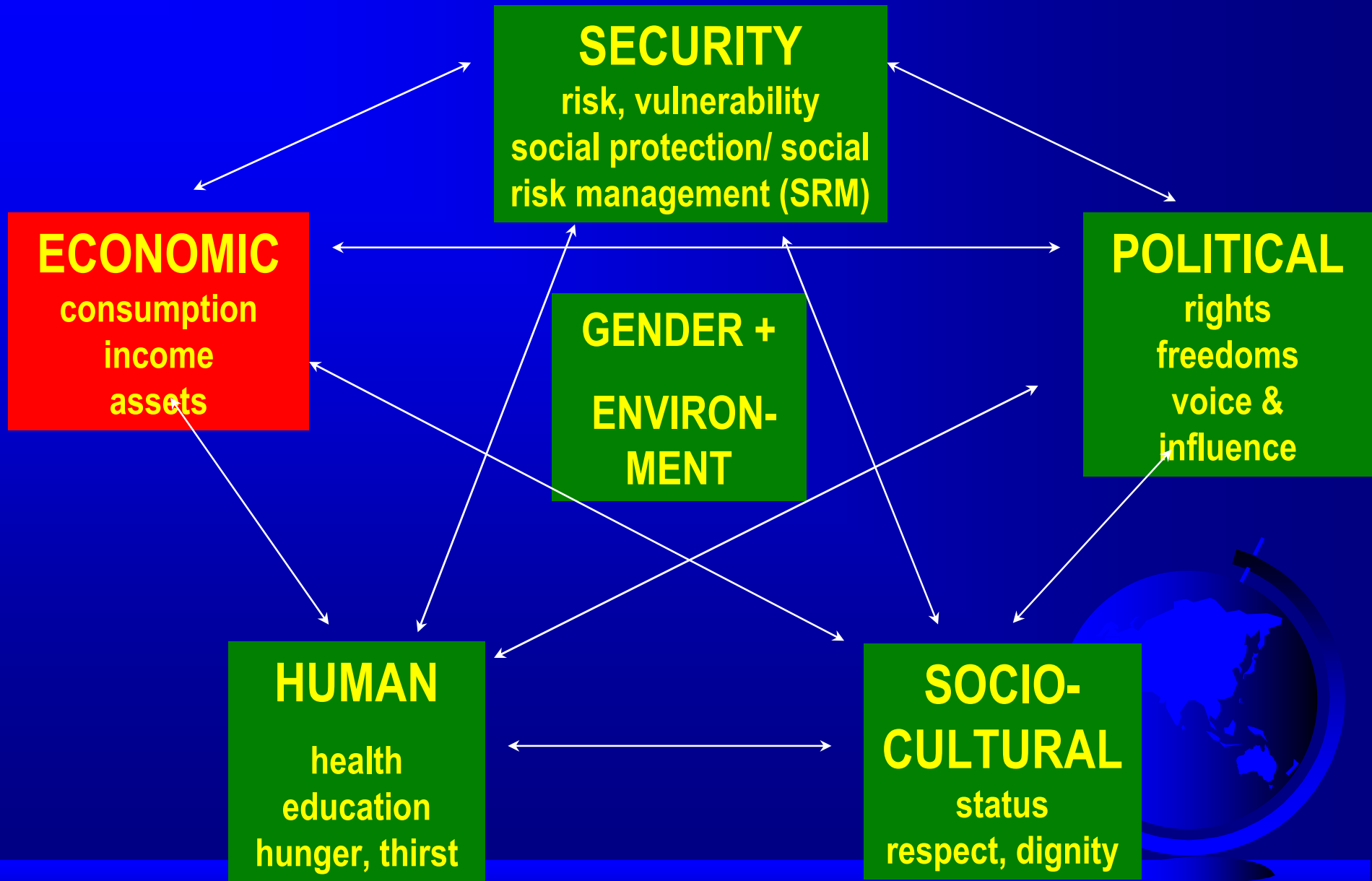
The Global Agenda in 2006:

- Copenhagen Social Summit 95 → **PovRed**
+ Employment + Social inclusion
- WB+IMF: 1999 → **PRSP** → **PRS**
- Millennium Summit 2000 → **MDGs**
- Paris Declaration → **Harmonisation/Aid effectiveness**
- World Summit Outcome Sept-05 = **WSO**
+ "Development Resolution", UN-GA 300606
- ECOSOC-06 + CSocD-07: Back to Copenhagen:
→ **Full Prod.Empl. & Decent Work for All**
+ Decent Work Country Programmes (ILO/EU)
- **ICSW** + UN-DESA + UNDP: **Soc. Integr./Inclusion**

Copenhagen Social Summit-95:



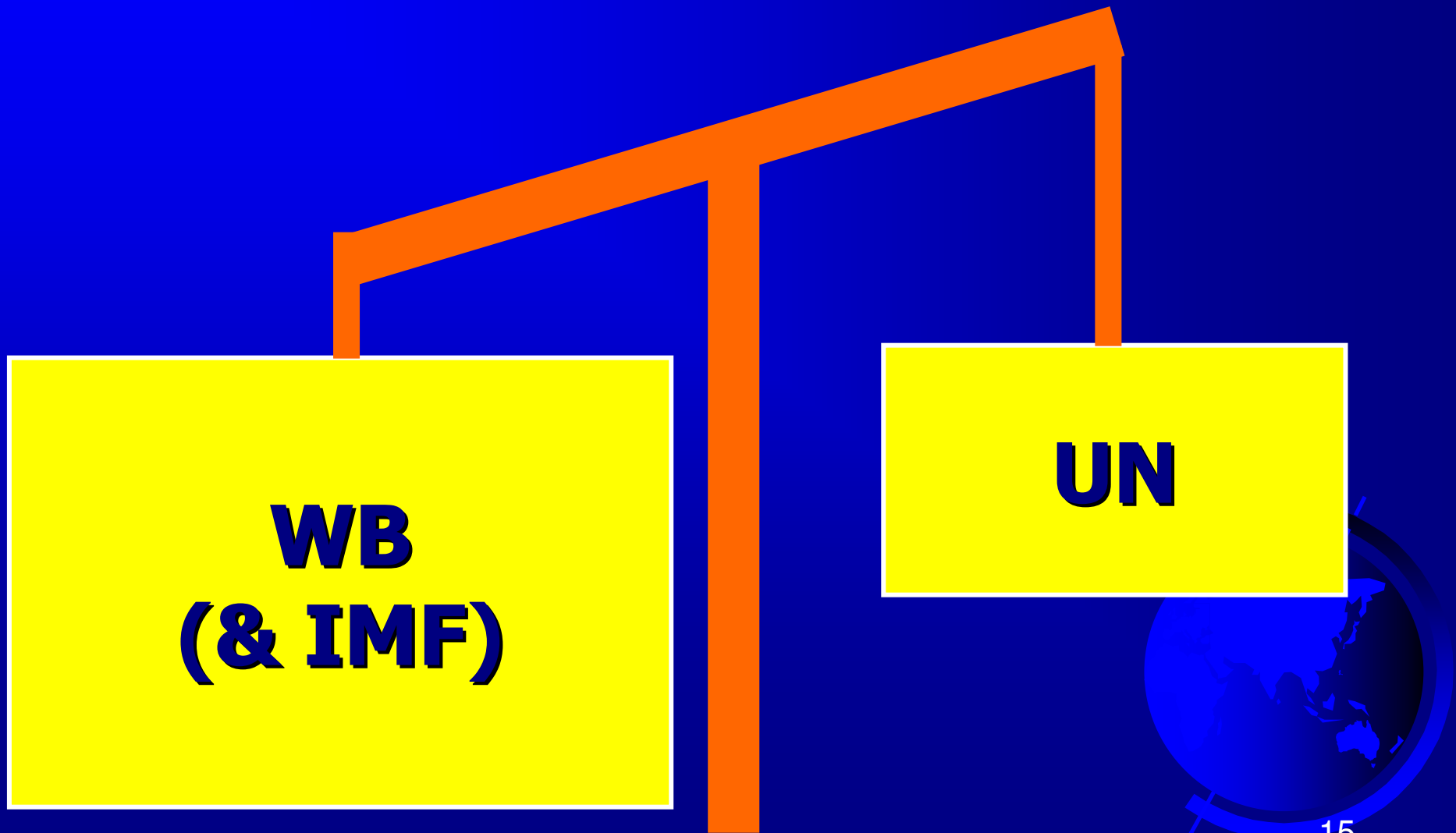
But the Econ/Social tension remains:



In reality, in country level work, the economic perspective (growth & efficiency) dominates. Why?



Part of the reason is the imbalance between the WB(& IMF) vs. UN at country level



**In principle, both WB & UN should promote
a balanced sustainable dev't agenda on
*RIGHTS/SOCIAL JUSTICE***

**WB & UN:
ECONOMIC**

**UN + WB:
SOCIAL**

ENVIRONMENT

**Equally, at the national level
there should be a balance between the
'ECONOMIC' and 'SOCIAL' ministries
& civil society representatives**

**Min. of Finance,
Central Bank,
Business & Empl.
associations**

**Min. of Social
& Labour,
unions,
consumers**

Min. of Env / Agric. / Natural resources

**But: Often the ECON perspective gets a
priority in national policy making**



**Min. of Finance,
Central Bank,
Business & Empl.
associations**

**Min.of Social
& Labour,
unions,
consumers**

**Within WB the ECON dominates over the
SOC: The WB has 10.000 economists &
only few hundred non-economists**



**WB
economists**

**WB
non-
economists**

And: Among the WB-economists one school of thinking dominates over alternatives



**Orthodox
'neo-liberal'
macro
economists**

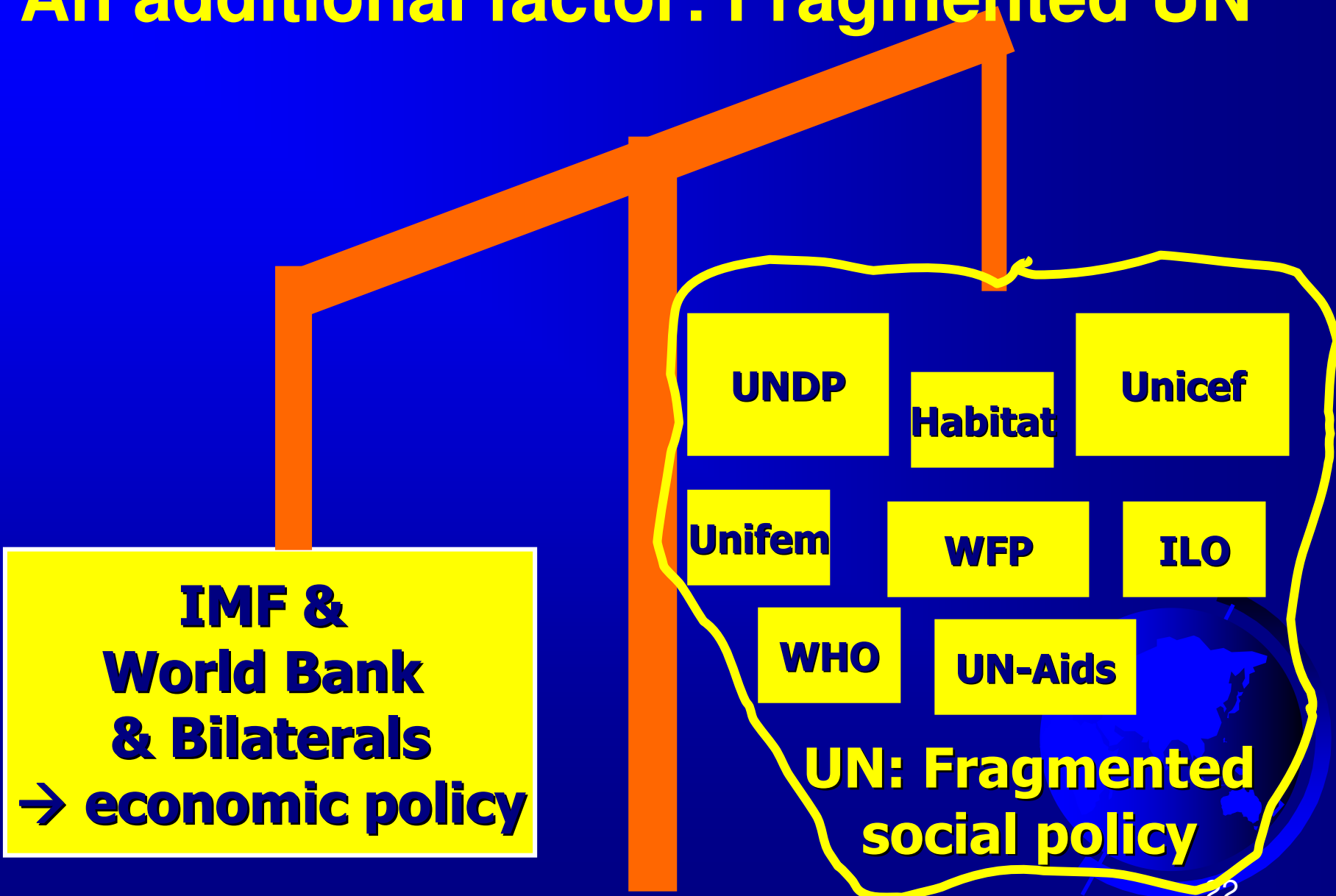
**Labour
economists
& industrial
policy, etc.**

A key additional factor: Bilaterals strongly aligning to the WB-dominated dev't agenda

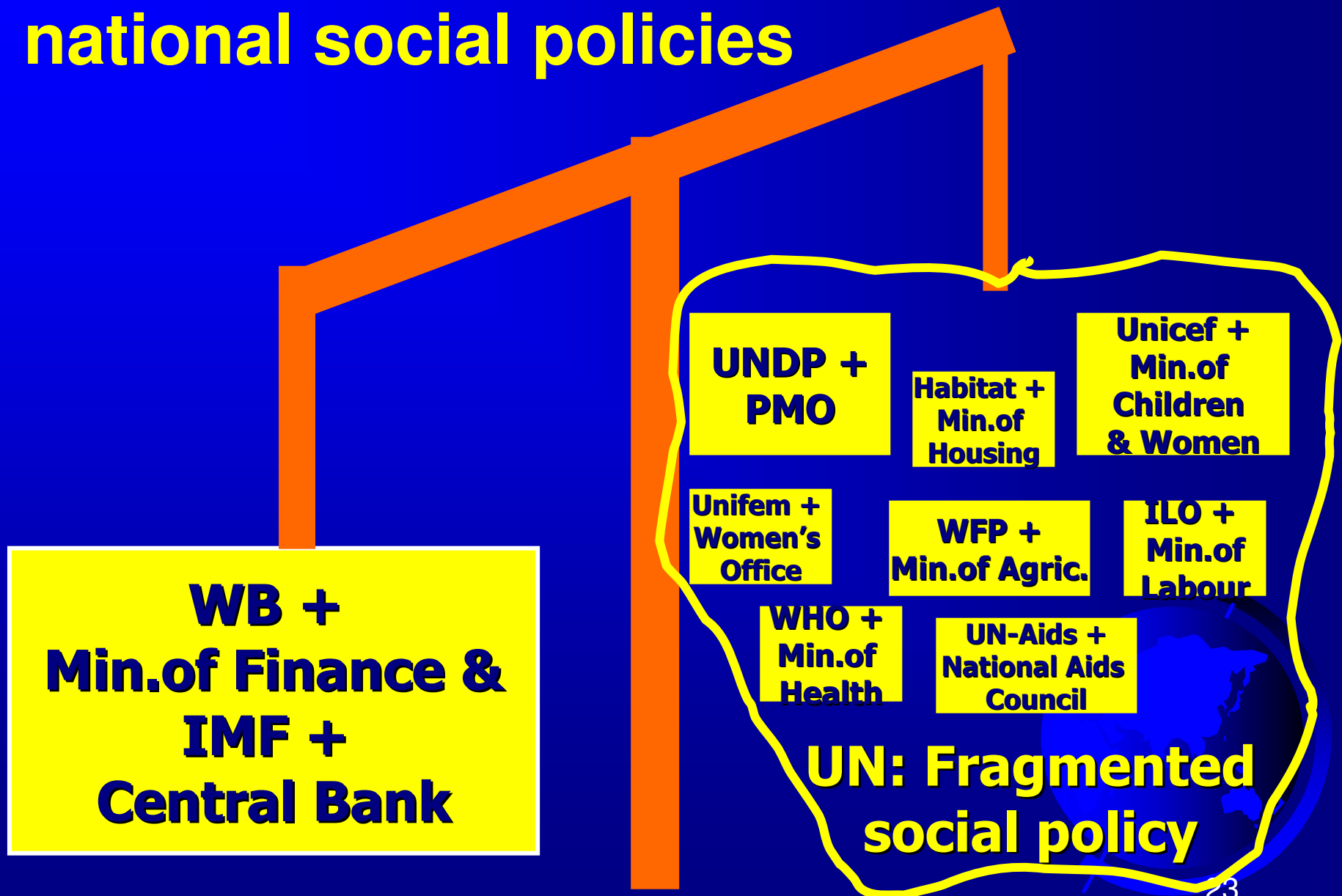
WB-loans
+ Bilaterals' grants:
PRSP
+ Budget support

UN:
grants outside
the BS-frame

An additional factor: Fragmented UN



Fragmented UN leads to fragmented national social policies



Efforts to improve the ECON/SOC balance:

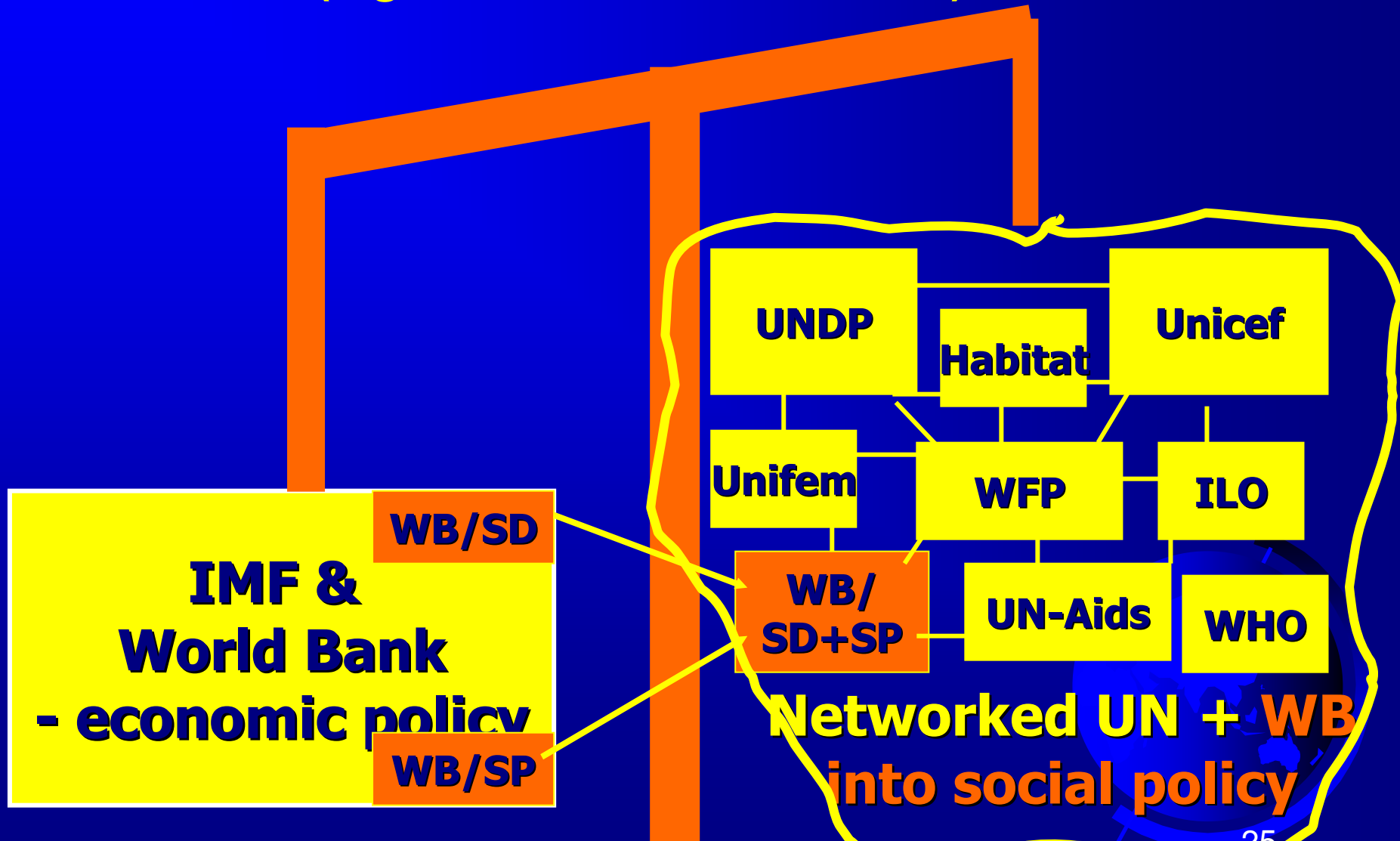
UN-Reform

(at global and national levels)

**WB + IMF
+ bilaterals**

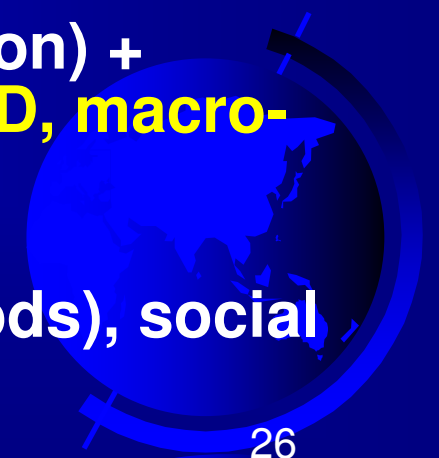
**'One UN'
+ WB
+ bilaterals**

Efforts to improve the ECON/SOC balance (e.g. Nordic TF-ESSD in WB)



Arusha Conference Dec-05 (WB): *New Frontiers of Social Policy in a Globalizing World*

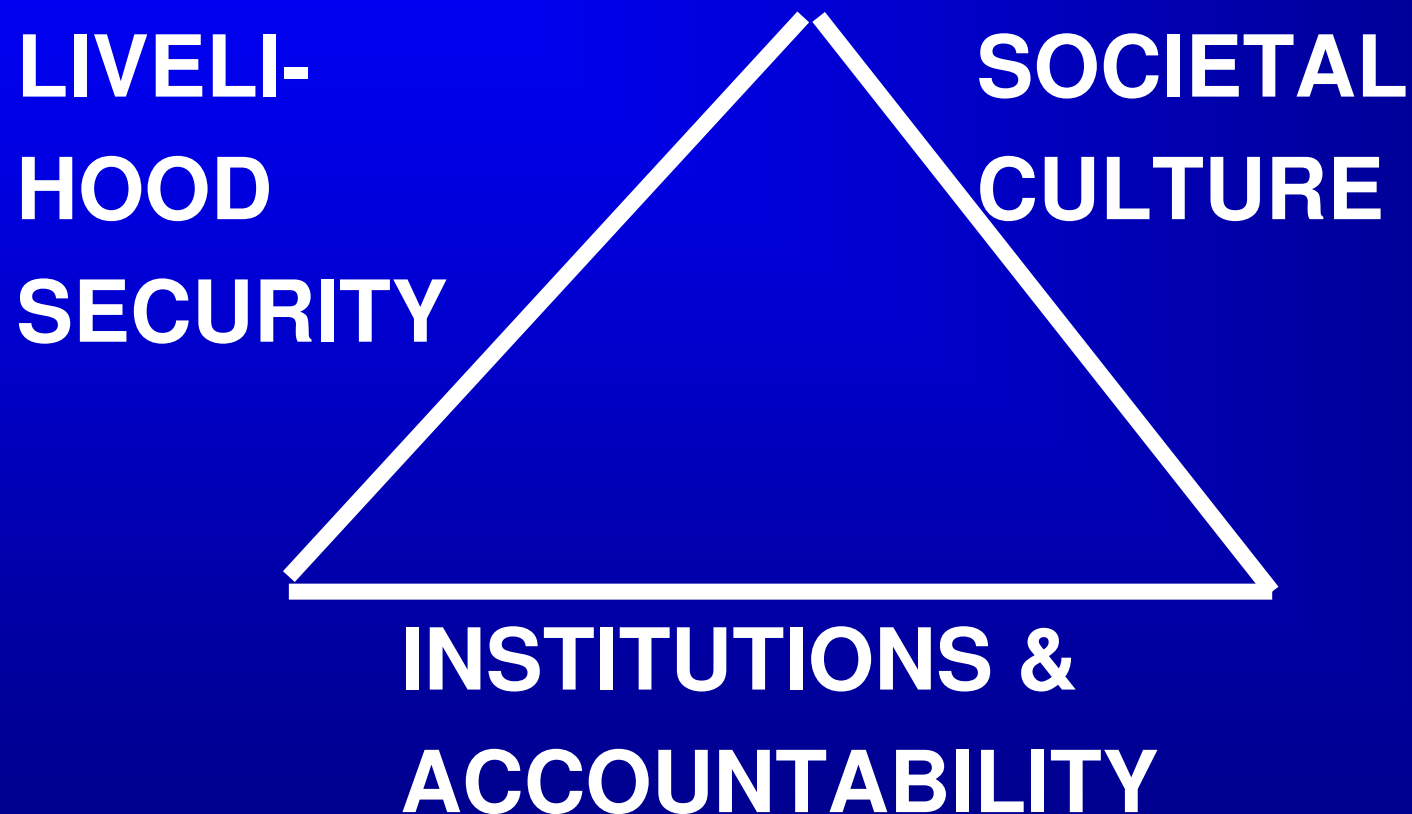
- Organised by WB Social Dev't Dept (Anis Dani)
 - Funding from Finland, Sweden, Norway, UK
 - 'Authoritative speakers' from US-universities (?)
 - Equity & social policy? → **social dimensions of / perspective to all policies:**
 - SOC.sectors (edu/health/social protection) +
 - **SOC dimensions in e.g. infra, agric., PSD, macro-economic policy, etc.**
 - On all levels: local + national + global
- Greater attention to employment (livelihoods), social integration & institutions



Copenhagen Social Summit-95:



World Bank/Anis Dani 2005:

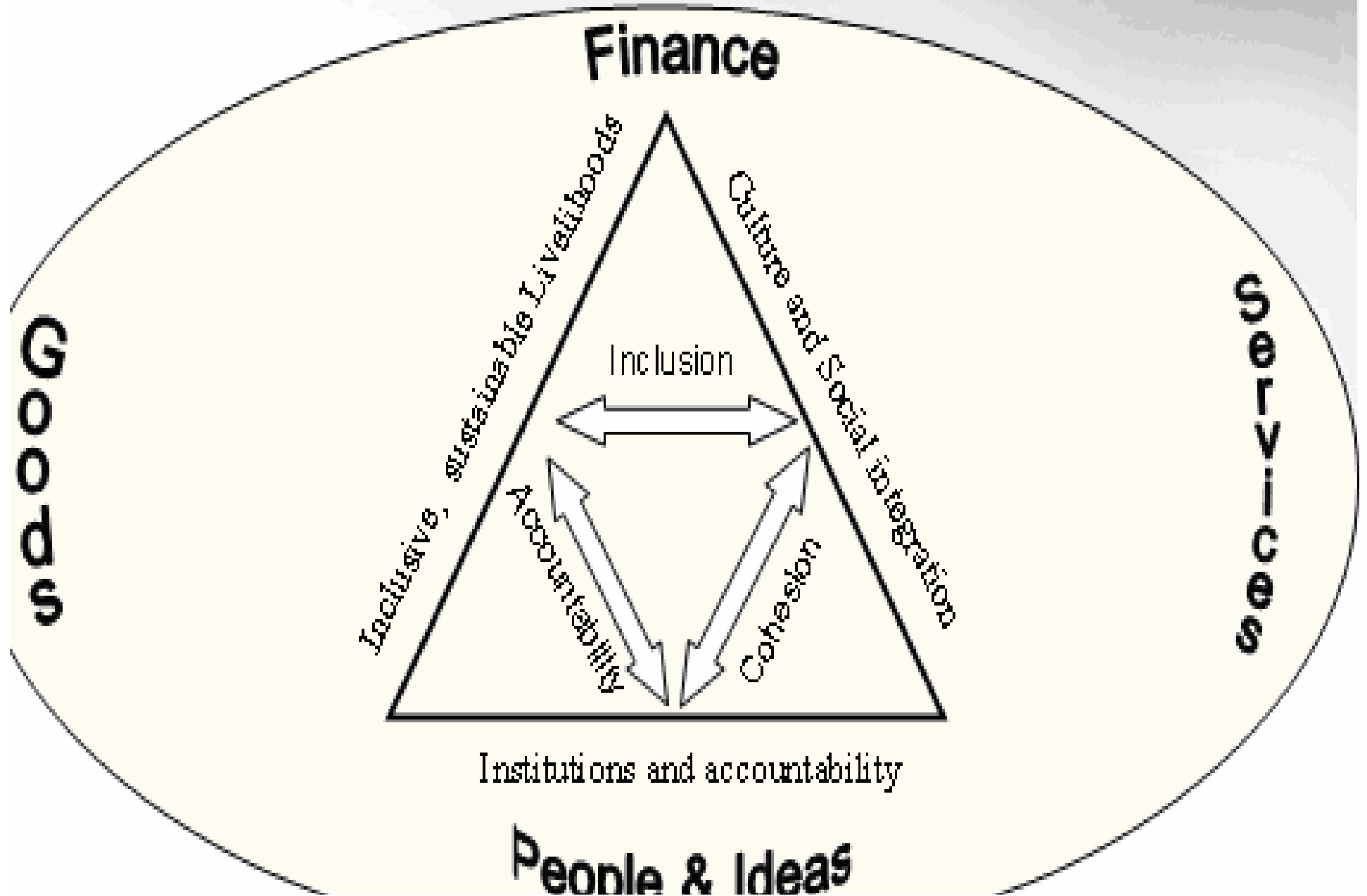


WORLD BANK 2004

Social Development Strategy



Globalizing Flows



Arusha Declaration: *New Frontiers -1*

- Transformation of subjects and beneficiaries into citizens
 - universal rights & responsibilities
 - Middle-class by-in: Build alliances between the poor and the not-so-poor
- Role of State: effective & accountable
 - Recognizing power relations & institutions
- Capacity of states → revenue mobilization



Arusha Declaration: *New Frontiers -2*

- **Social dimension/Equity in infra, utilities, social services: educ/health/SP**
- **Market access for the poor**
- **Fiscal policies**
- **Migration (internal/external)**
- **Citizens organizations/social partners**
- **Understanding history, culture, etc.**
- **Social Policy at all levels: local, national, global**
- **Multi-disciplinarity**



But: Arusha left 'uneasy feelings' among Nordics/Africans/UN-people/ ICSW: _ Should we (donors) partner with & invest in WB? UN? CSOs?

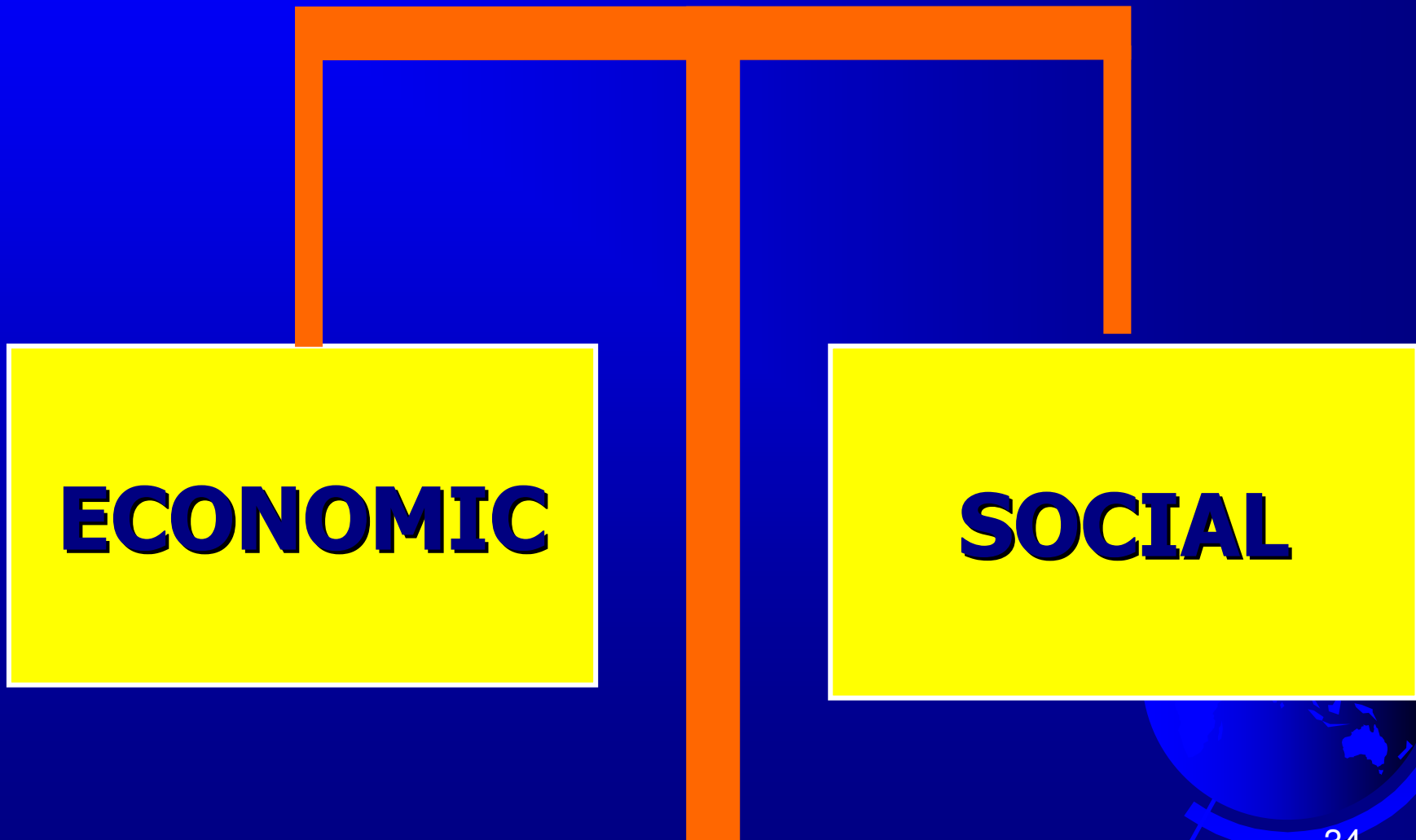
WB/SD
Strengthen the 'social perspective' in World Bank?
WB/SP



Strengthen One-UN globally & locally?

ILO bridges the ECON & the SOC:

DECENT WORK FOR ALL



UN-ECOSOC Main Theme 2006:

DECENT WORK FOR ALL



**Employment
generation
& entre-
preneurship**

SOCIAL
-rights
- protection
- dialogue
& gender equality

ILO/EU: Decent Work Country Programmes (DWCP)

RIGHTS

Fundamental Principles and Rights at Work

e.g.

ILO-
Conventions

EMPLOY- MENT

Enabling environment,
Entrepreneurship,
Skills,
Productivity,
Competivity

SOCIAL PRO- TECTION

Extending social protection, incl. to those in the informal sector

SOCIAL DIALOGUE

Building social consensus on major policy lines e.g. through tripartite negotiations.

→ To become key part of national PRSs

**But it's not only a choice between the
WB and the UN, but also choices
within SocPol, e.g. between:**

**efficiency-
oriented
means-tested
targeting**

**rights-based
residence-
based
universalism**

On-going efforts to improve the ECON/SOC balance -1

1) ECOSOC 7/06 + CSocD 2/07

(a) Decent Work for All + DW Country Programmes

(b) UN-Reform: SG's High Level Coherence Panel 9/06

- *'One UN'* at country level: e.g. Vietnam country directors
- ILO + EC: *Decent Work Country Programs (DWCP)*



On-going efforts to improve the ECON/SOC balance -2

- 2) AU Soc.& Empl. Policy strategy & other regions
- 3) EU Consensus + Sust.Dev't + Decent Work
- 4) DAC/POVNET: PPG → Social Policy, incl. SocPr
- 5) SDAN = Social Development Advisers' Network
- 6) PSIA-network (Poverty and Social Impact Ass.)
→ CSA (= Country Social Assessment)
+ *'Drivers of Change' + 'Power Analysis'*



On-going efforts to improve the ECON/SOC balance -3

- 7) NOR+FIN: WB TF-ESSD (with WB-departments for SD+SP+POV+ENV)
- 8) Support to ILO's country-level work (DWCPs): SWE, NOR, UK, NL, GER, POR, IRE, EC
- 9) Balancing the 'Arusha Process': UNRISD/Sweden/Finland 30 Oct – 2 Nov
- 10) Role and contributions of ICSW (global, regional, national) in all of this ???

New roles and skills needed for donors and CSO-people, e.g. ICSW:

(a) Poverty situation monitoring

(b) Stakeholder analysis

Who is participating? Influencing?

(c) Public financial management?

- will & skill?



RV/SP - Key messages to donors:

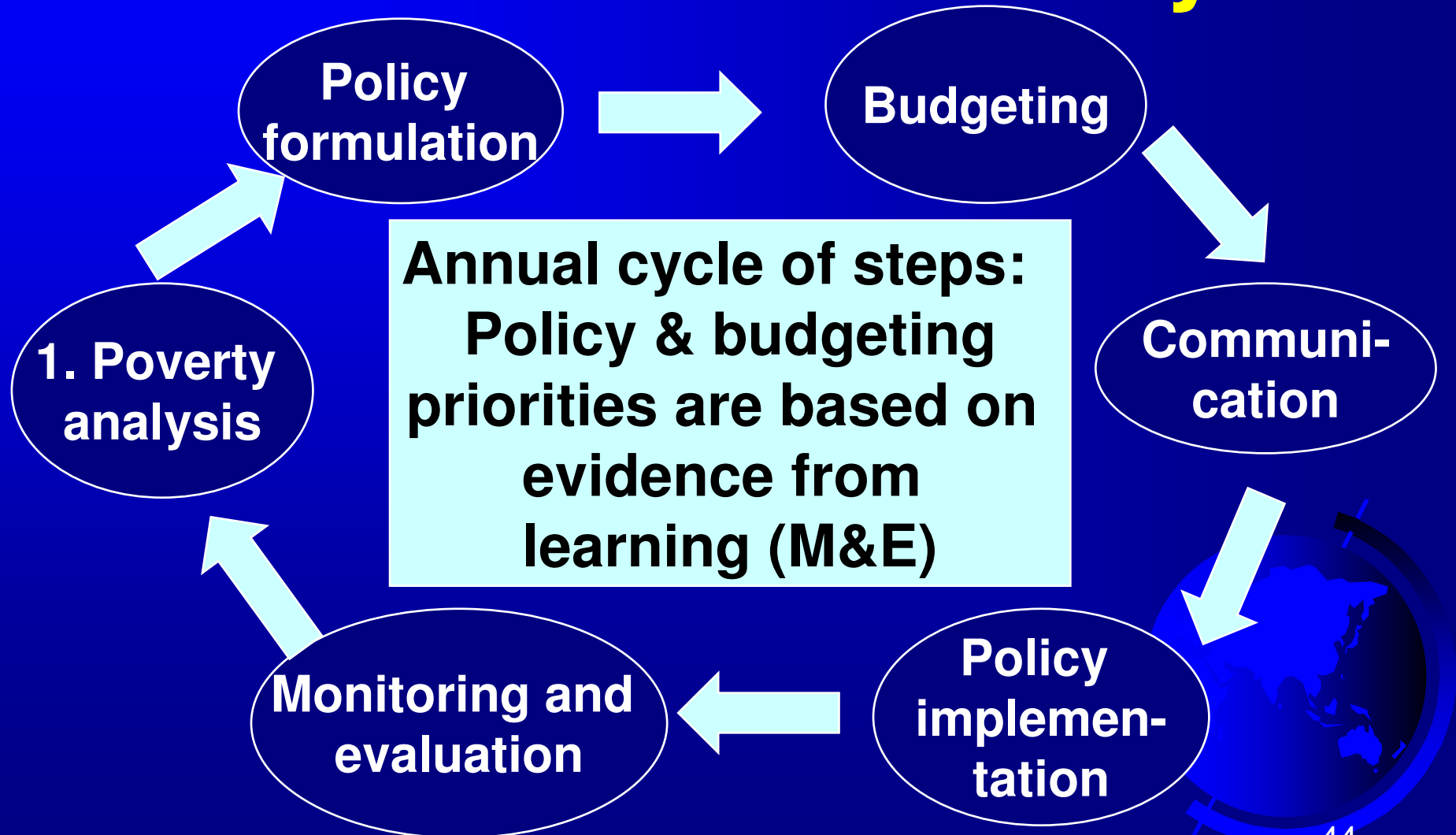
- 1) **R&V causes poverty and failing growth:**
 - ex-post impacts of shocks
 - ex-ante or behavioral impact of risk: low return choices
- 2) **The economic and social return to social protection is very high - not just in terms of social policy and equality, but also in growth and multidimensional poverty reduction**
- 3) **The analysis of risk and vulnerability in public policy (in PRS/PMS/PAF etc.) is possible and desirable**
- 4) **Time for more experimenting: try out schemes.**
- 5) **RV/SP is multisectoral: Donors need to know and partner with the coordinating SP-ministry + help convince the MoF.**

RV/SP: Practical Country-Level Instruments and Approaches used by Various Agencies

- **Unconditional Cash Transfers (e.g. Kalomo)**
- **Conditional Cash Transfers**
- **Food for Education (e.g. Bangladesh)**
- **Micro-finance and micro-insurance**
- **Social Health Insurance**
- **Employment Support and Public Works**
- **Social Pension Insurance**

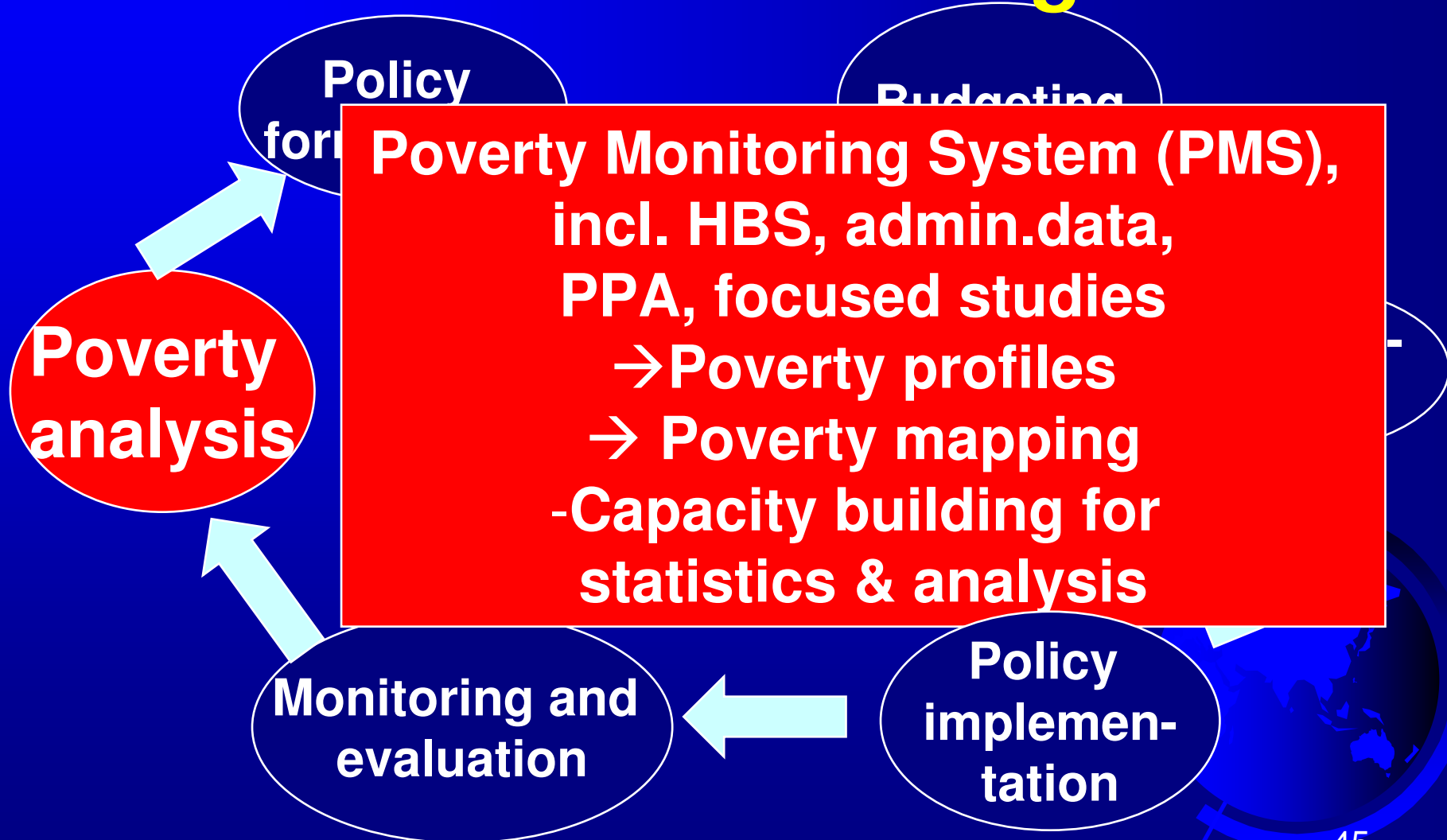


How to strengthen the social dimension of the PRS cycle?

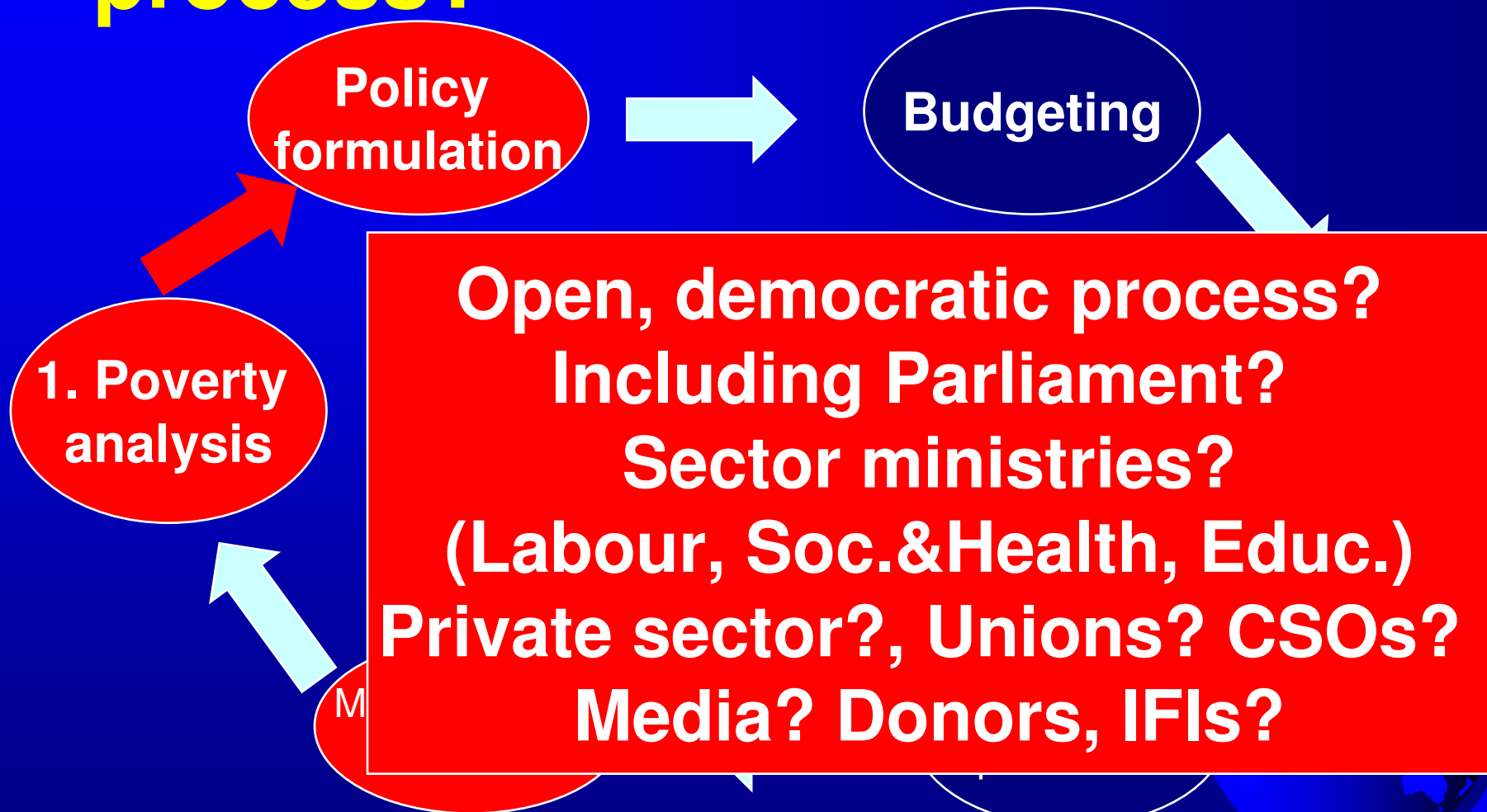


The social dimensions of PRS?

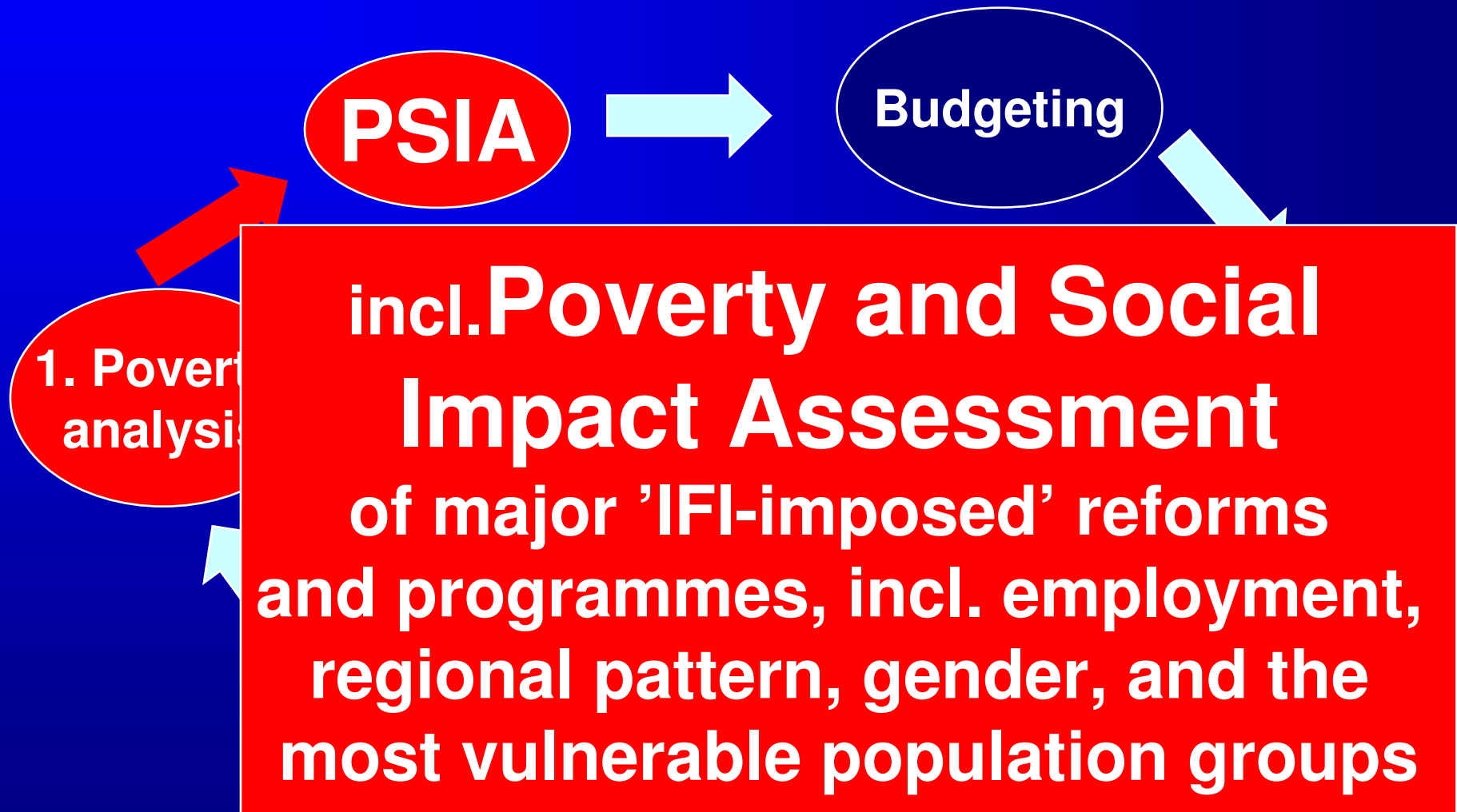
1. Baseline data & diagnostics



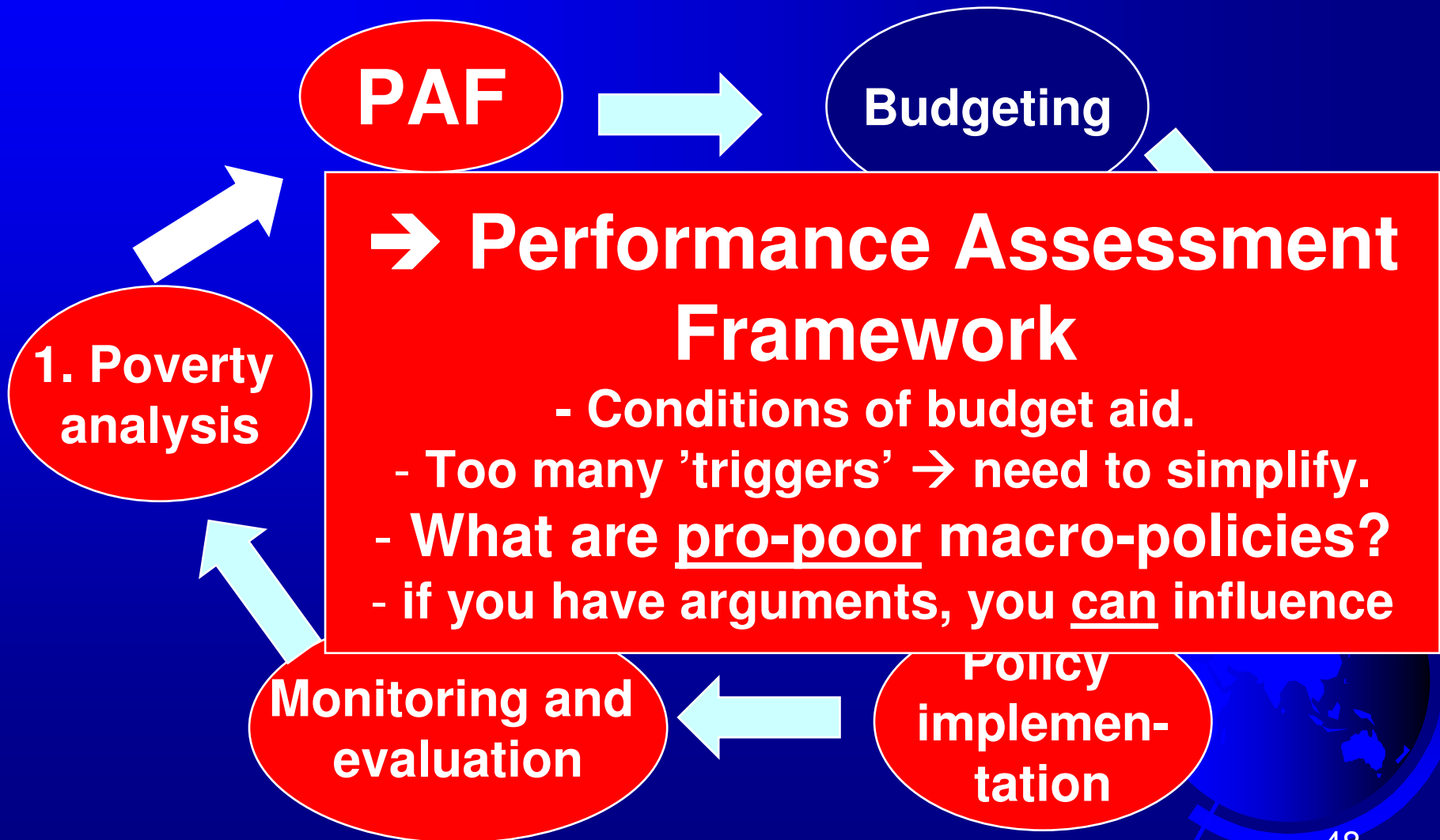
2. Quality of the participatory process?



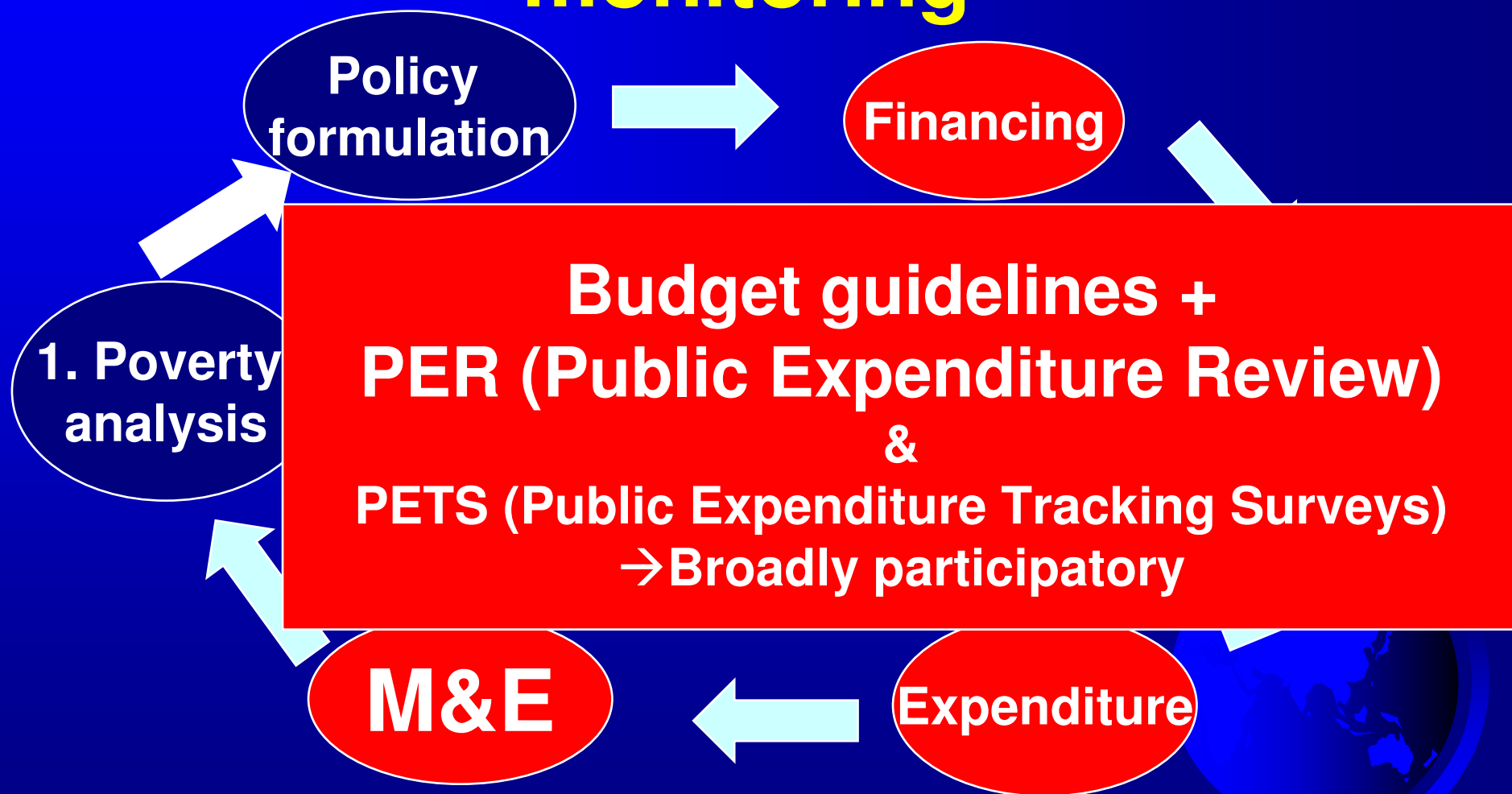
3. Ex ante impact assessment



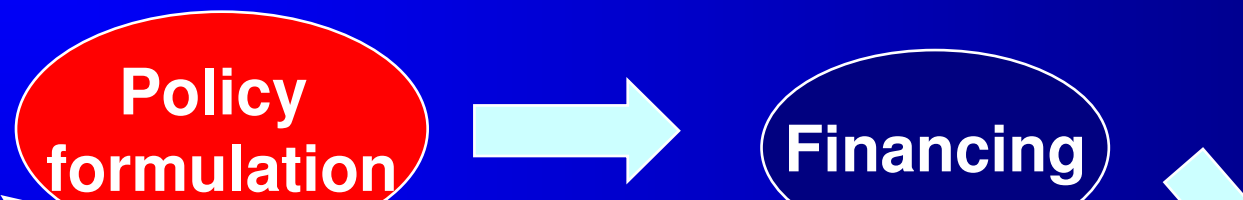
4. Results-based mngt of budget aid



6. Budget, expenditure & 'leakage' monitoring



7. Role of Social Policy?



**PRSP-dialogue: From ad hoc safety nets to
a comprehensive social
policy**

- WB: Risk & vulnerability assessments, RVA
 - National Social Risk Mngt Strategies
(social risk prevention/mitigation/coping)
 - Social Budgeting, Gender Budgeting, Regional Policy e.g.