Save the Children UK Briefing Paper:

The UN International Conference on Financing for Development (Monterrey, Mexico, 18 - 22 March 2002)

Note: This paper was developed by Save the Children (UK) as a briefing document on the wide range of issues that would be discussed at the FFD conference. It has been widely distributed amongst NGOs, development agencies and analysts. SARPN acknowledges the permission of SCF to post the document on our web-site.

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Background

The UN Financing for Development Conference will be held in Monterrey, Mexico, from 18 – 22 March 2002. Its agenda addresses the fundamental question of how to put into practice the strategies needed to deliver the Millennium Development Goals and ultimately to eradicate poverty worldwide. In response to the consensus that there are dramatic shortfalls in resources required to attain these targets, the conference was set up as the key opportunity for donors and governments to sign up to specific, timetabled financing commitments and to demonstrate how those commitments would collectively meet the scale of need.

In the face of this extraordinary opportunity, governments have instead used the conference preparatory committees to develop a draft outcome document that is little more than a platform for inaction. It seeks to reinterpret well-rehearsed statements of intent from previous international development conferences within a straightjacket of neoliberal ideology. It is now difficult to see how the conference will make any contribution towards securing children's rights and eradicating child poverty.

The bulk of the paper entitled "Leading Actions" contains not actions but affirmations, accompanied by vague invitations to others to put into practice these expressions of belief. On actions to increase donor aid, conference participants meaninglessly "underline the importance of undertaking to examine the means and time frames for achieving the targets and goals". A series of parallel pledges of inertia underlines the success of those governments, led by the USA, who have sought to end any possibility of this conference agreeing specific mechanisms to implement the financing commitments required to achieve the Millennium Development Goals.

Only a significant reworking of the conference agenda would allow discussions to reach concrete conclusions on priority actions. Given the consensus that national development strategies must be led and owned by national governments and will necessarily be diverse and responsive to national conditions, the priority action areas for an international conference on financing for development must be international-level action on financing. At the very least, the broad goals on Official Development Assistance (ODA) must be taken forward to reach concrete, timetabled commitments by each donor.

Save the Children is deeply concerned that the Monterrey agenda leaves little space for reaching such concrete, timetabled commitments. It will therefore be essential for the World Bank and IMF Spring Meetings in April, and the G8 Summit in June, to take forward the financing issues that have been largely neglected within the Monterrey agenda.

Priorities for the World Bank and G8 donors beyond the Monterrey conference:-

1. Demonstrating consistency in how donors see the purpose of aid.

The first paragraph in the Monterrey Consensus document states: "Our goal is to eradicate poverty, achieve sustained economic growth and promote sustainable development." Yet many donors continue to use aid to strengthen their allies' armed forces, to subsidise inefficient businesses in the donor country through tied aid, to nurture diplomatic contacts between donor and recipient countries, and to control recipient countries' economic policies. Electorates must choose which of these are good uses of taypayers' money; their governments have no right to deceive taxpayers by hiding these expenditures within aid budgets. Donors should each publish a statement of the purpose of their overseas aid, and commit to a timetabled independent audit to demonstrate whether their aid is in practice devoted to meeting this purpose.

2. Ending all uses of aid that do not contribute to the eradication of poverty and the promotion of sustainable development and human rights.

As a further step, donors should commit to a timetable for ending those uses of their aid that do not fall within a consensus donor position on the purpose of aid. At a minimum, this timetable should include:

- The ending of all tied aid;
- The ending of all aid for military purposes;
- A rebalancing of aid flows towards LDCs; and focusing the aid to middle income countries much more strongly on poverty eradication;
- A consequent increase in spending on basic social services, which have been squeezed out by the unproductive misuse of aid budgets.

3. Ending parallel donor systems of aid disbursement, which undermine national capacity.

Donors demand reforms to improve national capacity to use aid effectively, yet in many cases their own mechanisms for aid disbursement undermine that very national capacity. Parallel donor accounting procedures and procurement systems, independent of finance ministries, have fulfilled donors' needs for rapid aid disbursement while undermining finance ministries' ability to manage those funds within national accounts. Donors should commit to a dramatic reform of these systems; donor strategies at all levels should demonstrate specific measures to implement these reforms.

Each donor should outline the practical consequences of "government ownership" for the way they disburse aid, addressing how they will move towards genuinely government-led systems of accounting, monitoring and reporting. A similar process needs to be set in motion by the trustees of high-profile international initiatives such as GAVI and the Global Fund to Fight AIDS, TB and Malaria. Too often, disease-specific or donor-driven funds are damaging national health systems in the rush to set up parallel processes that can only in the short term deliver drugs or vaccines independently of countries' own health systems.

4. Ensuring that aid supports quality and equity within basic services, moving away from donor-driven targets that prioritise achieving narrow quantitative indicators.

Target-driven, high profile international initiatives often benefit the easiest-to-reach children instead of making the structural changes needed to secure the rights of the most marginalised. Vertical initiatives such as GAVI and the Global Health Fund should review their strategies, to ensure that funds strengthen the weakest aspects of health systems and improve quality and equity in the long term.

Other aid mechanisms such as SWAPs need also to be negotiated to strengthen systems, not just deliver simple quantitative targets. (Overrated education SWAPs in several countries have delivered significant enrolment growth, but accompanied by a devastating decline in quality. It is not unusual for well over 60 children to sit in each class learning almost nothing, frequently dropping out before completing primary school.) Donors need to move beyond broad affirmations of commitment to quality, equity and participation, and to spell out the practical consequences of these ideals within their funding patterns. Making these as specific as possible will encourage more effective implementation at country level, stronger civil society scrutiny, and ultimately more effective use of aid.

5. Demonstrating how aid will enable states to end their dependence on cost-recovery, privatising core basic services, and the associated deepening inequity.

The evidence is now unequivocal: both cost recovery and the privatisation of essential basic services inevitably lead to deeper inequity, and safety nets fail to prevent this. States are the ultimate guarantors of those basic rights that depend on such essential services (such as water, health and education). Privatisation and cost recovery cannot meet states' obligations towards the poorest children and their communities. Donors who are serious about the Millennium Development Goals need to detail their analysis of the aid resources that will be needed to end cost recovery for essential services.

6. Demonstrating how aid conditionalities will be made consistent with government ownership of national development strategies.

There is an inherent tension between donor-imposed conditionality and national ownership. A key step is for donors to commit to public openness and encouraging national civil society scrutiny of the conditions attached to aid. A principle for donors to adopt is that of supporting government *progress*, rather than requiring model administrative capacity as a precondition for aid.

7. Demonstrating that past commitments on aid quantity are genuine.

Each donor needs to outline the timescale over which aid as a percentage of GNP will be increased to 0.7%, and to timetable increases in aid to basic services to meet donors' commitments under the 20/20 Initiative.

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Examples informed by Save the Children's programme work

NUTRITION

Demonstrating consistency in how donors see the purpose of ODA

Humanitarian response has been heavily skewed in favour of particular countries and regions, favouring high profile situations which involved not just a humanitarian response but a political, diplomatic and military engagement. For some countries the international response met less than 10 percent of estimated needs. Eritrea in 1998 received from donors less than US $2 for every person effected by the emergency; the former Yugoslavia received US$166. (source: Global Humanitarian Assistance 2000, an independent report commissioned by the IASC from Development Initiatives)

Ending parallel donor systems of aid disbursement which undermine national capacity

In Uganda the World Bank funded Nutrition and Early Childhood Development programme is one of approximately 20 donor funded projects which is being managed at district level in Arua district in the North east of the country. Efforts to decentralise power are being severely hampered by huge monitoring requirements and separate reporting structures of parallel projects.

In Bangladesh the World Bank plans to spend approximately US$10 per beneficiary on vertical nutrition projects. This is an incredibly high expenditure given their extremely weak evidence base for these projects and given that the 41 highly indebted poor countries spend a yearly average of under US$10 per person on the entire health care system. (source: SC / MEDACT, 2001, The Bitterest Pill.)

Demonstrating how aid conditionalities will be made consistent with governments ownership of national development strategies

In Ethiopia, the development of the World Bank funded food security project has been plagued by weak consultation processes and a concept that originated in Washington. In a country where large sections of the population are dependent on food aid every year, household resources and women's workloads are primary determinants of child caring practices. By itself, maternal education on childcare will not solve the problems of children's malnutrition for much of the population.

In Bangladesh, many key documents evaluating the success of the World Bank funded US$60 million Bangladesh Integrated Nutrition Project are restricted or impossible to obtain. Moreover, the Bangladesh government have been convinced to take on a US$246 million annual loan for an extenuation of the project on the basis that there will be a national productivity increase or savings from malnutrition losses worth US$ 1 billion a year. These estimates have to be verified. A productivity increase is only of value if the market can support it.

EDUCATION

Ensuring that aid supports quality and equity within basic services, moving away from donor-driven targets that prioritise achieving narrow quantitative indicators.

Across Save the Children's programme work in education, one theme dominates. Children's interests are harmed by approaches to education that aim to enrol children in school at all costs – with only lip-service paid to the quality of the education they receive.

The priority given to gross enrolment rates as the ultimate test of a country's success in education is rooted in the "Education for All" movement of the 1990s. Modest increases in access to schooling were achieved in many countries, at the cost of a clear decline in quality of education. The majority of children in under-resourced schools learn little from their formal education, with few materials and poor quality teaching combining with a curriculum they cannot relate to. Many end up dropping out in the early years of primary school.

Donors have a central role here. At the Dakar World Education Forum in April 2000, there was a great deal of discussion about quality in education. But it is still success against narrow quantitative targets such as enrolment rates that is rewarded by donors.

The Ugandan government made a huge commitment to funding primary education, increasing education's share of the government recurrent budget from 18% in 1986 to 30% by 2000. Donors queued to pour further money into the pot, but the strategy they supported was one of cramming children into schools and worrying about quality later. Catastrophic consequences for children have followed. Pupil-teacher ratios soared to well over 60 students per teacher across the primary system, with ratios of over 100:1 in the first two primary classes. No meaningful learning can occur in classes of this size. And donors' acknowledgements of the problem have led to little progress: the current Ugandan budget summary proclaims that primary pupil-teacher ratios are falling to 58:1 – hardly an achievement to be proud of.

Education Ministries are under enormous pressure to secure donor funds. (In many cases this comes from Finance Ministries eager for foreign exchange: how the money is spent is seen as far less important.) So donors have enormous influence over supposedly "government owned" education strategies. And donors' reporting mechanisms still prioritise what can easily be measured (such as enrolment rates) over what is really important (whether children are learning anything useful in school).

Why have the lessons from Uganda not been learned? Malawi was similarly funded to achieve a much-heralded expansion in enrolment rates. But donors rapidly took this off their list of successes as drop-out rates rose catastrophically, with children choosing to reject a near-useless education. Madagascar is still highlighted as a success story, with gross enrolment rates exceeding 100 – yet only 11% of rural girls reach grade 5. And Tanzania, a recent donor favourite, is going down the same route. In January 2002, all 7- and most 8-year-olds have been pressured into schools that are still awaiting trained teachers to deal with the overwhelming influx.

In this context, it is ironic that donors have sought to use the Monterrey agenda to lecture southern governments about “inefficiency”. Donor pressure on governments to increase enrolments at the expense of quality entrenches inefficiency at the heart of education systems. For what could be more wasteful than pouring money into education strategies that pay no attention to what children are actually learning during the time they spend in school? There is a strong case for turning this approach on its head. Only by investing in quality first will there be sufficient incentive for children to attend school, and to stay in school at least through their primary grades, and to learn something useful during that time.

References:
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HEALTH

Demonstrating consistency in how donors see the purpose of aid

Complex emergency countries are not prioritised for long term recurrent support despite boasting the highest infant, child and maternal mortality rates. Investment in these areas is usually for short-term periods only and based on humanitarian responses rather that building local capacity and systems to provide essential health care. Recent aid to Liberia has been reduced by 50% despite increasing poverty and conflict. In some counties there is only one doctor to 800,000 people; doctors often have no drugs or kerosene to run the operating theatre's generator. Many staff have not been paid for six months or more yet the government has brought in new cost recovery schemes, which place health services further away from the poor. A recent interagency report developed in DRC ('No end in sight' - SC UK, Christian Aid and Oxfam) demonstrates this chronic under-investment clearly. New methods for ensuring the poorest in these countries have access to health need to include more long-term resource commitments, which focus on building local capacity.

Ending all uses of aid that do not contribute to the eradication of poverty and the promotion of sustainable development and human rights.

New funding pledges are being discussed to help reach the health Millennium Development Goals. It will be essential that this money is channelled towards national health priorities focusing on social spending with a view towards 'pro-poor' policies. This money needs to be pledged through development aid so governments can resource their PRSP plans and increase allocation of resources to recurrent costs of strengthening their health systems. Health needs to be considered as a right rather than simply a stepping-stone to economic development so that marginalised groups like women and children are prioritised. Present discussions concentrate heavily on conditional grants to achieve this through a strong focus on disease specific outputs. Research released in 2000 by UNICEF demonstrates that such approaches have only limited success and that multi-sectoral approaches towards tackling poverty through greater equity are more effective.

Ending parallel donor systems of aid disbursement, which undermine national capacity

There are increasing trends towards funding health through private public partnerships which are usually time limited, heavily output orientated and set up alongside national systems rather than working directly through national systems. These initiatives can 'drain' locally skilled personnel by offering positions on relatively high salaries. These systems in themselves have tremendous transaction costs around applications for funding, setting up new systems for complying with donor reporting and monitoring, and achieving unrealistic targets based on quantitative data. A recently published report, commissioned by SC UK on the Global Alliance for Vaccines and Immunisations (GAVI) demonstrates how such targets are often met by using unreliable data; more 'systems based' evaluations would promote more sustainable, long term goals. Short term limited funds should been regarded simply as resource pots to fund national health and PRSP plans.

Ensuring that aid supports quality and equity within basic services, moving away from donor-driven targets that prioritise achieving narrow quantitative indicators.

A recent research report (The Cost of Coping with Illness) completed by SC UK in Ethiopia states that only $1.35 US Dollars is spent on health per person. The report demonstrates how 30% of the population have no access to services, as they cannot pay for the drugs, while another 30% are selling off capital assets to pay for essential health care. In the latter case such resources are finite hence 60% of the population may soon be unable to access health care services. Research repeatedly demonstrates how cost recovery and safety net / exemption systems fail to protect the marginalised's right to health. Essential health services need to be established to ensure that basic human rights (such as the right to health) are not denied. These recurrent costs need to be support by states with the help of 'untied' international aid.

Demonstrating how aid conditionalities will be made consistent with government's ownership of national development strategies

Many of the new funds mentioned above like GAVI and the Polio eradication programme establish links with national governments but their funds are tied to a disease specific target, which although a global priority, may not be every country’s main priority. The selection of such specific global targets should not be used as blueprints and all nations should be supported and encouraged to approach the strengthening of their health systems according to evidence-based priorities. An example of these conditionalities comes from recent research on GAVI (SC UK's report 'New Products into Old Systems'), which demonstrates how Ghana was given ten days to make a vital decision, without sufficient evidence, that subsequently resulted in doubling their annual immunisation costs. GAVI does not support countries to provide essential core EPI[1] vaccines (unless they are combined with new Hib or Hep B vaccines) despite having sustainable EPI services as one of its goals.

[[1]EPI: Expanded Programme of Immunisation]