

Does Development Work?

A leading expert from the Development world provides an encouraging assessment

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Like all the best big questions this one has enough leeway to give several answers. Let me suggest three interpretations of the question – and in so doing, hopefully give some food for thought.

I. Does Development Work – Are we winning the battle against poverty?

Here the answer is very mixed, but overall positive. The world has never seen progress at the rate we have seen in recent decades. In the past thirty years, around 600 million have been lifted out of abject poverty, food production has doubled, infant mortality has been halved, and girls enrolment in secondary education tripled. Such achievements are unique in history.

In 2000 the countries of the world agreed on a set of Millennial Development Goals that in earlier times would have been outrageously, even naively, optimistic -- that between 1990 and 2015 poverty and hunger would be halved, universal primary education achieved, under five mortality rates reduced by two-thirds etc. The remarkable fact is that many of these goals are on the way to being met. For example, the share of the developing world's population living in extreme poverty fell from 28 percent (1.2 billion) to 19 percent in 2003. And this happened even in the face of economic crises in Asia, the Soviet Union and Latin America.

Sadly, not all the MDGs will be met (hopefully over half will), but importantly the debate has now shifted from “can we make any progress?” to “can we make enough progress quickly enough to finally conquer poverty?” In many ways this watershed occurred when over the past decade South Asia, the home to the largest number of poor people of any region, began to join in the remarkable progress that East Asia had achieved (which had earlier been home to the largest number of poor people in the world). Today the major countries of South Asia – India, Bangladesh and Pakistan – are growing their incomes and reducing poverty at a faster rate than was ever achieved in today's rich countries..

So what's the bad news? It is that the facts above refer to *overall* progress, but that there remain severe pockets of poverty that remain extremely resistant to progress. It is little comfort to a mother of six living on \$1 per day in Mali that *on average* the MDGs will be met.

While the share of the developing world's population in acute poverty was falling from 28 to 19 percent during the 1990-2003 period, in Africa it fell only one percentage point from 45 to 44 percent. Asia still has many more poor people than Africa, but Africa is rightly receiving the priority, since it is here that the prospects for progress are still so unsure. There are real signs of hope in today's Africa – with overall incomes now growing at a faster rate than in rich countries for the first time since the 1960s -- but it is much too early to say whether a real corner has been turned.

II. Does Development Work – Can Foreign Assistance Programmes Help Reduce Poverty?

It has become fashionable in some circles to believe that foreign assistance does not work, that it is often wasted, and can actually hurt development rather than help. One piece of evidence used to support this proposition is that countries which receive more aid don't seem to perform better than those which receive little aid. On the contrary, sometimes the biggest recipients seem to perform worse than those which receive little. This argument suffers from reverse causality. It is analogous to noting that since there are more sick people in hospital than anywhere else, hospitals and doctors are bad for your health! In reality, of course people go to hospital because they are sick. And funds should go to the neediest and weakest countries.

Why Aid Programmes Fail

We certainly now know what kind of aid *doesn't* work.

- Assistance that is given for political or commercial reasons (such as the billions given to Zaire under the corrupt regime of Mobuto Sese Seko) is very unlikely to be effective in reducing poverty.
- Assistance that is tied to the products and people of the country providing the assistance has been systematically found to be worth much less (by about one third) than funds that are untied. Thankfully, the number of countries with "tied aid" programmes is declining.
- Development programmes that rely on foreign expertise and technology at the expense of local ownership have a high probability of failure. Africa is littered with rusting equipment, which while well-intentioned, was inappropriate for local capacity to manage.
- Projects that don't build in concern for longer term sustainability (after the aid agency or NGO goes home) almost always fail. Figuring out how to keep a village water system running for the next 40 years is more important (and more difficult) than building it in the first place.
- Projects that fail to take account of a bad overall policy environment within the host country are likely to fail, even if they have been technically well-designed. Thus, for example, microfinance programmes managed by professional international NGOs often fail in the presence of parallel government programmes that subsidise interest rates. And programmes to boost agricultural productivity often fail in the face of bad agricultural policies.

Why Aid Programmes Succeed

The good news is that lessons are being learned, and that each of the "failure factors" listed above are now much less evident than in the past. There has been a dramatic shift towards more home-grown programmes, much less tied aid, fewer foreigners and more national staff and a deeper awareness of the importance of the domestic policy context. There is also a sharply greater emphasis given to measuring outcomes and results rather than inputs. Donor countries such as the UK have been at the forefront of such changes. The UK's Department

for International Development (DFID) has, more than almost any other agency over the past decade, argued for this new way of doing business.

When I worked on agricultural programmes in Nigeria 25 years ago, we hired international experts to design crop trials, plant breeding systems, agricultural extension systems, marketing and credit arrangements and the like. We presented plans to government and to farmers' groups, and sought their inputs, but essentially the programmes were designed around what had been found to work best in similar situations in other countries. This "expert-driven" usually failed to cause a sustainable upward shift in productivity as had been hoped.

Today we would now do things differently. Those in charge of the design of such programmes would be nationals of the country. *They* would choose which international expertise to draw upon. Much greater effort would be given to understanding motivations and cultural factors affecting the behaviour of farmers, merchants, and government officials. Understanding power relations, and putting in place mechanisms to prevent exploitation and unrepresentative decision-making would be an important element in the design and supervision of the programme. Above all, it would be the beneficiary (in this case the poor farmer) who would be the central focus around which the programme would be designed. In this approach the poor would thus be the *subject* rather than the *object* of the entire development endeavour. .

Doing Things Differently

I can give an example of this new approach from our current work here in Indonesia. When the East Asian economic crisis hit in 1998, poverty rose sharply and many people left the cities as jobs disappeared and returned to their villages placing huge strains on community resources. In an effort to help, the World Bank together with Indonesian NGOs and government officials worked with local communities to design a programme to provide small grants to communities for whatever would help create jobs and improve the quality of life. Three important rules were set. First, the community should be in charge; money should go directly into the bank account of the community, not through local governments or any NGO or other outside agent. Second, all incoming funds should be transparently accounted for to the entire village. Third, all expenditures must be jointly decided upon in an open meeting by an elected committee that must include a disproportionate number of the poor and women.

The programme began on a small scale in 28 villages. Over the succeeding eight years the programme grew rapidly, and today it has reached over 35,000 villages throughout Indonesia -- the largest such programme in the world. The programme has been rigorously audited by independent experts, and has shown spectacular impacts in terms of creating jobs, and in improving sanitation, water, transportation, and education services. It has also helped shift the power balance towards the poor at the village level.

More than 20 other countries have sent representatives to study the programme, and as a result similar programmes are now running in Afghanistan, Cambodia and East Timor. The World Bank has now channelled more than \$1 billion through this programme, and the British and Dutch governments have placed another \$200 million in grants through the programme. But despite this international support more than 99.9% of those who manage the programme are Indonesian. Last month the President of Indonesia announced a major expansion of the programme. He will make available \$1.5 billion of Indonesia's own funds each year so that it can be expanded to all 75,000 villages in the country. As a result World Bank funds won't be needed any more. The World Bank will not and should not get the credit for this great

success. This programme has been a success only because from the beginning it was owned by and driven by those whose lives it has transformed.

Yes, international development assistance can make a world of difference.

III. Does Development Work – What Role Can Christian Development Agencies Play?

For the past two hundred years Christian agencies have been at the forefront of innovation in bringing education, healthcare, nutrition, and more recently, water, sanitation, and other services to those in the greatest need. Today, this leadership has dwindled, but, even so, some Christian development agencies – such as World Vision, TearFund and the like – are the most professional development agencies anywhere. Here in Indonesia Christian agencies, such as Missionary Aviation Fellowship, and the Summer Institute of Linguistics, are admired for their contribution to development, even by those who oppose the Christian faith.

Christian agencies have also been leaders in promoting a holistic form of development, in which the spiritual and social development are understood to be equally important as, and interrelated with, economic development. Secular agencies are now catching up with this crucial insight.

However, it is this very insight – of the link between spiritual and physical development – that can make some “Christian” development programmes so effective, and others so difficult to assess. There is, of course, a wide spectrum of mission statements among Christian mission agencies, from a near 100% emphasis on “development” to a 100% emphasis on “disciple making”, with most agencies being a mixture of the two. For those at the “development” end of the spectrum (those whose stated primary objective is to reduce poverty and bring better health and education services etc to the poor) it is much easier to judge their effectiveness: they should be held to the same standards as any secular agency. But for those who seek to interweave disciple-making with development it’s often harder to agree on criteria to judge their impact.

Especially difficult are those agencies which seek to use “acts of mercy” as instruments to build relations with communities. In such situations, it’s often not clear whether the village water system, or micro-enterprise project etc. should be judged by its value in bringing clean water or micro-enterprise growth, or whether for its ability to open doors and build trust with communities so that the kingdom of God can be advanced. Of course, it can, and hopefully will, do both – but it is important that where the claim is made for professionalism in the former, the same standards as would be expected from a secular agency apply. Over the past two decades in Indonesia, Vietnam, Bangladesh and Thailand, I have known numerous missionaries, some of whom have enjoyed great success in both the spiritual and temporal spheres, but others who have brushed off a failed development project, arguing that its primary purpose was anyway to build relationships.

The case of the Asian Tsunami in December 2004 illustrates the problem. In the aftermath of the tragedy around 500 international NGOs set up operations in Aceh (previously there had been virtually none, since this was an area off limits due to the civil war). A good number of these were Christian agencies, including some of the largest and most professional (World Vision and Catholic Relief Services for example both had multiple offices and several hundred staff in Aceh). Many others came to Aceh on the spur of the moment in a genuine desire to help at this time of great human suffering. Huge sums of money (NGOs received

around \$2.5 billion in donations for Aceh reconstruction) encouraged NGOs of all stripes to set up shop.

In my 26 visits to Aceh since the tsunami I have seen some of the best and most inspiring reconstruction programmes, and some of the worst. Many agencies – Christian, Muslim, secular – simply took on more than they had the competence to deliver. Many assumed that rebuilding houses, clinics and the like would be relatively straightforward, and that any help given would be better than none. In reality, while the overall reconstruction has gone relatively well, the task has been much more complex than many agencies anticipated, and many have now left without delivering what they had promised. In many villages in Aceh, houses are yet to be completed because the agencies that had been allocated to these villages have failed to deliver.

Doing development right is often much more difficult than anticipated, and requires professional skills and a support system. While building a house in an ideal circumstance may be easy, doing so in an environment with a dysfunctional government, destroyed land titles, acute absence of skilled labour and timber, and severe land subsidence and flooding requires a set of skills and an institutional structure that many agencies simply didn't have.

Which Agency to Choose?

Suppose you are considering a career in development, and would like to invest your life in the work of a Christian agency. Or suppose you are wanting to support such an organisation financially. What should you look for if you really want to make development work? Here are a few thoughts (that should be applied to Christian or secular agencies alike):

- Measurement of results. Does the organisation have the ability to measure impact? Can it give you a serious analysis of whether its programmes are really achieving what they are intended to do? Note that this is very different from the glossy publications for fund-raising and recruitment. Ask for a hard hitting (preferably independent) assessment of success and failure, and ask how programmes are being adjusted in the light of lessons learned. Beware the prayer-letter bias that makes all sound well.
- Support System and Accountability. Ask what technical expertise exists within the agency? What mechanisms exist for providing technical back-up and advice to those struggling with tough issues on the ground. What internal mechanisms exist for holding field-based staff accountable for the funds flowing through them? What mechanisms exist for accountability to donors? To what extent are there technical development specialists on the Board of Directors?
- Depth Rather than Breadth. Some agencies spread themselves among many countries and regions, while others dig deep. The latter is more likely to be successful from a development standpoint. Each country and region is different, and requires patience and critical mass to be effective. Lone rangers are unlikely to be successful when it comes to development.
- Ability to place in a bigger picture. A major lesson of the past two decades is that “enclave projects” insulated from broader systems rarely work. Ask how the programmes fit within the broader policy and institutional framework. If in healthcare, how does the clinic or hospital fit within the local healthcare

system? If involved in micro-enterprise development, what are the policy and regulatory constraints imposed by corrupt local governments? How do government policies help or hurt the prospects of success? Does the agency engage in the broader donor dialogue within country on such policy issues? (Encouragingly, we are seeing a greater engagement of Christian NGOs in such fora over recent years, in sharp contrast from the “separatist” attitude that had characterised some such agencies in earlier years.)

Proclaiming the Year of the Lord’s Favour

We have never been better positioned to make poverty history than we are today. Development agencies have learned from past mistakes, developing countries are generally implementing more sensible policies, incomes are rising faster than ever before and resources for the task are more plentiful than at any time in the past. Christian development agencies, armed with insights from two centuries of productive work, and a conviction that development is as much about things of the spirit as about technology and investment, are well equipped to play a crucial role.

Every week in the developing world today 200,000 children under five die unnecessarily from diseases that we know how to prevent and cure. And over 115 million primary school aged children in developing countries are not in school, even though we could easily afford for them to go. We need well-equipped business-like labourers and development agencies to help get the job done – to bring good news to the poor, to grant recovery of sight to the blind, to set at liberty those who are oppressed, and to proclaim the acceptable year of the Lord. No task on earth is more important.

About the Author

Dr Andrew Steer is Country Director for the World Bank in Indonesia, and has lived in Jakarta for the past four years with his wife, Liesbet, and two small children. Prior to this he lived for five years in Hanoi as Director of the World Bank’s programmes in Vietnam. Earlier he was Director of the World Bank’s Environment Department, Senior Adviser in the World Bank’s Research Department, and Manager of the World Bank’s Country Risk Division. He has worked in Bangladesh, Thailand, Nigeria, and in his work has visited over 50 developing countries over the past 25 years working at the World Bank. He has written widely on development topics, and was primary author of the World Development Report 1992 on Environment and Development.

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