



KNOWLEDGE PLATFORM ON INCLUSIVE DEVELOPMENT POLICIES

Promoting inclusiveness in the Dutch policy agenda on trade and international cooperation

A consultation for the Ministry of Foreign Affairs



By **INCLUDE Secretariat**
March 2015

Leiden, The Netherlands

Table of contents

Introduction.....	6
EMPLOYMENT FOR INCLUSIVE DEVELOPMENT	7
SUPPORTING INCLUSIVE GROWTH IN AFRICA – PROPOSALS FOR DONOR EVOLUTION	8
WHY INCLUSIVE DEVELOPMENT HAS BEEN DIFFICULT TO ACHIEVE IN AFRICA.....	9
INCLUSIVE BUSINESS MODELS REQUIRE TOTAL IMPACT MEASUREMENT AND MANAGEMENT	10
FAMILY PLANNING: ANOTHER STRATEGIC ACTOR TO REACH INCLUSIVE DEVELOPMENT.	12
INCLUSIVE DEVELOPMENT FOR SUSTAINABLE FOOD SYSTEMS THAT FULFILL HUMAN RIGHTS	13
THE IMPORTANCE OF NON-PUBLIC ACTORS AND THE ROLE OF SOCIAL MARKETS	14
COUNT US IN!.....	15
THE RIGHT KIND OF LEVERAGE: INTEGRATING VERTICAL AND HORIZONTAL POLICIES FOR INCLUSION	17
SMALL-SCALE FAMILY FARMERS HOLD THE KEY TO GLOBAL FOOD SECURITY	18
ICT AND THE INCLUSIVE DEVELOPMENT AGENDA.....	19
INCLUSIVE PPPS INCLUDE SMALLHOLDERS	20
FIVE AREAS WHERE DUTCH POLICY CAN CONTRIBUTE TO PROMOTING INCLUSIVE DEVELOPMENT	22
TAXATION IN A SUSTAINABLE ECONOMY	23
RISK, HUMAN SECURITY AND EQUITY	24
ADVANCING LOCAL DEVELOPMENT THROUGH MESO-CREDIT, FARMER PRIVATE LTDS AND ECONOMIC CHAIN DEVELOPMENT	25
HEALTH AND EDUCATION: SOCIAL SECTORS PROVIDING OPPORTUNITIES FOR INCLUSIVE GROWTH AND DEVELOPMENT	27
INVEST IN WOMEN'S ECONOMIC EMPOWERMENT	28
CONSIDERATIONS FOR PROMOTING INCLUSIVENESS IN AFRICA	29
INCLUSIVE DEVELOPMENT STARTS WITH LAND AND FOOD SOVEREIGNTY	31
STOPPING THE SERRATA: WHY WE NEED A HOLISTIC APPROACH TO INCLUSIVENESS	32
PROMOTING INCLUSIVENESS	34
VOICES AND CHOICES: TOWARDS INCLUSIVE DEVELOPMENT FOR MARGINALIZED AND VULNERABLE GROUPS.....	35
THREE OPPORTUNITIES TO MAKE A DIFFERENCE ON INCLUSIVE DEVELOPMENT	36
STRATEGIC INTERVENTIONS TO ACCELERATE ECONOMIC TRANSFORMATION FOR INCLUSIVE GROWTH	37
PROMOTING INCLUSIVENESS IN THE DUTCH POLICY AGENDA FOR TRADE AND INTERNATIONAL COOPERATION.....	38
SUPPORT MECHANISMS FOR YOUTH AND WOMEN IN THE DRC PEACEBUILDING PROCESS, THE FIGHT AGAINST UNEMPLOYMENT AND THE PROMOTION OF WOMEN'S RIGHTS.	39
ON THE INCLUSIVENESS IN INTERNATIONAL COOPERATION: CASE SUB-SAHARAN AFRICA	40
HOW TO SUPPORT EXTREME POOR SMALLHOLDERS WHO LACK ACCESS TO FINANCE?	41

WHAT ABOUT THE POLITICS?.....	42
INCLUSION WORKS! MAINSTREAM DISABILITY IN DEVELOPMENT	44
DECONSTRUCTING THE YOUTH DEVELOPMENT AGENDA: PUTTING YOUNG WOMEN FIRST	45
INCLUSIVENESS PAYS BACK; BUSINESS ARGUMENTS FOR GENDER AND YOUTH INCLUSIVE VALUE CHAIN DEVELOPMENT	47
INVOLVE AND EMPOWER YOUNG FARMERS AND AGRO-ENTREPRENEURS TO SECURE THE FUTURE OF OUR FOOD	48
INCLUSIVE SOCIAL PROTECTION FOR INCLUSIVE DEVELOPMENT	49
INFORMATION FOR ACTION: THE IMPORTANCE OF STATISTICAL INFORMATION FOR PARTICIPATORY LOCAL POLICY MAKING, PLANNING AND REGULATION	51
SOCIAL PROTECTION PROGRAMMES TO IMPROVE FOOD SECURITY AND RURAL POVERTY IN DEVELOPING COUNTRIES.....	52
HOW CAN GOVERNMENT SUPPORT THE IDENTIFICATION, GROWTH AND REPLICATION OF INCLUSIVE BUSINESS?	53
PROMOTING INCLUSIVE INNOVATION IN SMALL PRODUCERS' CLUSTERS – THE CASE OF VIETNAM	55
INCLUSIVE DEVELOPMENT	56
HIV DOESN'T GIVE A HOOT ABOUT GROSS NATIONAL INCOME, OR WHY WE CAN'T DIVEST FROM MIDDLE INCOME COUNTRIES	57
THINKING DIFFERENTLY ABOUT POVERTY CAN PROTECT CHILDREN FROM VIOLENCE	59
IN-COUNTRY PUBLIC-PRIVATE PARTNERSHIPS HOLD THE KEY TO PROMOTING INCLUSIVENESS IN DUTCH TRADE AND INTERNATIONAL COOPERATION AGENDA.....	60
RISK AND CORPORATE SOCIAL RESPONSIBILITY OF THE PRIVATE SECTOR IN DEVELOPING COUNTRIES	61
EFFECTIVE POLICY FOR POVERTY REDUCTION: FOCUS ON FRAGILE AREAS AND INCLUDE SMALLHOLDERS	63
ZEROING IN ON EXTREME POVERTY: DISABILITY AND AGE INCLUSIVE AGRICULTURAL WATER MANAGEMENT.....	64
TARGETING THE FRONTRUNNERS: ENTREPRENEURSHIP AND INCLUSIVE DEVELOPMENT	65
EQUITABLE RESULTS FOR ALL CHILDREN: 'LEAVE NO ONE BEHIND'	67
SHIFT FROM AID TO AID FOR TRADE IS JEOPARDIZING INCLUSIVE DEVELOPMENT	68
INCLUSIVENESS OF WOMEN AND YOUTH IN LOCAL DECISION MAKING	69
THE PARADOXES OF AFRICA'S GROWTH TRAJECTORY	70
CLIMBING THE LIVESTOCK LADDERS	71
STOP WORKING IN SILO'S, INTEGRATION OF DEVELOPING SECTORS NEEDED TO ENSURE PROSPERITY FOR ALL	72
DRIVING THE INCLUSIVE ECONOMY FORWARD: FROM A MACRO TO A MICRO PERSPECTIVE	73
SUSTAINABLE USE OF NATURAL RESOURCES IS A PREREQUISITE FOR INCLUSIVE DEVELOPMENT	74
NO FARMERS NO FOOD	75
NOTHING ABOUT THEM WITHOUT THEM.....	77

COMMUNITY SYSTEMS STRENGTHENING IS KEY IN ACHIEVING INCLUSIVE DEVELOPMENT	78
HUMAN SECURITY: IMPLICATIONS FOR DUTCH POLICY	79
INVESTING IN SOCIAL PROTECTION FOR THE POOR	80
INCLUSIVE DEVELOPMENT IN SEARCH OF POLITICAL WILL	81
SEXUAL AND REPRODUCTIVE HEALTH: A RIGHT FOR ALL	82
HIV-SENSITIVE SOCIAL PROTECTION AND HIV WORK PLACE POLICIES FOR INCLUSIVE GROWTH	84
IF WE WANT INCLUSIVE DEVELOPMENT, LET'S START BY INCLUDING WOMEN!	85
PROMOTING INCLUSIVE DEVELOPMENT: THE RURAL DEVELOPMENT IMPERATIVE IN THE POST-2015 ERA	86
SOCIAL PROTECTION: A CRITICAL STRATEGY TO PROMOTE INCLUSIVE GROWTH IN SUB SAHARAN AFRICA	87
SUPPORTING THE HUMANS IN THE INFORMAL SECTOR TO PROVOKE ECONOMIC GROWTH	89
CASH TRANSFER PROGRAMS: THE GOLD STANDARD FOR POVERTY REDUCTION	90
ON ENDING HUNGER AND POVERTY	91
ASPIRE TO BE THE LEADING ADVOCATE FOR ACCOUNTABILITY, TRANSPARENCY & FISCAL JUSTICE	92
INCLUSIVE DEVELOPMENT AND GENDER: TARGETING THE RIGHT WOMEN	94
INCLUSION/EXCLUSION AND GLOBAL RULES: PROBING SOME PREVAILING NOTIONS	95
UNDERSTAND BUSINESS MODELS	96
FRAGILITY, POLICY AND INCLUSIVE GROWTH	97
AGRICULTURE FIRST!	99
DON'T TARGET THE POOREST!	100
AID AND INCLUSIVE DEVELOPMENT: MATTERS ARISING	101
FROM GROWTH TO EQUITABLE SUSTAINABLE DEVELOPMENT	102
DEVELOPMENT COOPERATION POLICIES VIS A VIS THE IMPASSE IN AFRICA	103
POVERTY REDUCTION IN DEVELOPING COUNTRIES THROUGH PRIVATE SECTOR INITIATIVES	104
A GLIMPSE AT HOW THE PRIVATE SECTOR CAN ENABLE GROWTH AND REDUCE POVERTY	106
AGRICULTURE AND RURAL DEVELOPMENT IS KEY	107
TRANSLATING ECONOMIC GROWTH INTO BENEFITS FOR THE POOR	108
INCLUSIVE BUSINESS FOR INCLUSIVE GROWTH	109
POLICY STEPS FOR PROMOTING STABILITY, SECURITY AND JUSTICE IN FRAGILE AND CONFLICT-AFFECTED AREAS: FIRST CONSIDERATIONS FOR DUTCH DEVELOPMENT POLICY	110
TARGETED POLICIES TO ERADICATE POVERTY	111
HOW INNOVATION CAN CREATE NEW MARKETS & CONTRIBUTE TO LIVELIHOODS	112
INVESTING IN WOMEN PAYS OFF: HOW TO PROMOTE INCLUSIVENESS IN THE DUTCH POLICY AGENDA FOR TRADE AND INTERNATIONAL COOPERATION?	114
MOVING FORWARD IN INCLUSIVE DEVELOPMENT: COMBINING FINANCIAL AND SOCIAL INCLUSION	115
TRADE IS AID, AID IS TRADE: SCALING UP AID BY COLLABORATING WITH THE PRIVATE SECTOR	116

ENSURING INCLUSIVENESS IN THE DEVELOPMENT OF NEW HEALTH TECHNOLOGIES	117
HOW CAN GROWTH BECOME MORE INCLUSIVE? WHAT SHOULD DEVELOPMENT POLICY DO?	118
THE CASE FOR PROMOTING YOUTH ENTREPRENEURSHIP IN FRAGILE SETTINGS	119
FROM THE HAZARDS OF “INTERNATIONAL DEVELOPMENT “CHARITY” TO INCLUSIVE DEVELOPMENT ..	121
INCLUSIVE GROWTH: HUMAN CAPITAL, SAFETY NETS AND ENVIRONMENTAL SUSTAINABILITY	122
LEAVE NO ONE BEHIND	124
INCLUSIVE DEVELOPMENT – THE ROLE OF THE PRIVATE SECTOR	125
HOW TO PROMOTE INCLUSIVENESS IN AFRICA	126
BASIC MOBILE TECHNOLOGY TO ENABLE PEOPLE AT THE BASE OF PYRAMID TO PARTICIPATE IN GROWTH.	128
PROMOTING INCLUSION IN DEVELOPMENT POLICIES.....	130
‘BOTTOM-TO-TOP’ INCLUSIVENESS	131
INVESTING IN BROADER RISK ASSESSMENTS: INCLUDING NON-COMMERCIAL RISKS	132
PRO-POOR GROWTH POLICIES.....	133
INCLUSIVENESS OF THE POOR THROUGH EMPLOYMENT: THE ROLE FOR THE DUTCH PRIVATE SECTOR AND GOVERNMENT	134
WHEN ECONOMIC GROWTH IS NOT ENOUGH TO HELP THOSE WHO NEED IT MOST	135
GENDER JUSTICE FOR ALL.....	137

INTRODUCTION

This consultation was held to feed into the policy letter that Lilianne Ploumen, former Minister for Foreign Trade and Development Cooperation, has committed to send to the Parliament in spring 2015. The Dutch Ministry of Foreign Affairs has asked Dutch and international experts from universities, think-tanks, NGOs, international organizations and the business community to write a short contribution to be published online on the [INCLUDE Knowledge Platform](#).

This consultation was conducted by [The Broker](#) in cooperation with the Ministry of Foreign Affairs and the [five Knowledge Platforms for Global Development](#).

The Ministry asked contributors to address one or more of the following questions:

- What policies and interventions have proved to contribute most successfully to the translation of growth into benefits for the poor? Is there a best policy mix?
- Are specific and additional economic, political or social measures required to reach the most excluded and disadvantaged groups?
- Policies and outcomes for inclusive development are the primary responsibility of national governments. How and in which specific areas can donors contribute to inclusive development? What role can civil society play?
- How can the private sector in developing countries take the interests of the poor and marginalized more into account? What are the best practices? How can we further promote these in our cooperation with and support for the private sector?
- Which additional policy measures and approaches are required to address (horizontal) inequalities in fragile and conflict-affected areas, and to include marginalized groups in interventions that promote stability, security and justice?

The consultation closed on 31 March 2015.

Ruerd Ruben, Research Coordinator Food Security, Value Chains & Impact Analysis at LEI, Wageningen University

The Netherlands, 07-04-2015

EMPLOYMENT FOR INCLUSIVE DEVELOPMENT

Promoting 'inclusive development' implies first and foremost that serious attention should be given to (a) strategies that create local employment opportunities and (b) opportunities that enable poor people to participate in the labour market. We propose 4 policy areas where Dutch aid and trade can be helpful to enhance employment at the bottom of the pyramid.

Many programs for development cooperation tend to focus attention on agricultural farm development without considering that more than 50% of household income in rural areas is derived from off-farm and non-farm employment. Similarly, most programs for enterprise development still disregard the fact that almost 80% of small-scale businesses are informal services based on self-employment. Poverty is strongly present in both categories, but market-based policies and public institutions largely bypass these people.

Inclusive development requires massive generation of employment for poor people that are fail basic education and lack resources to invest in asset creation. In the countryside, people of advanced age are still responsible for major agricultural operations. Many young people look for a better destiny in the cities (or eventually try to migrate towards Europe). Unemployment rates of up to 40% still prevail in large parts of sub-Saharan Africa, and chronic poverty is largely concentrated in this population segment. Escaping this poverty trap asks for decisive public policies and market incentives that recognize the dynamics of local labour markets.

First, attention should be given to actions for improving labour productivity of rural workers, through education and practical training for jobs outside the agricultural sector, or for better jobs in more advanced agricultural processes. Progress in rural mechanization asks for tractor drivers and technicians, rural towns offer opportunities for shopkeepers and taxi drivers. Also in urban areas, new professions are emerging in the telecom, retail and transport sector that require basic skills. Investing in secondary education and vocational training for business skills and financial literacy have a high pay-off for the people and the society.

Second, emerging micro- and family-firms need to strengthen market linkages in order to reduce the currently high costs for input purchase and output marketing. This will enable them to recruit additional labour force and to offer more stable employment positions. Employment effects of most microfinance programs are still disappointing, since they focus too much on working capital and neglect fixed capital investments. Vouchers that permit micro firms access to improved inputs show more effects for stabilizing employment.

Third, informal job protection ('better jobs') is of critical importance to improve decent working conditions. Respecting labour hours and wage agreements are part of the business climate. Programs that provide voice to workers and that enable worker organization show to deliver also positive enterprise effects, since greater job identification pays off with higher labour productivity.

Fourth, targeting women for rural and urban employment is proven to be a highly effective strategy for guaranteeing pro-poor development. Female employment in public infrastructure rehabilitation programs as well as for the promotion social protection and environmental services yield high returns in terms of improved child care and family nutrition.

TOPICS: Women Agriculture Employment

William Mshabaa Lyakurwa, Independent Expert: Management, Development, Education & Capacity Building

Kenya, 07-04-2015

SUPPORTING INCLUSIVE GROWTH IN AFRICA – PROPOSALS FOR DONOR EVOLUTION

The scope of Africa's development agenda continues to rapidly evolve in width and depth, although rarely equitably and sustainably. Realization of donors' philanthropic intentions therefore implies that support must of necessity adapt to these changes to continue to assist these countries' development effectively. This short article summarizes some of the key areas that may be considered to support inclusive growth in African countries.

Infrastructure

Despite several challenges, African countries have continued to outperform global average growth indicators since the year 2000. Review of the growth patterns however reveal that these developments are mostly concentrated in the extractive and service sectors. While this has delivered benefits for specific population groups and geographical areas, it has also left many others trapped in poverty. These disparities are aggravated by poor infrastructure within and across countries. Infrastructure development is mainly hampered by vague national and regional sector policies; lack of financing; deficiencies in planning and procurement; project prioritization based on socio-political rather than economic considerations; and poor management of existing infrastructure assets.

Governance and institutions

Although the particular causes of inequality may vary across countries, weak and unaccountable states and institutions remain central in tackling poverty. Emphasis should therefore focus on improving governance capacities in the areas of resource allocation and mobilization. It is therefore suggested that donors review, on a country by country basis, various institutional innovations that can improve the quality of service provision by changing the incentive structures and improving accountability.

Climate change

The impacts of climate change have already made profound effects on African countries, particularly in agricultural productivity and food security. This is of increasing importance as the 21st session of the Conference of the Parties (COP) on low-carbon and climate-resilient economies, is expected to take place in December 2015 in France. Donors may consider supporting efforts to increase and diversify agricultural productivity; and to build countries' capacity to access climate finance from the Green Climate Fund.

Domestic resource mobilization

Most countries in Africa face large resource gaps due to low domestic savings and high investment needs. Conversely, where resources may be available, they often do not reach businesses, especially start-ups and Small and Medium Enterprises (SMEs) because of perceived risk on part of the lenders. Initiatives that strengthen collateral registries and credit bureaus can help improve businesses' access to finance. The role of mobile banking facilities and microfinance institutions, particularly working in partnership to improve access to finance has been successful in some countries such as Kenya, and should be replicated widely. Domestic resource mobilization can provide a stage on which tax revenues can be raised – by deepening the tax base, strengthening tax administration and formalizing the informal sector. Private savings can be raised by banking sector reforms and through innovative ways such as leveraging the local wealth or securitizing future resource inflows (remittances, oil revenues). A further challenge is to ensure that there is change in attitude whereby aid becomes a complement to private sector investment and vice-versa. This can be achieved, for example, through initiatives aimed at crowding in additional private sector investment and also public-private partnerships. At the policy level, efforts that deepen the tax base; strengthen tax administration and formalize the informal sector should be encouraged. Since several countries still rely on aid for budgetary support, it is recommended that the disbursements be predictable to enhance macroeconomic stability.

Conclusion – opportunities for Dutch trade and policy

Given the foregoing, a number of opportunities for Dutch support will particularly enhance trade and policy congruence with African countries. The first is with regard to support to infrastructure projects, particularly at the policy development stage, and in the project prioritization and planning phases would therefore have optimal impact on including regions and populations trapped in poverty by lack of access to markets and infrastructure. Dutch policy should also be selective in its support of African public institutions, being particularly encouraging to those that strive to innovate to improve the quality of service provision while improving accountability. Fast-tracking access to financial services by replicating mobile money savings and transfers is also worthy of support, particularly in Western and Southern African countries that have comparatively low investments in the financial sector. Related to this, disbursements for budgetary aid support should be considered predictable and regular enough to enhance the stability of governments' development projects.

To enhance the impact of aid in public sector management, donors must improve creativity, adaptability and flexibility in coping with the circumstances of low income countries which have weak administrative institutions. Going forward, aid remains important and should be re-formulated to strengthen domestic public and private capacity and to build upon alternative sources of development finance and partnerships.

Frederick Golooba-Mutebi, Independent researcher

Uganda, 06-04-2015

WHY INCLUSIVE DEVELOPMENT HAS BEEN DIFFICULT TO ACHIEVE IN AFRICA

There are technical and political reasons for why inclusive development has been so elusive in Africa.

Technical reasons:

Poor revenue mobilisation & lack of resources

African governments have been poor at internal revenue mobilisation. Few countries collect beyond 20 percent of taxes in GDP terms. Financing development therefore depends on external sources. The amounts, predictability and sustainability of resources from such sources depend on factors that are outside recipients' control. Recipients who enjoy the favour of external financiers are rewarded with generosity. Meanwhile those that do not, usually for political or diplomatic reasons, suffer reduced funding. Lack of internal revenue-generating capacity and the unpredictability of external funding prevent governments from implementing policies consistently, whether they are inclusive or not. And when external funders are generous, they usually cannot determine where resources are eventually channelled, and whether they serve purposes that promote inclusive development.

Weak bureaucracies

This captures lack of capacity for policy implementation due to inexperience and inadequate training and lack of appropriate skills, the latter because there are no opportunities for refresher training. Alongside poor pay and the inability by public servants to make ends meet, these factors lead to lack of motivation and commitment by public servants to their duties. Without a capable, well-remunerated and motivated bureaucracy, development, inclusive or not, is difficult to achieve.

Political reasons:

Governance and how politics is organized and practiced

Since the collapse of one-party dictatorships in Africa, there has developed a certain obsession with competitive, adversarial multi-party politics among donors, the Western intellectual elite and the Western-educated African intellectual elite that advise them, or from whom they solicit opinions on politics. It is claimed that inter-party

competition ensures accountability of leaders to voters. There are also claims that subjecting leaders to electoral pressures incentivizes them to live up to popular expectations in their conduct and performance of their functions. Historical evidence, mainly from Western liberal democracies, supports this. In Africa's "democracies in the making", however, these claims rarely apply. Where they do, there is need for nuance.

Politics in Africa is generally clientelist, not programmatic, reducing competitive politics to "competitive clientelism". Few people vote for candidates because of their ideas or policies they propose. Most vote because of considerations such as whether they have received money or gifts for their ballots. Others elect candidates from their ethnic or religious group. This does not translate into post-election pressures on governments to perform. Inclusive development is difficult to achieve in such contexts. Pressure to buy elections is key in breeding corruption and financial misconduct, as the necessary cash must be found, leading to diversion of public resources into political schemes that are not necessarily intended to satisfy the needs of the poor. Crucially, flawed competitive elections produce conflict and elite fragmentation, ruling out the emergence of developmental elite coalitions such as those that propelled South-East Asia into prosperity.

What can be done?

Much can be done to augment resources available to poor countries. Money can be provided with the predictability that allows for proper planning and implementation of projects and programmes. However, where there are no robust accountability mechanisms, little can be achieved sustainably. How donors can plug accountability gaps is a difficult question. However, historical evidence demonstrates that quick-fix technical solutions are not the answer. Donors can help fill capacity gaps by providing limited and well-targeted technical assistance, but only as a short-term measure. Training programmes for civil servants offer greater promise. These, however, are most effective if conducted locally, with limited opportunities for overseas training, only where it is absolutely necessary. A key reason for the lack of skills is the collapse of civil service colleges and institutes of management that previously provided tailored training to civil servants preparing for deployment and refresher courses that helped build long-term careers. Donors may want to help revamp such training institutes and programmes as part of long-term, multi-faceted efforts to promote inclusive development.

Donors can do little about clientelist politics in countries where it is entrenched. One approach is to finding creative ways of channelling resources directly to where they are needed, not through basket funds which governments control. They can also work closely with governments that may not fulfil conventional good governance or democracy criteria but whose records on delivery and inclusive development are strong and well-established. Rwanda and Ethiopia are good examples. Donors have to decide whether supporting such governments to promote inclusive development is a defensible alternative to pushing for difficult-to-achieve political reforms in pursuit of idealistic notions of democracy and good governance. As it is usually said, good things do not always go together.

Robert van der Laan and Anna Bulzomi, Partner and Senior Associate at Sustainability & Responsible Governance, PricewaterhouseCoopers

The Netherlands, 06-04-2015

INCLUSIVE BUSINESS MODELS REQUIRE TOTAL IMPACT MEASUREMENT AND MANAGEMENT

Governments aligning their instruments to promote inclusive business, will enable 'good growth'.

Businesses are being queried on whether they actually drive good growth

The systemic challenges facing our planet and people today call for innovative solutions to be implemented in more scalable and more sustainable ways than traditional aid-driven models. We see a growing convergence of the public,

private and non-profit sectors towards shared approaches to tackle pressing social and development issues. Stakeholders are taking front and centre stage and questioning companies over the extent to which they factor environmental, social and governance (ESG) and human rights issues into their business decisions and whether they spread social and economic opportunities in the countries where they operate. In short, businesses are being queried on whether they actually drive “good growth”.

Inclusive business as a gateway to development

In this context, “inclusive business” is gathering momentum. Defined as profitable core business activity that also tangibly expands opportunities for the poor and disadvantaged in developing countries, inclusive business represents a shift away from the purely philanthropic narrative of corporate social responsibility. It is not an “add-on”, but a way of doing business. By engaging the poor as employees, suppliers, distributors, consumers and innovators, inclusive business provides an opportunity to integrate a marginalized and underserved segment of the population into the formal economy. Commonly referred to as the “base of the pyramid” (BoP), this segment often lacks access to goods, services and livelihood opportunities – a gap that inclusive business models could bridge in a commercially viable way. Business models that boost private sector development in low-income countries are increasingly being explored also as starting points to transfer skills and build resilient supply chains.

When business favours development: Total impact measurement and management

But how can one weigh, monetize and track the impacts of inclusive business? How can policymakers, investors and businesses measure the extent to which a certain business model favours development? The recently launched Dutch Good Growth Fund (DGGF) is based on the notion that understanding and measuring the impact of investment in low-income countries is a prerequisite to good growth. PwC (together with Triple Jump) is responsible for managing the financing of local SMEs in up to 66 selected countries through investing in intermediary funds. The methodology used for monitoring the actual impact of investments under this track is the Total Impact Measurement and Management (TIMM). It provides a holistic understanding of the social, fiscal, environmental and economic impacts of a business’ activities. It allows to measure and compare the trade-offs between different options and take better strategy decisions. By clearly quantifying and showing what their impact is, and who it affects, businesses can shape a new, more vibrant conversation with their stakeholders and ultimately deliver “good growth”. Investors and policymakers can see what trade-offs are needed to leverage the full potential of business for development. In a case study on a brewer in Africa, the methodology was used to measure and value the financial and social benefits of (a) importing barley or (b) growing an alternative crop locally. It puts a value to what normally would be a set of qualitative overlays to financial analysis, and helps management identify key ESG trade-offs, e.g. “improved societal outcomes from sourcing locally” vs “increased use of an already scarce water resource in those same communities”. Total impact measurement and management brings a new perspective, one in which management can identify different scenarios of impact and reach, take more informed decisions and communicate them in a more transparent way.

Production
taxes

PRODUCTION
TAXES

Governments apply many different instruments to promote development, including financial incentives such as Dutch DGGF. Governments pursuing good growth could well investigate how total impact measurement and management can complement their policy instruments. Its uptake brings a new shared language to the fore, and drives a deeper exploration of the private sector’s actual and potential contribution to development.

Conclusion

Inclusive business is an exciting step forward that deserves a place in tomorrow’s development agenda. Measuring and managing its total impact will allow it to move beyond broad-brush or anecdotal evidence. Policy makers could well investigate how alignment to impact measurement and management can strengthen their instruments

See also

Our [Good Growth for Cities Index](#), developed jointly with [Demos](#)

More information

Robert van der Laan, Partner Sustainability & Responsible Governance, PwC

Robert.van.der.Laan@nl.pwc.com

Anna Bulzomi, Senior Associate Sustainability & Responsible Governance, PwC

Anna.Bulzomi@nl.pwc.com

Dick Jungst and Hans Vemer, Consultant Africa and CEO at CONCEPT Foundation

The Netherlands, 06-04-2015

FAMILY PLANNING: ANOTHER STRATEGIC ACTOR TO REACH INCLUSIVE DEVELOPMENT

Family Planning with affordable and quality assured products, with help from the private sector, gives women the power to make decisions, leading to stable families, opportunities for education and helping to overcome exclusiveness. This is our conclusion after responding to the five questions put forward by the Ministry of Foreign Affairs.

1. *What policies and interventions have proved to contribute most successfully to the translation of growth into benefits for the poor? Is there a best policy mix?*

Most successful policies so far have been those that did not rely totally on donor funding, but partially or totally on loans, investment, private-private, or public-private partnerships. Best policy mix is probably public-private partnership: The government sets the ground rules: making sure that people at the end of the last mile are reached, with quality interventions, with an affordable cost. Private organization provides products and/or interventions and takes care of supply chain.

In those partnerships a focus on affordable family planning products of good quality provides an optimal return on investment, socially and economically.

2. *Are specific and additional economic, political and/or social measures required to reach the most excluded and disadvantaged groups?*

In the most excluded and disadvantaged groups, women are the most vulnerable. They are specifically dependent on access to affordable contraceptives of good quality. High numbers of (unwanted) pregnancies interfere with socio-economic development. Teenage pregnancies hamper education. Secondly, high numbers of unsafe abortions induce high morbidity and mortality, resulting in high costs, and often orphans. Access to products for sexual and reproductive health of assured quality should focus on women in lower income groups. NGO's must report on the work for these groups, not only on the number of people they serve.

3. *Policies and outcomes for inclusive development are the primary responsibility of national governments. How and in which specific areas can donors contribute to inclusive development? What role can civil society play?*

Donors can contribute to inclusive development by donating first to those NGO's that focus on women in disadvantaged groups and that facilitate SRH. These NGO's should change targets from numbers to needs. Civil society can support that effort by advocating those efforts to members of parliament. They must ask the government to take appropriate measures conform the Maputo Protocol.

4. *How can the private sector in developing countries take the interests of the poor and marginalized more into account? Which are best practices? How can we further promote this in our cooperation with and support for the private sector?*

Involve private sector by giving them a stake in the operations. Use local distributors (instead of white UN 4x4s). Best practices show that one should give even a very small incentive to everyone who does some work. To promote this one should start with taking away the mistrust between the government and NGOs on the one side and private sector on the other side.

It is also important that governmental donors do not mandate that funding is used in the donor's country or for procurement of goods from the donor's country. By allowing donated or loaned money to be used in the target country one often gets more value for money, more local motivation, local employment and longer lasting success.

5. *Which additional policy measures and approaches are required to address (horizontal) inequalities in fragile and conflict-affected areas, and to include marginalized groups in interventions that promote stability, security and justice?*

Excluded and disadvantaged groups and people become dispirited and rebellious. Adolescents are at risk to become rebels or even extremists because of the ongoing poverty. They are often not well educated and jobless, therefore prone to crime, since they have no other choice.

In these groups' mothers are leading to stable families and promote education. If women have access to healthcare and affordable contraceptives, they can decide to have a smaller, stable and harmonious family, that can prevent derailment. These women then have time and possibilities to acquire a job and money. If you save a woman, you save a family.

In areas deemed too politically sensitive for "western", white, international agencies, regional humanitarian organizations should play an increasingly active role in aid delivery.

Stineke Oenema, Advisor on Food and Nutrition Security, ICCO Cooperation

The Netherlands, 03-04-2015

INCLUSIVE DEVELOPMENT FOR SUSTAINABLE FOOD SYSTEMS THAT FULFILL HUMAN RIGHTS

The Netherlands face the difficult challenge to combine international trade and development cooperation. The combination is much needed because whenever these topics are dealt with separately, this can lead to problems such as the exclusion of people from development, negative externalities of trade on development and unequal distribution of the benefits of trade, including in the area of food and nutrition security and food systems.

In 2010 the Scientific Council for Government Policy (WRR) stated that food security is a public good [1]. Per default public goods cannot be left to market forces and trade alone. Moreover, food is a human right, meaning that the government has certain responsibilities to respect, protect and promote the right to adequate food. Therefore, measures need to be in place to ensure that the combined agenda of "trade and aid" does what it should do: facilitate sustainable, participatory and democratically controlled food systems that realize the right to food.

Specific measures are required to reach the most excluded and disadvantaged groups

First of all, it is needed that these groups are allowed a voice in policy making spaces. At global level the Committee on World Food Security (CFS) is the most inclusive multi-actor platform to debate food security issues and promote policy coherence and coordination. In the CFS also organizations of the most excluded have a say and policies that are agreed by the CFS reflect their inputs as well. It is needed that these voices are also heard when these policies are concretized at national level. The Dutch government can improve in two ways:

1. Ensure that the CFS policies are more leading for Dutch policies, including those of the ministry of Economic Affairs. Some steps have been taken already for example in the land governance dialogue.
2. Allow the CFS to discuss trade as it is related to food security, to ensure international coherence of policies. Even though it is up to WTO to set trade rules, still these rules and regulations need to be coherent with the policy frames as agreed in the CFS.

National governments are responsible

Policies set the frame for actions and programs that are implemented by other actors. However, there is no implementation without money. Donors have a special responsibility because of the power that comes together with the money. Donors are very diverse (governments, private foundations, etc.) with diverse visions. Donors should abstain from individual contributions following their own ideals but rather create a global fund that is democratically controlled and through which countries or organizations in need can apply for money to improve food and nutrition security. Civil society plays several roles: mobilization of communities and people to develop sustainable food systems. But also watchdog role, in case of the violations of rights. CSOs can also provide policy makers with good practices, considering the fact they often have connections with the most marginalized or are even direct representatives of these groups (e.g. organizations of ethnic minorities, urban poor, etc.). As such they have a say in policy consultations, as rights holders.

Socially responsible private sector in developing countries

What or who is “the” private sector? In the context of sustainable food systems, we need to think local: There are many examples of private sector actors that produce, transform and distribute locally and in a sustainable way. Added value remains in the locality, contributing to local economic growth that benefits people locally. Dutch policies should promote this local development, for example by providing seed capital, but also by promoting trade rules that allow local private sector to flourish instead of foreign companies to take over. The Netherlands could also support the development of networks of small and medium enterprises in developing countries. If asked so, Dutch companies can support local companies through coaching trajectories. In addition (Dutch) private sector can transform its business model from an isolated CSR policy via “doing business right”, to “doing good business” favouring the realization of human rights [2]. This transformation could be steered by rules where needed and supported by CSOs where they have specific knowledge and expertise.

[1] http://www.wrr.nl/fileadmin/nl/publicaties/PDF-Rapporten/Minder_pretentie__meer_ambitie.pdf

[2] <http://www.icco.nl/icconomics>

Alexander Kohnstamm, PharmAccess Group

The Netherlands, 03-04-2015

THE IMPORTANCE OF NON-PUBLIC ACTORS AND THE ROLE OF SOCIAL MARKETS

One of the major outcomes of both the global development effectiveness discourse and the discussions on finance for development has been that private actors should be actively involved in achieving the *Sustainable Development Goals*. These are to be a mixture of economic and social goals for the greater good, inclusive and sustainable. But how do economic and social development relate to each other? And what does that mean for maximum synergy between public and private sources of finance for development?

The role of governments in developing countries should be to enable non-public actors (citizens, communities, civil society, faith based organizations and for-profit companies) to optimize their contributions to their own wellbeing and that of society.^[1] Donor governments should put their money there as well: maximizing the enabling environment for

people and organizations to contribute to society.^[2] The question I'd like to pose in this short blog is how donor governments can best target their investments in sustainable economic development.

Most agree that economic growth is not enough for development, and that growth can even harm society – for example by increasing socio-economic inequality or destroying natural resources. The OECD guidelines and other frameworks on corporate social responsibility are useful basic standards for doing business in developing countries. The World Bank and many others also state that donor investments in economic development should be coupled with investments in complementary policy actions, to make sure that unwanted effects are minimized and society as a whole will benefit. Investments in human capital (education, early childhood development), safety nets to assist the poor and vulnerable, and interventions for environmental sustainability.

I agree that all businesses must stick to CSR standards and that any donor spending money on programs involving the corporate sector must strictly enforce these as well. I also believe investments in human capital; safety nets and environmental protection are useful to curb some of the side effects of economic growth. One crucial element in the inclusiveness discussion, however, is overlooked. In my opinion, the limited funding that governments have to stimulate the economies in developing countries should above all be used to make markets flourish in *socially productive sectors*. This can be a wide range of products and services, from healthcare to drinking water or agriculture, but it still means a more focused approach than one that centres around creating decent jobs regardless of the sector they're created in. Investments in food production or providers of clean drinking water; Investments in health-related markets that function well for society, especially for the poor and those in the informal sector; Investments in businesses producing quality educational materials; Yes, also investments in privately run schools and clinics. We should not forget that in many developing countries, the reality for many of the poor and informally employed is that they are not served by public providers and in fact rely on private (including for-profit) service providers: small clinics or local schools that happen to be run by NGOs, churches or local SME entrepreneurs.

Donors wanting to stimulate sustainable and inclusive economic growth should focus their investments on socially productive sectors, including investments in healthy business and investment climates and the institutions that help these and other markets flourish – like land registry agencies, trade unions, quality standards, or essential (digital) infrastructure. This way, stimulating economic growth not only creates decent jobs, it also produces essential goods and services that directly benefit society at large.

^[1] Please see the blog I wrote on this topic: ([Inclusive Growth and the Role of the State](#))

^[2] Please see the blog I wrote on this topic: ([Inclusive Development and the Role of Donor Funding](#))

TOPICS: Private sector

Harriet de Jong, Coordinator, Dutch Coalition on Disability and Development

The Netherlands, 03-04-2015

COUNT US IN!

Dutch policies on international cooperation, in particular policies regarding poverty reduction, must recognize the [urgency of creating equal access and opportunities for persons with disabilities](#). All initiatives on development cooperation should include a strategy for removing barriers that cause exclusion and monitor the progress by disaggregated data. All initiatives should be co-developed and monitored closely by those who should benefit from the programs.

Recognizing the urgency of inclusion

[Twenty percent of the persons living below the poverty line are persons with a disability](#) and there is a higher disability prevalence in LMIC [ii]. Disability disproportionately affects vulnerable populations such as women, older people and persons living with HIV/AIDS. Due to aging populations, [the number of people with disabilities is growing worldwide](#).

The Sustainable Development Goals acknowledge that persons with disabilities are among the persons most in need[iii], and that if we want to leave no one behind, we explicitly need to address their inclusion. The UN Convention on the Rights of Persons with Disabilities (UN-CRPD) stems from the fact that persons with disabilities are inadequately protected by existing laws and legislation and do not fully participate in society on equal basis with others. The Convention (ratified by more than 150 countries!) acknowledges in its preamble the strong relation between poverty and disability and mentions international cooperation as a major instrument for improving the living conditions of persons with disabilities. It outlines in detail what governments can do to protect and promote the rights of persons with disabilities. The CRPD established an agenda for social change. Implementation and monitoring of this convention provide useful knowledge for promoting access and opportunities of other excluded groups. If the Dutch Government seriously supports the post-2015 development agenda, it should endorse the urgency of including persons with disabilities in international cooperation policies.

Explicit inclusion strategy

In all initiatives on development cooperation supported by the Dutch government – especially those on the thematic areas – excluded groups need to be identified in a base-line study, followed by an explicit strategy to include these groups, in particular persons with disabilities. These strategies must set clear targets and goals for removing barriers that exclude persons with disabilities and other marginalized groups. Examples of barriers are stereotyping and negative attitudes – they lead to discrimination and (self-)stigmatization -, lack of accessibility and inadequate policies and legislation. The inclusion strategy must be in line with the UN-CRPD.

Monitoring platform

The Dutch government should support the establishment of an independent platform for ‘sustainable inclusive development’ in which all stakeholders participate, including disability civil society organizations. This platform acts as a watchdog, monitors the progress on inclusion of marginalized groups and advises the ministry on the improvement of inclusion policies and practices.

The numbers tell the tale

In all development cooperation initiatives, the inclusion of the identified marginalized groups must be monitored and evaluated. The collection of disability disaggregated data is particularly relevant. What gets measured gets done!

Build capacity

Also, of crucial importance is promoting sensitization and building capacity on equal rights, access and opportunities for marginalized groups. Make sure that policy makers, diplomats, politicians and other stakeholders properly understand the UN-CRPD. Learn from donors such as [Aus-Aid](#) and [DFID](#).

Close cooperation with marginalized groups

Good governance implies a process [by which people take an active and influential part in shaping decisions affecting their lives](#). People with disabilities often have unique insights in their disability and their situation. Disability civil society organizations – and representatives of other marginalized groups – need to be involved in formulating and implementing policies, laws, and services.

Footnotes

[i] ICCO-coöperatie; International Child Development Initiatives (ICDI); Karuna Foundation; Royal Dutch Kentalis; Leprastichting, Leprazending; Light for the World, Liliane Fonds, Medisch Comité Nederland-Vietnam (MCNV); Soft Tulip; Koninklijke Visio; Wilde Ganzen; www.dodd.nl

[iii] World Health Survey and <http://www.gsdr.org/go/display&type=Document&id=4193>

[iii] Disability is mentioned in the Chapeau and in the areas of education, employment, accessible cities, inequalities and means of implementation/ disaggregation of data (proposed Goals 4, 8, 10, 11 and 17). <https://sustainabledevelopment.un.org/sdgsproposal>

TOPICS: Inequality Poverty reduction

Alan Fowler, Professor emeritus, International Institute of Social Studies, The Hague

The Netherlands, 02-04-2015

THE RIGHT KIND OF LEVERAGE: INTEGRATING VERTICAL AND HORIZONTAL POLICIES FOR INCLUSION

Exclusion and marginalization are the human faces of political designs. Deep histories determine what exclusion means, who its effects, how and why. While political dispensations are not static, the responsibility for their change belongs to the citizens of a country, not to external agencies.

Countering the consequences of a reduced aid budget calls for the principle of leverage to gain multiplier effects. This is best done by well-considered investments which further stimulate and co-steer ongoing initiatives that are designed with inclusion in mind. Three types of existing initiatives, operating at different scales and time frames, would offer this potential for a coherent and comprehensive inclusion policy. These are: (a) shared value for corporations; (b) micro-level community foundations; and (c) social solidarity economy. Each is briefly explained with links to knowledge resources.

Creating Shared Value (CSV) is a concept with expanding adoption by corporations as a strategic business model. It differs from Corporate Social Responsibility (CSR) ([Moore, 2014](#)) and goes further than voluntary signing up to the [United Nations Global Compact](#) as a platform to interface with the business community world wide

The fundamental distinction is that CSR is about doing something separate from the business and CSV is about integrating social and environmental impact into the business, using that integration to drive economic value. ([The Non Profit Times, 2014](#))

Though not without its [critics](#), CSV is an opportunity to create stronger inclusion-oriented incentives, which will vary country by country, excluded group by group and value chain by value chain. When the socio-economic factors are carefully conceived, CSV-related types of investment can have a relatively short time horizon for implementation with the potential for [enduring inclusion outcomes](#).

A horizontal complement to the verticality of CSV is the social-group sensitivity of [community foundations](#). Now numbering close to [two thousand](#), these micro-forms of resource mobilization and local investment have local affinities required to relate to and involve 'horizontally' discriminated and marginalized groups. Here, in-country funds with inclusion-determined criteria could support community foundations, encouraging situation-specific ways of working on both material and psycho-social dimensions of exclusion.

Expansion of community foundations across the world show their adaptability in shedding an American history and initial modelling. These are proven vehicles for sensitive multiplication of more [horizontal development practices](#) with a [learning potential](#). As with CSV, these investments can demonstrate short term gains with potential long-term effects in the self-regard of marginalized groups and their role as active citizens. A policy strategy would 'scale out' of the number of community foundations in geographies with a high density of excluded groups.

A long term integrated and structural policy strategy to combat social exclusion is inherent to a Social Solidarity Economy (SSE). Activated by the United Nations Research Institute for Social Development (UNRISD) the principles

and practices of SSD are now a formal part of United Nations [outreach](#). One strand informing SSE is research and learning about the emergence of [socially inclusive policies](#) being adopted by developing countries as potential sources of knowledge that can inform international aid. In other words, to 'horizontalize' a past vertical tendency to transfer donor's domestic policies into development cooperation which resonates with the South-South dynamics of experience sharing increasingly in play The Netherlands could be pivotal in giving added impetus to the SSE initiative gaining a multiplier through existing members of the Task Force.

This combination can positively connect the trade and the development responsibilities of the Minister's portfolio with potentials to increase impact and value for money.

TOPICS: Private sector

Edith van Walsum, Director, ILEIA – Centre for learning on sustainable agriculture

The Netherlands, 02-04-2015

SMALL-SCALE FAMILY FARMERS HOLD THE KEY TO GLOBAL FOOD SECURITY

- **With a more inclusive, diverse and decentralized food system supported by appropriate policies, the world's 500 million small-scale family farmers can play a much greater role in achieving global food security.**
- **Under the right policy conditions, their locally adapted, climate resilient practices can better respond to the needs of local and regional markets, and can adequately feed growing urban and rural populations now and into the future.**
- **Dutch government policy should encourage the role of small-scale family farming, but this will require a shift away from the current emphasis on industrial agriculture and global value chains, as the main solutions to the problem of food insecurity.**

Seventy percent of the world's food insecure people live in rural areas in developing countries; paradoxically, many are small-scale farmers or agricultural labourer's. And whereas many of them think as merely 'scratching a living' from subsistence agriculture, together they produce an incredible 70% of the world's food, and they have the potential to produce more. We must recognize that small-scale family farmers are more productive than large-scale industrial agriculture.

The development sector is making efforts to include small-scale producers into global value chains, but evidence suggests that 'inclusive business' schemes along formal value chains benefit only a narrow minority of farmers. Many also collapse once external support is withdrawn. Yet, informal trade flourishes, being less risky and more accessible for small-scale farmers, but often outside or on the margins of state regulation or the influence of large businesses.

The role of small-scale farmers is becoming more crucial as the world faces increasing challenges. We need ecologically sound and climate resilient farming systems that provide nutritious food and meaningful employment to more people. As experiences in our *Farming Matters* magazine clearly show, there are solutions, but which need to be rolled out. Policies can support the upscaling of successful initiatives, such as the Brazilian Public Procurement Programme which links 160,000 small food producers to public institutions including schools, reaching 15 million consumers.

Many young people are leaving the countryside, but from our work, we also see the emergence of a new generation of 'modern peasants', stewards of their soils and biodiversity, and producers of healthy foods for regional markets. In deciding how to promote inclusiveness in the Dutch policy agenda, we must ask how to better include and support these young farmers, the food producers of the future.

Policies must address the following priorities if they are to include the needs of small-scale farmers, especially women and young farmers:

1. Guarantee secure and equitable access to land, water, seeds and other natural resources.
2. Invest in rural infrastructure and storage facilities.
3. Encourage sharing of agroecological practices through training and farmer exchanges.
4. Facilitate the expansion of appropriate and flexible credit facilities.
5. Offer spaces for farmer organizations (including women and youth) to participate meaningfully in policy making regarding agriculture and food.
6. Ask rural communities how markets can work for them, rather than trying to 'make markets work for the poor'.

Similar recommendations were also highlighted in the outcomes of the 2014 International Year of Family Farming (IYFF). During the Global Dialogue on Family Farming FAO's Director General José Graziano da Silva summarized the insights gained when he said:

"Where family farming used to be seen as a problem, it is now seen as part of the solution".

TOPICS: Food security Youth Small businesses Agriculture

Ashwini Sathnur, Capacity Development Expert in UNDP, Consultant in UNCTAD

India, 02-04-2015

ICT AND THE INCLUSIVE DEVELOPMENT AGENDA

Earlier disabled persons were isolated and excluded from the mainstream sections of society. But now the time has arrived – where disabled persons are no longer treated the same way – Inclusive Development would lead to their inclusion into society.

To transform a nation from exclusion of disabled and other marginalized sections of society, we should aim for a scenario of full participation. A methodology has to be reached which considers input from all disadvantaged sections of society – who have earlier been isolated and stigmatized – and not included in the mainstream sections of society.

Accessibility

But now methods have been discovered which provide equal opportunities to the disadvantaged sections of society. The method being described here is Accessibility. Accessibility is a methodology which *enables* visually impaired and hearing-impaired persons through the usage of ICT applications. ICT applications can help as a tool which communicates the tasks to be completed by the disabled person or creates a forum of enablement to the disabled person through mobile applications. These ICT applications create an increase in productivity of disabled persons and has the potential to generate full employment.

Due to enhanced availability and affordability of ICT devices, this Accessibility translation of growth benefits everyone, including the poorer sections of disadvantaged groups. This benefits the society because it provides increased employment and also additional utilization of productivity in the private sector.

Make sure that ICT solutions are available to all

Since the policy framework includes ICT devices, policy mechanisms– For example in India, the ICT penetration index is maximized to an extent which has created a reach of the ICT handsets to the remotest village in India. Hence the disadvantaged sections of society in the rural areas are also included in the mainstream sections of society. And also, the ICT devices provide a means of rural workers to be heard by the decision makers.

An example of the usage of ICT applications in Inclusive Education – to create a platform of online education to the remotely located village disabled persons. Thus, societies which maximize ICT penetration index to 100%, have to be created in order to reach the disadvantaged sections of society – those who have not earlier been heard by the decision makers. The disadvantaged sections of society could even be located at the remotest rural areas in a nation.

Partner with the private sector

In order to maximize ICT penetration, the national governments must partner with the ICT industry. ICT device manufacturers should bring about high availability of ICT devices and devices which are affordable by the poor. This is done in order to provide tools and devices to the poorest of the poor and promote their inclusion in society – thereby a provision of poverty eradication strategy – Inclusive policy. Affordability of ICT devices are provided by private sector companies with the help of government policies. Policies which reduce the tax components and the tariffs – thereby reducing the overall prices of the mobile devices. Thereby increasing the mobile devices' affordability. And enabling more sales even in the poorer disadvantaged sections of society.

Donors governments could take action in three categories:

- Donor governments could partner with manufacturers of ICT devices who provide the devices – as they are the origin of ICT applications. Because without ICT devices being available, there would be no ICT applications – hence no inclusive policy on the basis of ICT revolution.
- Donor governments could set up contests / projects / associations for the creation of ICT applications.
- Support ICT application developers who create applications on the ICT devices to bring about inclusive development. (For an example, please have a look at this [Missing disabled person LED mobile application](#)).

TOPICS: Private sector Technology & Innovation

Fenny Eshuis, Policy Director, Max Havelaar

The Netherlands, 01-04-2015

INCLUSIVE PPPS INCLUDE SMALLHOLDERS

Small farmers are key actors in many of the themes crucial for inclusive development. Yet, they are often seen as beneficiaries rather than as equal partners. A plea for Good Polder Practice (GPP) in North-South PPPs.

Dutch farmers would surely be surprised if Stichting Natuur en Milieu presented itself as their mouthpiece and lobby organisation. In the same way, entrepreneurs in the industry and service sector expect to be represented by their own VNO/NCW and not by, say, the Ministry of Social Affairs and Employment or by Oxfam Novib. And it is not MKB Nederland that employees entrust with the promotion of their labour rights, but trade unions like the ones affiliated to FNV and CNV.

We consider these role divisions as natural and obvious. Stakeholder groups speak for themselves. Breaking that implicit rule would be seen as odd and prompt comments like 'paternalistic' or 'not credible'. Constructive stakeholder collaborations rise from the fundament of self-organisation, collaborations in which parties discuss, listen, disagree and usually, eventually, come to a compromise in order to drive a joint agenda forward. Unfortunately, what is seen as self-evident 'at home' is much less so in international partnerships.

Many contributions in this consultation emphasize the crucial position of smallholders in the issues related to inequality. As is the case in the Netherlands, farmers improve their chances by organizing. Their institutionalized collaboration gives them better access to resources and agro-technical innovations. Self-organisation is also a prerequisite for tackling the power imbalances smallholders face within product chains and for influencing the national

policies that shape their business environment. They are part of the private sector, but an easily overlooked part of it, also in PPPs that aim to enhance the livelihoods of smallholders. The choice of wording speaks volumes. More often than as partners, smallholders are referred to as beneficiaries.

The evidence from a report, recently published by the Fairtrade Foundation in the UK, *A seat at the table? Ensuring smallholder farmers are heard in Public-Private Partnerships*, suggests that a number of agricultural PPPs in Africa are paying insufficient attention to the interests, needs and priorities of smallholder farmers. Few, if any, meta-level fora exist to enable smallholders to sit around the table with representatives from governments, agribusiness companies and other stakeholders and direct the evolution of PPPs as equal partners. Partnerships seem to be largely driven by pre-conceived ideas amongst governments and donor partners about the requirements of smallholders, particularly so when they are demand-driven, e.g. shaped predominantly by the commercial interests of private sector partners. The assumption is that inviting smallholders to participate in ready-made PPP's which provide them with opportunities to access inputs, links to markets or credit, will automatically improve their prospects and ensure a win-win outcome. However, as the report states:

“Agricultural PPPs do not operate within a vacuum; they are framed by the political economy of their location. As such, the likelihood of any given partnership meeting the needs of smallholders will depend on a variety of factors. These include the existing and preferred livelihood activities of smallholder producers; the strength of local community institutions; security of land rights; existing market participation and relationships; the state of local infrastructure; presence of extension services etc. There is also the question of how relationships between women and men, and power relations at the community level are likely to shape how PPPs create (or deny) opportunities for benefit sharing both within and between households. A failure to adequately consider such factors can lead to partnerships that miss or ignore smallholders' priorities, or in the worst-case scenario, actually aggravate local social and economic disparities and inequalities, and exacerbate poverty.”

The study therefore recommends (amongst other things) “to ensure that PPPs are designed through a transparent and participatory process. This should include the joint conceptualization and design of PPPs with smallholder farmers through existing and new national and local fora for representatives of smallholder organizations and relevant stakeholders”.

Fairtrade certified SPOs, almost 1000 with a total membership of over 1.3 million farmers, have set up national and regional platforms, always with the objective to make the voice of smallholders heard in policy decisions that affect their lives. They will be pleased to add their knowledge and views to PPPs of genuine Dutch making. That is, PPPs that respect our solid polder-tradition of equal partnership in a shared mission.

TOPICS: Small businesses Private sector

Comments

David Sogge 2015-04-1 22:04

This contribution makes useful points and draws attention to a useful report. “Shared mission” sounds good. What about =risk= and how that should be shared? When talking about inclusion of poorer and more vulnerable people in bigger systems and programmes run by more powerful people, the question =who should bear the risks?= strikes me as pretty fundamental. The report Fenny Eshuis cites does mention the fact that PPPs pose risks for small producers, but seems to suggest that such factors need not form “killer assumptions” for the forward march of PPPs.

Here is another view about that. It comes from a major consortium of mainstream agencies, certainly ones normally seen to favour PPPs. For that reason alone, I think the following statement merits attention:

“Care must be taken, however, in the selection and formulation of business models that are capable of meeting the needs of both host countries and investors. There is scant evidence on the impact of PPPs on the participation of

smallholders in market integration. While some positive experiences emerged recently, the literature suggests that agricultural value chains routinely shed participants or collapse completely, while the degree to which participating smallholders benefit remains uncertain, especially in cases where new business arrangements leave smallholders exposed to risks (Barrett et al., 2010).”

source: *Sustainable Agricultural Productivity Growth and Bridging the Gap for Small Family Farms*, Bioversity, CGIAR Consortium, FAO, IFAD, IFPRI, IICA, OECD, UNCTAD, UN High Level Task Force on the Food Security Crisis, WFP, World Bank, WTO, 27 April 2012., pp 25-26
available at: <http://ictsd.org/downloads/2012/05/g20-2012-27-april-2.pdf>

Erwin Bulte, Professor of development economics, Wageningen University

The Netherlands, 01-04-2015

FIVE AREAS WHERE DUTCH POLICY CAN CONTRIBUTE TO PROMOTING INCLUSIVE DEVELOPMENT

If the Dutch government wants to promote “inclusiveness” in their policy agenda, they should focus on creating an enabling institutional and policy environment for agricultural development. This article proposes five crucial areas that will enable agricultural development to reach its full potential for poverty alleviation.

In recent years, analysts and policy makers have increasingly turned to agricultural development as the panacea to foster pro-poor economic growth. This amounted to investing in the intensification and commercialization of farming.

- **Targeting:** 75% of the poor in developing countries live in rural areas and the majority of them depend on agriculture for their livelihoods.
- **Comparative advantage:** Most African countries are agriculture-based, and tend to have a comparative advantage in the production of primary commodities.
- **Intersectoral linkages:** Agricultural growth has large multiplier effects in early stages of development. GDP growth originating in agriculture raises incomes of the poor much more than growth originating elsewhere in the economy.

However, while pockets of success in agriculture exist, aggregate agricultural performance is often judged as disappointing. A consensus has emerged that an “enabling institutional and policy environment” is a necessary next step, but there exists little agreement on what constitutes such an environment (or how to create it).

The new agricultural development agenda emphasizes (i) linking farmers to input and output markets, (ii) identifying governance arrangements to strengthen property rights and asset control, and (iii) promoting technical innovation and diffusion of knowledge to increase land and labour productivity. However, most rural societies are characterized by high transaction costs, risk, weak information flows, and a weak institutional environment. Hence, market access remains limited, and the potential for agricultural development to leverage poverty alleviation remains under-exploited.

How to promote inclusiveness in Dutch development policy?

- **Macroeconomic policy:** create “policy space.” Available evidence suggests poverty alleviation has been most successful in countries engaging in specific forms of industrial policy — protecting and promoting nascent but important (export-oriented) economic sectors. Oftentimes, the state played a large role in the development of such sectors. Such policy space has been limited by WTO rules, and a case can be made that providing (additional) exceptions to poor countries can help them to adopt context-specific policies that enable development.
- **International finance:** regulate international capital flows. Global deregulation and globalization of financial markets have outpaced the development of global institutions to govern international financial flows. The

result has been instability and (occasionally unnecessary) economic contractions – with adverse consequences for especially the poorest and least protected individuals in society. Regulating international capital flows seems a potentially important component of packages that aim to promote inclusiveness.

- *Microfinance*: subsidized investments in human capital. Recent evidence shows that enhanced access to finance does little to alleviate poverty. Moreover, the focus on “financial sustainability” in recent years (as opposed to pro-poor outreach) has resulted in high interest rates that are unattractive for the poorest. If access to capital is to become a vehicle for pro-poor development and inclusiveness, it should in many contexts be based on subsidized interest rates, and be accompanied by investments in human capital (training programs, entrepreneurship programs).
- *Sectoral development*: institutional innovation. To promote sectoral development, diffusion of new technologies, and market integration, new forms of local institutions should be promoted. Innovation platforms, bringing together various stakeholders along agricultural value chains, may be an important first step.
- *Local governance*: improving accountability. Weak governance at the state level is widely seen as a factor explaining slow growth and persistent poverty. Equally important, perhaps, are exploitative governance arrangements at the local level. More research is needed to analyse how leaders and chiefs can be made more accountable to their local constituency. It is not evident whether creating parallel institutional structures offers a viable avenue for improving of local governance. Reforming existing systems – e.g. through enhanced transparency and political “competition” – may be more promising.

TOPICS: Poverty reduction Agriculture

Sjef de Wit, Senior Manager Indirect Tax, Deloitte

The Netherlands, 01-04-2015

TAXATION IN A SUSTAINABLE ECONOMY

Economic growth is the current parameter for a successful economy/society – it’s also what all of our taxation principles and instruments are built on. Still, even though sustainability relates directly to the welfare and participation of the economy/society, whether our economy is sustainable seems to be less relevant.

A sustainable economy considers human rights, environmental issues, employment, participation and various other topics related to our welfare. As one of the main controls’ governments have over these topics is taxation, we should use our taxation instruments carefully.

Like a lot of other countries, the Netherlands has tax incentives for various sustainable initiatives. They generally are, however, short-term incentives – intended to kick-start a long-term goal. And while this may seem to be great, the difficulty is it disrupts the economy and it makes it difficult for companies and private individuals to rely on the government regulation as it stops them from making a long-term planning.

Take electric cars for instance. The fluctuating correction for the private use of a company car makes it impossible for car manufacturers to make any long-term planning. Secondly, car manufacturers – as do most businesses – think global. With governments pursuing their own local sustainability goals, this makes it even more difficult to set out a strategy. And, finally, is electric driving the most eco-friendly solution or do the current tax incentives hamper even more eco-friendly answers such as hydrogen?

Another example is the huge number of items on which the government applies a reduced VAT rate. This is a typical example of a short-term vision disrupting the economy and creating downside effects should the VAT-rate increase

again. Besides, the extensive application of reduced rates means the Dutch government will hardly be able to use this instrument any longer because it has lost almost all of its effects. Likewise, the administrative burden and the discussion this trigger is always underestimated and really disrupts the economy.

Coming back to a sustainable economy that advances human rights through working conditions, reduces the use of base materials through environmental regulations, and gives people a better life because of a more responsible use of this planet's resources – taxation is a key instrument for governments in achieving such goals. Governments should set tax goals for the longer term instead of using taxes for short-term gains. They should use taxation mainly to guide the economy through the transition of becoming sustainable instead of trying to influence the money we can spend tomorrow.

If governments want to positively affect all aspects of a sustainable economy it should align its taxation principles with its long-term goals/its vision of the future society. They can do so by minimizing the effects of taxation, without ending up reducing tax revenue. In an ideal world they should make taxes less dependent of the political climate of the day. Because taxation is a fiction that disrupts the real economy. In my view the effect of more basic and simple taxation has always been underestimated. This can be achieved by reducing tax-deduction methods (direct taxes) or by applying lower tax rates to labour and profits. By decreasing tax deductions governments will prove to be reliable partners, trying to support the economy instead of influencing it. If, in addition, governments were to opt for taxing use instead of consumption, a better ecosystem would be achieved. This would be a more beneficial contribution to our general welfare, working conditions and environmental goals than trying to boost our “purchasing power” for this and next year.

Governments need to realize they may be able to influence the economy, but they will never become the economy itself. As such, companies and private individuals need governments to be reliable sustainability partners that will not go for the quick wins of its grassroots support, but become partners in achieving a sustainable economy together.

**this piece was written on a personal title and does not necessarily reflect the views of Deloitte.*

TOPICS: Economic transformation

Lia van Broekhoven and Sangeeta Goswami, Executive Director at Human Security Collective and Advocacy and Communications Officer at Human Security Collective

The Netherlands, 31-03-2015

RISK, HUMAN SECURITY AND EQUITY

Inequity, both individual and group, is the source of disenfranchisement and conflict. A context-specific, individual-focused human security strategy is needed to combat this. In policy terms, this means tackling horizontal inequity in the ways outlined. And it means an active engagement with and support of civil society, who can deliver the long-term, sustainable development goals.

Think of security and you think of the state. Whether it is in terms of what is at risk or who the guarantor of that security is. But that understanding no longer holds. Much more than the state is at risk and, moreover, the state alone cannot mitigate this risk. Instability and insecurity today are seen to stem from individual disenfranchisement caused primarily by inequity. This inequity is both vertical and horizontal, thus not only between the ‘haves’ and the ‘have nots’ (relating to individuals/families and measured based on income/consumption) but also ‘among groups of people that share a common identity’, having ‘economic, social, political and cultural status dimensions’. In today’s day and age, the most important source of violent conflict is ‘mobilization along group identity’ (Stewart, 2009).

The insecurity is felt at a human level, and its ramifications are individual too, and no longer constrained by sovereign borders. In the state/multilateral security context, intervention in conflict situations is often late/post-hoc, with solutions that are short-term, top-down and in the interest of those institutions.

The human security perspective seeks to ameliorate this. It sees the individual as being the one primarily at risk. It holds that it is individual human security that builds up to the security of states and indeed the world. It advances the view that human security is context-specific – it might be freedom from fear in one, freedom from want in another, freedom of speech in the third. It is bottom-up, long-term and in the individual's interest. The security of the individual is vital to development that is sustainable and just.

The human security approach, thus, shifts the parameters of who is at risk. What about the guarantors of security? While the state will always have a role in guaranteeing human security, it cannot do it alone. The market, the family, the community – all have a role in providing a secure environment. As does civil society. The role of civil society organizations is crucial in supplementing the security infrastructure of the other providers mentioned. And because civil society is not the state, its mandate is different. So too is its outlook and operational methods. This allows civil society organizations to work to and in a context, to privilege the voices of the people, to strategize for the long-term, and to think about and seek to operationalize the wider issues of justice and sustainability.

We believe that human security is and should be at the core of the development agenda. Securing this for all peoples would mean empowering them to lead the lives they wish to lead. This can be done on the ground by:

- Tackling horizontal inequity – directly (quotas), indirectly (progressive taxation, antidiscrimination policies, regional expenditure policies or decentralization of power), and/or by integration (reducing the importance of group boundaries) (Stewart, 2009).
- Listening to, mentoring and developing youth leadership in conflict-prone areas, to enable them to define a sustainable and just political agenda
- Addressing the root causes of conflict and violent extremism by facilitating dialogue with civil society groups and helping create links and communication channels between them and the institutional security sector, both local and global.
- Protecting and strengthening civil society.

The human security approach is of necessity context-specific, context-defined and context-driven. In regions where the state contribution to security is negligible or non-existent, civil society organizations can fill the gap. In the ultimate analysis, all providers of welfare – the state, the market, employers, the family, civil society – need to work in tandem to address the root causes of conflict and violence in order that we might have empowered, fulfilled and secure human beings living in a just and sustainable world.

Reference:

Stewart, Frances (2009). 'Horizontal inequalities as a cause of conflict.' Bradford Development Lecture.
<http://www.bradford.ac.uk/ssis/media/ssis/BDLStewart.pdf> (accessed 24.03.15.)

Edwin Willemsen, Director, Fresh Food Technology

The Netherlands, 31-03-2015

ADVANCING LOCAL DEVELOPMENT THROUGH MESO-CREDIT, FARMER PRIVATE LTDS AND ECONOMIC CHAIN DEVELOPMENT

Advancing local development through meso-credit, Farmer Private Ltds and economic chain development

For the last 8 years, Fresh Food Technology B.V ran a pilot project that had farmers run a joint venture and enter into a partnership with (social) investors. On the basis of its success I recommend that donor governments support

projects that: 1) Include farmers as equal business partners in setting up agro-businesses; and 2) Create country-level revolving funds to enable these partnerships between farmers and entrepreneurs, for the benefit of enhancing farmer income.

Example India: Why a new approach for the development of India's farmers is needed

Although India is transforming into an open, more efficient and rapidly developing market-driven economy, in rural areas such transition has been lacking. Marginalized and small farmers in particular are unable to escape the powerful grip and dependence on middlemen, informal lenders and other intermediaries. Although there have been several attempts to assist farmers in escaping from their poverty trap, the results have been disappointing.

Loan and grant schemes do not have the desired effect as these schemes do not tackle the core problems of dependence of the farmers, which brought them in poverty in the first place: such schemes are in effect only patching solutions.

Other attempts have been focused on strengthening the farmer's position by organizing them in self-help groups, in cooperatives or other forms. These interventions have been more successful in breaking the farmers dependency on intermediaries, but their success and failure are mainly determined by their leadership and/or continued government intervention. Only exceptional examples exist where these farmer groups have been able to move up the value addition chain, become fully self-sustainable without (too much) political interference.

Piloting a new tripartite partnership to move farmers up the economic chain

With support from private investors, originating from successful business families, a new approach for advancement of small and marginal farmers has been pilot tested in India. This approach is an attempt to find a critical entry point for rural development by concentrating on setting-up healthy agro-businesses in which farmers themselves gradually gain economic ownership, supported by both NGOs and experienced private entrepreneurs.

Similar to the self-help groups and cooperatives, the aim is to set-up healthy business in handling, processing and trading farmer's commodities on a commercial basis. The main difference of the new approach is that the farmers, along with a social-conscious corporate partner, become equal business partners of the investor. The farmers will only gain full economic ownership, once the investment is repaid fully. No paternalistic form of aid, but a sound economic partnership between an investor and a (farmer-owned) company, supported by experience entrepreneurs.

Along with a corporate business partner, the farmers are to set up a commercially run business (a joint venture in the form of a private limited), based on a solid feasibility and business plan. This farmer-run joint venture enters into a loan agreement with (social) investors and becomes responsible for setting-up and running the business in a commercially responsible manner. The joint venture is to generate sufficient profit to: i) meet its loan obligations, ii) capitalize the company, iii) pay premium prices to the farmers who supplied produce and/or iv) invest in new profitable business ventures (allowing the farmer to move further up the value-addition chain). As a result, the farmers benefit in the form of good and assured prices for their commodities and possibly additional premium or dividend payments if sufficient profit is realized.

In such partnership, the (social) investor, the socially conscious entrepreneurs and the farmers become mutual depend business partners. Whereas the financial risk is to remain largely by the (social) investor, the farmers have most interest in making the business a success for their own future and village/region.

Aim of the new approach: a win-win for investors and farmer groups

The aim of the new approach is to create a profitable partnership between investors and farmer groups, by setting up joint agro-processing enterprises. The new agro-businesses are to become sufficiently profitable and economically independent from further external support. The value-addition created is used, among others, to repay the investment to the investor and, at the same time, transfer the economic ownership to the farmer groups. To avoid that the management of the agro-business is driven by the short-term benefits for the farmers (main draw-back of the cooperative model), the majority of the board members (who appoint and oversee the daily management) is to remain with professionals, rather than farmer representatives only. The economic ownership of the companies, however, can be fully transferred to the farmer groups. By doing so, the long-term success and profitability of the company prevails in running the business.

As most of the investment is to be repaid and will be re-invested in new farmer businesses, the model becomes self-perpetuating. In addition, the model creates no market distortion or unfair competition. Instead, farmers become equal and fair business partners, boosting their pride & confidence as well as commitment to fulfil their financial obligation to its supporting business partner/investor.

Notes:

The above is an extract of a paper written by E.Willemsen and L.P. Semwal (SJS, India). The full paper can be accessed, among others, on: http://www.fftcompany.com/Rural_development.html

Watch an Indian documentary dedicated to this initiative:

<https://www.youtube.com/watch?v=O8c1k4HHi5Q>

Selected links related to this initiative:

<http://www.farmersasowners.com>

<http://www.sjsindia.org/apple-project-india/>

<http://ikbelegduurzaam.nl/artikel/abn-amro-investeert-in-duurzaam-food-technology-project-in-india>

<http://www.nd.nl/artikelen/2011/september/07/nederlandse-techniek-voor-indiase-appelboeren>

<http://partneringforruralprosperity.in/interviews/29-indian-farmers-need-to-upgrade-standards-of-production-dutch-expert.VP7bJ2d0yUk>

<http://user-suozTP.cld.bz/Case-Study-By-Edwin-Wilmsen>

<http://www.thebetterindia.com/834/the-apple-project/>

TOPICS: Small businesses Private sector Economic transformation Agriculture

Remco van der Veen, Director Healthcare, CORDAID

The Netherlands, 31-03-2015

HEALTH AND EDUCATION: SOCIAL SECTORS PROVIDING OPPORTUNITIES FOR INCLUSIVE GROWTH AND DEVELOPMENT

Acknowledge the risk of exclusion because of shifting from social to productive sectors

Every society shows that the ones that are able to use the existing infrastructure benefit more from growth than the ones that use it less or even do not have access to it. This brings the conclusion that lifting the economic structure, forcing productivity doesn't benefit everybody. One of the main causes for people to not have access to infrastructure is that they don't know how to access, or are not able to access. **Health and education are two sectors that can really raise people's opportunities to be part of society and experience themselves the opportunities that come up by economic growth and productivity.** Donors could choose to still address these sectors and acknowledge that without attention by national governments for these sectors, efforts for inclusion will keep constrains.

Donors need to challenge and support central governments to decentralize

The ones that don't benefit from growth are the ones who have not access to the existing infrastructure because of several reasons. It is a crucial for their access and participation to invite them actively and give them a voice. Cordaid has experienced in our Health Result Based Financing projects in over 14 countries that concrete measures in which the community has a formal seat and is invited to participate in decision making processes, the inclusion improves. In our cooperation's with governments we always try to convince central authorities, to decentralized responsibilities, to split functions and roles and to institutionalize the position of communities. By this, it is all of them, the central and lower governments, the health care providers, community representatives who decide on what needs to be target most urgently, who benefits and who is responsible. Lowering the authority brings in the opportunity for people make choices which target the needs of their specific context. Moreover, building capacity on how to work with concrete checks and balances is crucial. This is covered in the RBF approach, as results and outcomes are frequently verified at all horizontal and vertical levels. By this, stakeholders need to work responsible and efficient, which forces good governance and accountability.

Decentralization and the eventual involvement of responsibilities is up to national governments and with this often a political process. Donors have formal relations with these governments in agreeing on how to spend donations, as well as in the transfer of knowledge and expertise. As donors have the position to negotiate with governments on how to use the budget which is available, donors should bring on the agenda this decentralization of responsibilities and accompanying checks and balances.

Civil society organizations are key in community involvement as they are independent from governments (and as they don't, they need to get donor support to be so) and work closely with communities. Regarding knowledge and expertise, international NGO's like Cordaid have experts available to support governments to implement decentralization, have the capacity and expertise to advocate the advantages and to lift the voice of communities at central level.

TOPICS: Education & training

Tanja van de Linde, Program coordinator South East Asia/gender advisor, Oxfam Novib

The Netherlands, 30-03-2015

INVEST IN WOMEN'S ECONOMIC EMPOWERMENT

The discussion note on Promoting inclusiveness in the Dutch policy agenda for trade and international cooperation mentions the following key policy measures to ensure that economic growth translates in inclusive development: Productive employment for the poor and marginalized, Investing in human and physical capital, Fighting discrimination of disadvantaged groups whose productive potential is underused, Redistribution through taxes and transfers and Building inclusive governance structures. We need to look at all these policy options through a gender lens. Sometimes this means challenging and changing existing structures when it comes to transformative leadership.

It is great to hear that even the World Bank has now come to realize that 'growth alone is not enough'. It's about time.... However when it comes to tackling inequality, again the question is being asked: 'Do we want to invest in the poorest, or in the people with the most potential?' I want to argue that this is not an either or question but that by investing in women's economic empowerment we can at the same time invest in a segment of the population that is over represented amongst the poor but also has an enormous untapped potential.

Women's economic empowerment is essential to the realization of greater gender equality as well as stronger economic development outcomes. However, women's greater participation in the formal economy is not enough to

ensure women's economic empowerment. In fact, it can actually be experienced as disempowering to women if their burdens multiply and at the same time power over resources and decision-making does not automatically shift.

In my experience with Oxfam in South East Asia we have been able to engage with the Private Sector, impact investors and small and medium size enterprises, in supporting decent work for women and entrepreneurship, and with government, in a way that supports women's economic empowerment. However in order to reach the most marginalized and excluded groups, you need a focus on supporting transformative gender equality change that extends beyond the economic and business domains to the socio-cultural domains.

This means working across multiple levels (the individual, household, community, nation to regional); in a way that addresses both formal and informal dimensions of gendered power across economic, socio-cultural and political domains; and with a range of actors – not only the private sector (local, national, ASEAN, global), enterprises and government, but also civil society actors and NGOs (including women's rights organizations), women leaders, researchers, workers and unions, industry bodies, regulators, and technical advisors.

When gender inequalities shape barriers to women's formal economic participation, there needs to be an explicit focus on ensuring that women benefit from greater formal economic participation. But even this alone does not necessarily equate to empowerment, and in fact women can be manipulated and further disempowered in the push for greater economic growth. (cheap labour in the garment factories for example)

However, I would suggest that there needs to be a greater focus on analysing and addressing what else precludes women's economic empowerment. This means: recognition that the economy encompasses and is dependent on not only the formal sector and informal sector, but also unpaid care work. Viewing the economy through such a lens reveals that women are currently very significant economic actors and due to a gendered division of labour, have disproportionate unpaid and informal sector responsibilities and burdens.

It also means addressing women's limited power over earnings, productive assets and decision-making in households, families and communities; taking account of the greater risk of exposure to gender based violence (GBV) as they move into the formal workforce.

Men and women are impacted differently when it comes to trade liberalization or rural infrastructure projects and this has to be taken into account by doing proper gender impact analysis and assessment.

Last but not least, engaging men as allies in encouraging change to men's norms, attitudes and behaviours in regards to gendered roles, capabilities and power is an integral part of women's economic empowerment.

TOPICS: Informal sector

Nicholas Awortwi, Director of research, Partnership for African Social & Governance Research (PASGR)

Kenya, 30-03-2015

CONSIDERATIONS FOR PROMOTING INCLUSIVENESS IN AFRICA

Promoting inclusiveness in Africa within the framework of Dutch policy on international development cooperation and trade could consider at least four or five areas of focus: supporting agriculture production and productivity, promoting agro-processing programmes through partnerships between Dutch private investors and African industrialists, supporting formalization of the informal sector through application of

information technology and convening the advancement of political settlements and national consensus building.

Over the past 15 years, there has been a consistent growth of macro-economic indicators in many African countries. Eleven of the twenty fastest growing economies in 2014 were African countries. While there is an obvious link between economic growth and citizens' wellbeing as no country has ever achieved sustained reduction in poverty without economic growth, Africa's growing economy has not been inclusive -it has left millions of people behind. Not only is poverty reduction not keeping pace with economic growth but also there is rising income, gender and geographical inequalities. Inclusiveness means participation in the growth process through employment creation, rising household income and changing social and power relationships. Africa's economic growth has not been inclusive because sectors that are driving growth are not employing many people, while those that are employing millions of people (for example agriculture and informal service sectors) are not structurally growing. To promote inclusiveness, Dutch development cooperation in Africa could consider the following areas to focus support:

One, support productive sectors that employ people. Emphasis on aid is too much on social sectors but without substantial support to productive sectors that the poor and marginalized are involved these people will stay perpetually excluded because the structure of their livelihoods is linked to poverty. For development aid to have stronger impact on inclusiveness, it must focus on employment creation, in the African context that means supporting structural transformation of the agriculture sector that employs about 60% of the population; majority of them poor and marginalized people.

Two, consider supporting agro-processing industrial programmes through partnerships between Dutch private investors and African industrialists. That will not only create industrial jobs in anticipation of structural transformation in agriculture but also will add value to agricultural products and improve general household income. Currently, average income of industrial employees is more than twice that of agriculture. Close to 85% of poverty originates from employment in agriculture and informal service sectors. Africa's industrial policy is the least supported by international development agenda because of ideological dichotomy of the role of the state and the private sector. But the rise of South East Asia has questioned this rigid ideology.

Three, support formalization of the informal sector. Given that many new jobs in the immediate future will be in the informal sector, inclusive strategies will need to make informal sector an important priority for reforms. Majority of the labour force in the informal sector works under poor conditions, receiving insufficient income and social security. Providing information and technology support can radically change the structure and organisation of the informal sector and improve the social conditions of the working poor.

Four, regardless of structural transformation and economic growth, there will still be vulnerable people like physically impaired, old age, and single parents who will need social protection. Dutch support to social protection programmes in Africa could be a short-term catalyst but in the long run that should be the role of African states and the citizens. Recent research by the African Development Bank shows increasing growth of the African middle class. Historically, solidarity of the middle class with low-income earners has led expansion of welfare needs of society. Supporting advocacy and education campaigns that will bring the rising middle class to play a major role in the drive towards inclusiveness and to exact accountability from the state will be needed.

Five, and perhaps one of the most important toolkits to achieve inclusiveness in Africa: support for political settlements and national consensus building. While many countries have imbibed multi-party democracy as the preferred mode of governance, a winner takes all democratic system that alienates almost half of the population only tears countries apart, unable to reach consensus on national priorities for development. No doubt a country like Ghana for instance would benefit from support that aims at transforming its politics of winner takes all that is currently having deleterious effect on the economy and welfare of the people. Convening political settlements among political parties on one hand and 'elite' consensus among economic and bureaucratic interest groups has broader

development objectives beyond peace and state stability. It is also needed for the promotion of shared growth; enabling national consensus on redistribution of the benefits of growth to marginalized groups.

TOPICS: Poverty reduction Private sector Agriculture Employment

Sylvia Kay, Researcher, the Agrarian Justice team of the Transnational Institute (TNI)

The Netherlands, 30-03-2015

INCLUSIVE DEVELOPMENT STARTS WITH LAND AND FOOD SOVEREIGNTY

Too often the current development paradigm considers land and food to be tradable commodities like any other, rather than a matter of fundamental human rights concern. This has allowed for the accumulation of wealth and opportunities in the hands of a few, producing often highly unequal agrarian structures operating on the basis of discrimination and privilege. Against this exclusive development model, I would argue for a people-centered countermovement for democratic land control and food governance, in other words: for land and food sovereignty. Rather than seeking answers to rural poverty and hunger through the expansion of global value chains, whose potential for broad-based development is limited, Dutch development and trade policy should take seriously its commitment to fulfil the Right to Food by supporting the investments made by the world's small-scale food producers.

As some of the worst excesses of 'land grabbing' have risen to the fore in recent years, there has been a perceptible shift in development discourse, away from large-scale foreign direct investment, to [alternative business models](#), such as contract farming, which seek to incorporate smallholders in their operations. While land grabs have been premised on dispossession and the expulsion of people from 'their land', it is argued that these new economic arrangements, where both the land *and* labour is needed, could minimize the risks and maximize the opportunities to produce win-win outcomes.

Under certain conditions, it is possible for these new configurations of land, labour and capital to be made to work. It is questionable however to what extent they can act as a vector for broad-based development. The [high transaction costs and operation of inclusion thresholds](#) mean that most companies prefer to deal with better-off farmers, leaving smaller and more resource-poor farmers out of their purview. This is not to discount the potential for harnessing agribusiness capital, but it is to be aware of its significant limitations and uncertainties – particularly when set against highly uneven agrarian landscapes and decades of regressive agricultural spending.

One must ask, for example, what the competitive opportunities are for Europe's small, young and aspiring farmers when [80% of the subsidies](#) under the EU's Common Agricultural Policy go to large farmers while the [top 1% of EU farms control 20% of the farm land, the top 3% control 50% of farmland, with the remaining 80% of farms below 10ha controlling only 14.5% of the land](#).

This suggests that to reach the most excluded and disadvantaged groups, [a new policy framework](#) is needed which explicitly prioritizes these groups in decision-making processes. [Contrary to the extraordinary degree of concentration and oligopoly that defines the current corporate food regime](#), this must start from the democratic principle that people have a right to define their own land and food systems. This requires not only that the poor and marginalized are helped through safety net type palliatives, but that a defensive strategy of livelihood protection is met through a proactive strategy of livelihood promotion. As the legal discourse and practice on the Right to Food makes plain, states have fundamental human rights obligations to not only respect and protect citizens' Right to Food, but also to fulfil, to the maximum possible, their Right to Food through public policy and public investment.

In this regard, the role of civil society, including transnational agrarian movements is crucial: unless rights are actively claimed and defended from below, there is a danger that even the most progressive programmes can fail to redistribute wealth and opportunities to those at the bottom.

The Dutch government should seek to mainstream such a policy framework in its development cooperation and trade programmes, [including in guiding the revision of its Bilateral Investment Treaties which have served to undermine agrarian justice in the South](#), through the use of normative, human rights based instruments such as the [Tenure Guidelines](#).

TOPICS: Food security Small businesses

Ivan Briscoe, Senior Research Fellow in the Conflict Research Unit, Clingendael Institute

The Netherlands, 27-03-2015

STOPPING THE SERRATA: WHY WE NEED A HOLISTIC APPROACH TO INCLUSIVENESS

Global trends in inequality and social fragmentation in fragile and conflict-affected states represent two fundamental obstacles to inclusive development. Policies to counter the concentration of wealth and power exist, as Latin America has shown. But we also need to address the systems that generate ever greater divergence.

A recent remark by a Nigerian oil businessman on his country's economic woes illustrates the scale of the challenge in promoting inclusive development where it is most badly needed. "The benchmark effect of this downturn is for the guy who understands the value of education and struggled to get his kids to school in England," the businessman explains, bemoaning the "extra cost of fees." [1]

Bluntly put, Africa and the world lament the rise of Islamist terrorism or ungovernable mega-cities in Nigeria; Nigeria's elites ponder how to afford private school fees in Europe in the light of devaluation. This estrangement between the globalized perspectives of national elites in developing and fragile states, and the very limited possibilities for mobility of the vast majority in those societies, represents a turn of the screw in efforts to achieve a more egalitarian, fairer and more stable world. No longer is this just a question of national development, of "bridging the gap" between rich and poor countries, but a conundrum derived from worldwide economic and technological processes, licit and illicit, that reach deep into the tissue of fragmented and conflict-affected societies.

Before considering how to approach inclusive development, therefore, it is essential to have a panoramic view of the components and causes that need to be addressed. First, there are the systemic trends driving global inequality, as delineated by authors such as Chrystia Freeland or Joseph Stiglitz: technological progress, deeper international economic integration and deliberate policy-making on behalf of the rich (e.g. in fiscal matters or offshore finance).

The derivatives of these interrelated trends are easy to spot. The International Labour Organization's recent map of inequality shows all regions bar Latin America, and parts of Africa and the Middle East, seeing increases in income inequality over the last 20 years. [2] We know, from Oxfam and others, about the extraordinary concentration of global wealth. Recent work from the World Bank offers a fascinating nuance in the form of an "S-shaped" graph. [3]

Matters are made more complicated in fragile or conflict-affected states. Here, as in Nigeria, narrow, increasingly rootless elites have merged with the global one per cent. But back home, chronic poor governance, state capture and sectarian fragmentation make it enormously hard to achieve inclusiveness. Consider, for instance, the dilemmas of Yemen's National Dialogue Conference, a heroic UN-backed effort involving 600 delegates and generating 1,800 recommendations, yet with little effect on the country's very strained political settlement. [4]

A slightly different circumstance is found in post-conflict Mali or Guatemala, where long-term group (or “horizontal”) inequalities have become embedded in the way societies are governed, generating chronic barriers to inclusiveness through low tax, high insecurity and state neglect. Charles Tilly termed this “durable inequality.”

As a result, it is vital that donor approaches on behalf of inclusiveness span the breadth of the question, not piecemeal bits of it through well-meaning projects.

At national level, they should draw from the successful levelling policies of recent years in Latin America, particularly involving public education, conditional cash transfers or focalized welfare programmes,[5] or the affirmative action of Malaysia and other developmental states. While entrenched horizontal inequalities are hard to overcome and resurface in unexpected ways, a range of political and economic interventions do exist to counter them.[6]

Obviously, future donor policy must consider rigorously the nature of national linkages to the global economy. The competitive nature of global capitalism, as the World Bank admits, can militate against fair tax rates and welfare spending.[7] For low-income countries, meanwhile, economic connectedness tends to be mediated through natural resource exploitation and trading zones, both of which unerringly generate vast inequalities and require targeted policy responses.

Lastly, we must reflect wisely on the very mechanisms used to bring about inclusive development. Astronomic inequality levels, Freeland reminds us, risk repeating the Venetian oligarchic *Serrata* of 1297. We have to make sure the UN and development bodies do not suffer an attitudinal shift towards complacency through seemingly minor vices as nepotism, unpaid internships, and favours for insiders.

[1] <http://www.ft.com/intl/cms/s/0/18238aae-be69-11e4-a341-00144feab7de.htmlaxzz3UvgLn4hM>

[2] http://www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/-publ/documents/publication/wcms_346629.pdf

[3] <http://www.voxeu.org/article/global-income-distribution-1988>

[4] <https://www.opendemocracy.net/arab-awakening/helen-lackner/international-community-and-crisis-in-yemen>

[5] <https://www.imf.org/external/pubs/ft/wp/2014/wp14124.pdf>

[6] <http://www3.geh.ox.ac.uk/pdf/crisewps/workingpaper42.pdf>

[7] http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2354167

TOPICS: Inequality

Comments

David Sogge

2015-03-27 15:03

This is a thoughtful and trenchant piece from Ivan Briscoe. It contributes important perspectives, ones missing thus far from the consultation on inclusion. Its emphasis on needs to think broadly and in terms of systems, not episodes, is especially well-taken. The statement from Briscoe's Nigerian informant brought to mind a good example of 'systems' thinking, from a Nigerian anti-corruption activist, published in a piece by Global Witness on illicit flows and the socio-political damage they do: Here's what that Nigerian said: "If you know there's no landing space to land your plane, you don't take off in the first place. It's the same with money: if there's nowhere to land it once you've stolen it, you can't steal it." Arguments for shutting down =all= offshore financial centres don't get any clearer than that.

Carlos Acosta Bermudez, Economic affairs officer, UNECA

Ethiopia, 27-03-2015

PROMOTING INCLUSIVENESS

In the words of a British mathematical physicist and engineer, William Thomson (Lord Kelvin), “if we can’t measure it then we don’t know it”. Therefore , one of the most important steps in the path towards inclusion is the capacity to correctly assess and address the determinants of exclusion, while ensuring that success is measured by overall improved wellbeing of people and not only by economic performance and growth.

In this sense, strengthening the capacity to measure the progress towards inclusive development should be a priority of development cooperation. A key element of this effort is to promote and adopt a common framework to establishing a clear, measurable criteria for inclusiveness.

The United Nations Economic Commission for Africa (ECA) is proposing a paradigm for inclusive development (ECA, 2014) based on the premise that exclusion has particular manifestations at different stages of a person’s life. This paradigm, referred to as Human Exclusion, is built on the understanding that the risk of being excluded is not static but rather dynamic, and that countries need to adopt and implement policies that address the key dimensions of exclusion to help reduce the particular vulnerabilities faced by individuals in a lifetime.

Utilizing a life-cycle approach, the Human Exclusion paradigm proposes six phases of the life cycle and their corresponding dimensions of exclusion give a clear understanding of the minimum requirements that people should enjoy from an inclusive economy to bring about inclusive development, as follow:

- (i) Child survival [birth to 27 days] ,
- (ii) Early child nutrition (28 days to 5 years),
- (iii) Youth literacy (6 to 14 years),
- (iv) Youth employment (15 to 24 years),
- (v) Household poverty (25-60 years) and
- (vi) Life Expectancy after 60 (60+ years).

The African Social Development Index (ASDI) brings together these dimensions and provides a historical analysis of progress, and facilitates a policy mapping exercise of the determinants that were successful in improving people’s lives. Additionally, the index provides information on the gender aspects, as well an urban/rural implication of strategies that promote inclusiveness.

There is an important capacity building and cost effectiveness component of this process of measuring inclusivity. The implementation of the ASDI is led by the planning and economic agencies of development in each country, as is based on data that is mostly available through the regular surveys that are being implemented in each country. Experts from ECA facilitate training and support data, as well as ensure cross-fertilization of the knowledge generated in the region.

Focusing on the impact of exclusion on people’s wellbeing, as opposed to coverage and infrastructure, helps to provide a better understanding of the issues, thus identifying policy interventions in particular sectors and areas based on the life cycle model. A comprehensive development policy should look to establish the proportion of population that is being excluded and set targets to achieve their inclusion. This life cycle approach to human exclusion also exposes gaps in the social protection and welfare systems that should be in place to enhance equity.

Achieving inclusive growth and development is not simply about increasing the size of national economies but, learning and shaping enduring opportunities that take the rights of individuals into consideration. The global and regional frameworks such as the Post-2015 Development Agenda and the AU Agenda 2063, offer an opportunity to move the focus economic growth to a higher emphasis on decent jobs, reduced inequality and improved social outcomes.

[1] This opinion piece is prepared by Carlos Acosta Bermudez, from the Social Development Policy Division of ECA, with contributions from Semia Guermas Tapia and Jack Jones Zulu, as part of the consultation on how to promote inclusiveness in the Dutch policy agenda for trade and international cooperation.

Lorraine Nencel, Associate Professor, Department of Sociology, VU University Amsterdam

The Netherlands, 27-03-2015

VOICES AND CHOICES: TOWARDS INCLUSIVE DEVELOPMENT FOR MARGINALIZED AND VULNERABLE GROUPS

This essay elaborates necessary steps that can contribute to decreasing discrimination and stigmatization for vulnerable and marginalized groups, and hence their inclusion in development. This includes legislation, closing the gap between policy and practice, including the voices of the marginalized, and creating choices for vulnerable groups. Dutch development policy should be geared to supporting developments in these domains.

First, inclusive development cannot be realized if national laws discriminate and stigmatize individuals (i.e. sex workers (SWs) or LGBT). Dutch policy should support civil society initiatives that work towards developing morally free legislation, using a human rights perspective, which creates safe and secure environments for marginalized groups to work and live. Issues regarding legalization should thus be included in the Minister's agenda when visiting countries where marginalized and vulnerable groups are criminalized through existing legislation.

When sex work is illegal in countries, laws are circumvented; SWs establish organizations by avoiding the use of prostitution or sex work in the organization's name; national HIV/AIDS prevention and health programs target these groups; NGOs have outreach programs towards these groups. Accordingly, marginalized groups have access to (government) services, albeit limited. Yet SWs experience daily discrimination, stigmatization and violence by law enforcers and service providers who implement these laws and regulations.. In Kenya, SWs are distributed condoms by health programs sponsored by the Ministry of Health, only to be arrested by law enforcers who take these condoms as evidence of prostitution. In many different countries, SWs avoid government health centres because they are verbally abused and inadequately cared for by service providers, thus increasing their risk of illness and violating their sexual and reproductive health rights.

Projects and programs aimed to create awareness and good practices for local level authorities, law enforcers and service providers will improve the quality of services offered to marginalized groups, as well as diminish their stigmatization. NGO's roles in decreasing discrimination and stigmatization, and empowering vulnerable groups should be applauded. However, many initiatives are taken without partnering with self-led organizations and other representatives of these marginalized groups. This has led to what has been described by an Ethiopian organization as "NGO-saturation": some city areas are overrun with NGOs activities, and other areas are not. In Dhaka, a brothel with 46 SWs is served by 6 NGOs, while street and hotel-based SWs receive virtually no help. Moreover, because of the lack of partnership, projects do not always reflect the needs and demands of the marginalized groups. Dutch donors should be sensitive to this "NGO-saturation" and support initiatives in which partnership and collaboration between the NGOs and grass-root level organizations is clear.

Highly related to this is the need for inclusion of the expertise and voices of marginalized groups in policy development, implementation and programs that directly affect them. Globally, self-led organizations, be that indigenous ethnic minorities or sex workers, exist. They serve as spokesperson for their communities, are advocacy experts and serve their communities through outreach and empowerment activities. In this day and age, there is no excuse for their exclusion as strategic partners.

A final point concerns research. The research initiatives supported by the Ministry, Knowledge Platforms and NWO/WOTRO are an excellent opportunity for academics to work with local stakeholders and self-led organizations that together produce desperately needed knowledge. However, the over-emphasis on practical knowledge assumes that it is only practical and applicable knowledge that can serve stakeholders. Nonetheless,, fundamental theoretical knowledge oriented to the needs and demands of local stakeholders is as needed. For example, [our research project](#) on economic empowerment studies sex workers' individual economies and is welcomed by our stakeholders who implement structural health interventions for sex workers. They expect to be able to reinvest this knowledge in adjusting current interventions to changing dynamics and in developing proposals for new interventions for emerging needs.

In sum, the comments presented above are aimed to increase the inclusion of marginal groups by creating spaces that include their voices and increase their choices in their daily lives and as citizens.

TOPICS: Inequality

Claire Melamed, Director of Poverty and Inequality Programme at Overseas Development Institute

England, 26-03-2015

THREE OPPORTUNITIES TO MAKE A DIFFERENCE ON INCLUSIVE DEVELOPMENT

The world of international development is rallying behind the call to 'leave no one behind'. As a fundamental principle behind the development of the new Sustainable Development Goals, ensuring that progress includes the very poorest is high on the global agenda.

How, then, can donors like the Netherlands help to make this happen in practice? There are three possibilities for action this year to make a difference at high-level political events.

First on the list is the International Conference on Financing for Development, to be held in Addis Ababa this July. This is an opportunity to ensure that the policies and programmes which have been shown to promote inclusiveness are supported by aid and other sources of finance. It seems likely that the Conference will agree to a 'basic social compact' to ensure that every person on the planet has access to the minimum of healthcare, education and income. While most of the funding would come from domestic sources, donors can play a role in bridging the gap so that the poorest people in the poorest countries do not have to wait for decades to benefit from this agreement. Securing meaningful commitments here should be the first priority for promoting inclusiveness in the Dutch policy agenda on international cooperation.

Soon after the Addis conference, the focus of global development policy making will move to New York, where the UN's 193 member states will be agreeing a new set of Sustainable Development Goals. These cover almost every aspect of development: social, economic and environmental. It is here that the idea of inclusiveness and 'leaving no one behind' can be embedded into the UN architecture, providing political incentives for national governments to act on poverty and injustice.

While action has to happen at the national level, a new global framework of goals can support those governments who want to act, and can assist civil society groups to apply pressure on those governments for whom inclusiveness is less of a priority. The monitoring framework for a new agreement could, for example, require governments to identify which groups within their countries are the most disadvantaged on different indicators within the first three years after the agreement of new goals. This will vary by country. Sometimes it will be disadvantaged ethnic groups, sometimes people living in a particular region, and often different disadvantages add up – so women in ethnic minorities, for example, have seen the least progress on some key MDGs.

A high-level political event could then be held to identify common challenges for promoting inclusiveness and how they will be tackled, and ensure that the commitment to 'leave no one behind' stays on the political agenda, both globally and nationally.

These are both things that can happen this year. Commitments to fund the policies and programmes that promote inclusiveness, and a global agreement which makes patterns of disadvantage more politically salient will both help to drive national action. But a third, longer term set of actions is needed as a condition of success for both of these, and that is investment in data and information. Without the information about who lives where, what services they have and their needs in relation to health, education and income, governments and donors can't make policy that promotes inclusiveness in an effective way. Again, donors, the private sector and others can help to complement and support government efforts to improve the collection and use of data for the good of all.

Inclusiveness is not easy. The politics, the policies and the programmes to eradicate extremes of poverty and to promote greater equity are going to be hard to deliver. But this year is a possibly unprecedented moment to set the world on the right road, and all countries, including the Netherlands, can and should play a part in making that happen.

Donald Mmari, Director of Research on Growth and Development, REPOA

Tanzania, 26-03-2015

STRATEGIC INTERVENTIONS TO ACCELERATE ECONOMIC TRANSFORMATION FOR INCLUSIVE GROWTH

There has been many policies and interventions aimed at reducing poverty and promoting inclusive growth in Africa, including the PRSPs and the subsequent generation strategies. Significant gains have been achieved in some areas, but not in others. In Tanzania, for example, structural transformation has been taking place and economic growth rate sustained to an average of just above 6% over the last ten years. The share of agriculture in GDP and in the labour force has declined. However, agricultural productivity remains generally low, and the informal sector, characterized by low productivity activities and insecure employment has grown significantly. Thus the rural economy is also changing, manifested also by shifting labour towards non-farm activities, mainly in the informal non-farm activities in trade and services.

It is possible therefore, to take advantage of the transforming economy to accelerate pro-poor growth and inclusive development, if attention is put on addressing three major constraints: Infrastructure gap; skills gap; and access to low cost finance. Infrastructure gap relates particularly to roads and electricity in the productive but geographically isolated rural areas, so that costs of production can be reduced and access to markets enhanced. Investment in skills that are relevant for sectors considered to be the drivers of growth such as industry and construction, tourism, oil and gas, logistics and transit trade, as well as agriculture may help to promote productivity in both farm and non-farm activities. The skill requirements are both at tertiary /specialized levels and vocational/technician levels. Opportunities for access to low-cost finance, when combined with enhanced skills and expanded market access have great potential to transform the rural economy and to raise factor productivity, and to provide for the needed backward and forward linkages across the key sectors in the economy.

In this case, the Dutch Policy could be to support national governments by providing a mix of technical support as well as financial support in designing and implementing medium-term programmes to address these constraints to transformation for inclusive development. Technical support should aim at strengthening relevant institutions in terms of analytical capacity (identification of potential intervention areas, scope, and impact analysis) and managerial capacity (resource mobilization, strategic planning, value for money spending allocation, and monitoring for results). Financial support in the form of grants or concessionary loans could greatly lift domestic budgetary burden and assure ring-fenced finance to the designed interventions. The focus of these interventions should be the rural areas,

but include also some peri-urban centers with potentials to provide market linkages. Such interventions must take into account that most economic activities in the rural areas are undertaken in the informal setting, such that the theoretical divide between the formal and informal sectors should not create boundaries for development interventions.

TOPICS: Agriculture

Sjef Ernes, Managing Director, Aqua For All

The Netherlands, 26-03-2015

PROMOTING INCLUSIVENESS IN THE DUTCH POLICY AGENDA FOR TRADE AND INTERNATIONAL COOPERATION

1. *What policies and interventions have proven to contribute most successfully to the translation of growth into benefits for the poor? Is there a best policy mix?*

Public-Private Partnerships should aim explicitly for social impact and inclusion matching the Dutch diamond: private and public sector, civil society and knowledge sector combine complementary skills and market intelligence. Corporate Social Responsibility is value for money with (Social) Return On Investment.

2. *Are specific and additional economic, political and/or social measures required to reach the most excluded and disadvantaged groups?*

The bottom poor will always need subsidies, which is not only a civil society job. Partnerships on advocacy and lobby between DGIS and NGO's is not enough. The ODA channels are too complex, too bureaucratic, too time consuming. Philanthropy money is more effective if ODA money stimulates hybrid finance constructions that join ODA-charity and philanthropy with social investors.

3. *Policies and outcomes for inclusive development are the primary responsibility of national governments. How and in which specific areas can donors contribute to inclusive development? What role can civil society play?*

Inclusiveness requires a transparent definition. Social return on investment in employability and income generation are key elements, though conflicting with cost-effectiveness through automation, IT and technology innovations. Affordable goods is not synonym for low cost solutions if not sustainable nor aspirational.

Specific inclusiveness oriented interventions should include integrated innovative concepts for basic commodities and goods, combining access to water, health (including sanitation), food and energy.

4. *How can the private sector in developing countries take the interests of the poor and marginalized more into account? Which are best practices? How can we further promote this in our cooperation with and support for the private sector?*

Four remarks:

1. The poor of today are the consumers of tomorrow. The BOP represents some 4 billion potential consumers, though with a different behaviour and marketing perception c.q. purchase psychology. Emerging markets, with opportunities in branding, innovation, marketing, products, setting up distribution channels. The food chain is a good example, private sector invests in the farmers, the cooperation, the whole sourcing, the distribution and the end consumer markets. What fails is an inclusive approach to reach the bottom poor, often rural families, pastoralists or squatters, by cooperation between civil society and private sector with a

more flexible and risk-taking support and tailor-made grants. (FDOV/FDW are now too much framing and prescribing. Grants are objective in itself rather than gap-solutions).

2. Water & sanitation are public goods, human rights and from there a public task, governed by the 3 T's. The complex structure of Taxes (for local domestic finance capacity) and Tariffs (an affordable price for good service, not products) needs support of Transfers (hybrid mix of ODA, philanthropy and investors). Business value creation needs a strong empowerment within the area of water & sanitation with a more flexible funding instrument than FDW or DGGF. (The Aqua for all-PPP-funding desk is flexible, focused on innovation in models and concepts, small scalable solutions, with high replication rate and a good and clear positioning of private and public authority-role-task).
3. SME's and corporates are different! Corporates reach out to the poorest poor with philanthropy but generally focus on the middle tiers. SME's have no time and little to no working capital available, no R&D nor marketing innovation power. While being promising partners for local counterparts to contribute to inclusive business interventions being niche players and highly complementary to local players. Needed is a tailor made cooperation with INGO's, small flexible funds and access to a pool of expertise, experience and networks.
4. Access to finance. The so called funding gap (valley of death) includes market and partner analysis, pilots and product development, testing and empowerment of the enabling environment, purchase of land and permits and tax-barriers all to be paid while cash flow is not yet established. Risk avoidance (Commercial finance) require risk mitigation (acceptable for Business angles or philanthropy or DGGF) by risk funding. Needed is a strong broker who constructs a hybrid construction of different funds for different stages, based on an output based funding agreement per stage.

TOPICS: Private sector

Dunia Katembo Colomba, Coordinator de PEREX-CV /asbl

Democratic Republic Congo, 25-03-2015

SUPPORT MECHANISMS FOR YOUTH AND WOMEN IN THE DRC PEACEBUILDING PROCESS, THE FIGHT AGAINST UNEMPLOYMENT AND THE PROMOTION OF WOMEN'S RIGHTS.

Support mechanisms for youth and women in the DRC peacebuilding process, the fight against unemployment and the promotion of women's rights.

In the DRC youth and women are the most marginalized population groups. They are victims of various types of abuse during armed violence, something that is true for all countries of the world that experience conflict.

However, their power for social change remains significant, seeing their demographic growth and dynamism.

Defining innovative ways to alter their socio-economic conditions could therefore allow them to contribute beneficially to the development of the post-conflict situation in the DRC.

As a result, my petition for the Dutch government would be:

- The Dutch government should define a policy to support civil society organizations that work seriously on innovative ways to promote the participation of youth and women in peace consolidation and social change for citizens of conflict or post-conflict countries.
- In addition, the Dutch government should define its development policy on African and Dutch entrepreneurial initiatives with the aim to reinforce African initiatives with experiences of Dutch entrepreneurs that are more emerged in this domain of socio-economic life.

This contribution was translated from French, please find the complete (French) version of this contribution, with more information on the work of PEREX-CV, here: [contribution consultation](#).

Victor Langenberg, Rinus Vis and Cees van de Guchte, Deltares: Sub-Saharan Africa coordinator, Dept. Head Sustainable Use of Water and Soil and Dept. head. Climate Adaptation and Risk Management

The Netherlands , 25-03-2015

ON THE INCLUSIVENESS IN INTERNATIONAL COOPERATION: CASE SUB-SAHARAN AFRICA

Evolving SSA is enjoying surprising high economic growth rates, further encouraging private and public sector. This growth is not all roses; it is accompanied by socioecological impoverishment.

As a result, a new policy orientation is emerging, one that realizes that the achievement of MDGs / SDGs, is largely depending on keeping the main denominators water and land resources healthy. These African resources form the prerequisite of the inclusive development of prosperous and healthy communities in SSA, both traditional and modern.

This development delivers great opportunities for Dutch policy. When the intrinsic associations between human and environmental health are imbedded firmly in *the International Trade and Development Cooperation* it directly promotes inclusive growth and that will bring a head-on advantage for modern Dutch-African partnerships.

Here, we propose 6 action-oriented steps for improving the level of inclusiveness in programmes and in conclusion elaborate on promising new developments in SSA that could speed-up the development of new inclusive entrepreneurship.

The approach.

Radical change is not needed. Several steps need to become SMART and incorporated into the inclusive approach, these are:

1. An inclusive mission and vision: a proactive identifiable approach towards improving social capital (poverty, health, income, inequality, education) and natural capital (goods and services deficits, resilience, health, carrying capacity and integrity).
2. A liability beyond the direct effects of the corporate involvement, based on tangible returns of human, natural and economic capital investments.
3. The realization of an inclusive business case as “proof” or billboard of the corporations’ abilities to concretize the inclusive growth mission and vision at macro level into inclusive business model at corporate level.
4. The arrangement of sustained participatory involvement of other public and private stakeholders (partners and end-users). Creation of “sharing” evidence-based network of governments, NGOs and knowledge institutes and companies) who’s objective is to generate more inclusive PPPs.
5. An independent fact-driven institute is needed to consolidate the knowledge from the different sectors (NGOs, universities, Government, private sector and other public-private entities focusing on SSA) and make it applicable within the inclusive business case.
6. An action-oriented R&D programme on how to become more inclusive all the time. We learn-by-doing as social/ecological systems are complex, dynamic and respond in unexpected ways.

Nuts, bolts and hooks.

Inclusive growth should not be about feeling obligated to include more Corporate Social Responsibility and green and blue environmental friendliness but more about continued accountable corporate performance that render economic, social and ecological returns of investments. Additionally, this much needed inclusiveness in Dutch programmes can't be purchased off the shelf. It must be "cultivated", monitored and evolve by an evidence-based learning-by-doing attitude at location.

To achieve this, we recommend the following: Make sure that people and their environment are central to the narrative on inclusive growth. Create a level playing field between the Netherlands and African partners, both public and private. Improve follow-up of internationally assisted programmes to provide incentives for responsible collaboration with Dutch investors. Create and support modern, lasting, partnerships that encourage inclusive innovation.

Currently, several Dutch public and private parties cooperate in setting up business support hubs in Ghana and Kenya[1]. The hubs' primary goal is promoting Dutch entrepreneurship in SSA. This provides great opportunities for Dutch-African cooperations. However, sustainable competitive advantage for The Netherlands in SSA will only come when the business models of the Dutch partnerships contribute to inclusive growth.

Therefore, we recommend the hubs to facilitate the implementation of the 6 steps for creating modern partnerships; lasting partnerships that are able to create and demonstrate innovative inclusive cases and growth as billboard of the new international cooperation of the Netherlands with SSA.

[1] The Ghana Netherlands Business and Culture Council (GNBCC) has been officially launched on the 2nd of March <http://www.gnbcc.net/> in Accra. The Nairobi Business support Hub (initiative of the NABC and the NWP) was announced on the 5th of March by EKN Kenya and the RVO at the Doing Business Kenya event in The Hague.

TOPICS: Private sector

Heinz Greijn, Editor Capacity.org

The Netherlands, 25-03-2015

HOW TO SUPPORT EXTREME POOR SMALLHOLDERS WHO LACK ACCESS TO FINANCE?

Half of the one billion people who live below the international poverty line of \$1.25 a day depend on small farms. Their demand for finance vastly exceeds current supply. Policies are required for enhanced synergy between a variety of existing financing- and other support modalities including improved micro-finance institutions, smart grants and subsidized capacity development services, guarantee funds, social impact investments and commercial investments.

New financing modalities and cross-sector partnerships are emerging that differ from the traditional model based on subsidizing development interventions with public money. Much is expected from companies who take their corporate social responsibility approaches to the next level. Some seem to believe that in the fight against extreme poverty social entrepreneurship and social lending can fully replace development interventions financed from public or philanthropic sources. Let's examine how this works for small holders.

The elusiveness of inclusiveness

Commercial lenders show little interest in financing the poorest smallholders. They tend to only work with farmers that are already well-positioned in value chains. For many reasons it is difficult for them to realize a return on their investment from working with the poorest smallholders.

For social lenders such as impact investors, return on investment is not the main motivation underlying their operations. Driven by social motives they target the less privileged households, farmers and businesses. But there are limitations to the inclusiveness of the social impact investment model as well. A report by Dalberg (a consultancy) titled [Catalyzing Smallholder Agricultural Finance](#) (2012) concluded that:

1. With disbursements of US\$350 million in 2011, social lenders are satisfying only a tiny fraction of the demand of 450 million smallholders worldwide. The report estimates the total market demand for financing by smallholders at US\$450 billion.
2. Even if the social lending model were to be scaled up, outreach will remain limited to the 10% of the world's smallholders who are members of farmers' organizations.

It is not only commercial and social lenders who face difficulties in reaching out to the 90% of smallholders who are not organized into producer groups. Micro finance institutions tend to focus on petty trade and are not well equipped to finance small holders. Driven by the requirement to demonstrate results many NGOs tend to focus on "low hanging fruits": the small holders just under or above the poverty line.

Co-creating inclusive development

How to develop strategies to support the other 90% of smallholders who are not yet well-integrated in value chains or members of producer organizations? Before investing in smallholders becomes a viable option in the business models of commercial and social investors a lot of investments need to be made in activities that belong to the pre-commercial phase of value chain development. These investments do not generate a financial return. This is the pivotal work that needs to be done by specialized capacity developers, either government agencies or NGOs. The financing of these types of intervention will remain largely dependent on governments, donors, foundations and other private funds that are driven by philanthropic and social motives. Collaboration between all these actors is important if smallholders are to make a successful transition from the pre-commercial to the commercial phase. Inclusive development is a process of co-creation.

(this contribution is based on article in [Capacity.org](#) by Heinz Greijn , Piet Visser (SNV), Rem Neefjes (SNV) and Paulos Desalegn (SNV)

TOPICS: Small businesses

David Booth, Developmental Regimes in Africa Project, Overseas Development Institute (ODI)

The Netherlands, 24-03-2015

WHAT ABOUT THE POLITICS?

Inclusive development is fundamentally about the political drivers of domestic policy. For donors, that should not mean more campaigns for 'good governance'. It should mean being capable of recognizing the

distinctive features and fragilities of developmental regimes, and learning from experience about how to support reformers to address specific blockages to inclusive growth and service delivery.

The starting point of this consultation is absolutely right. Faster economic growth does not by itself produce transformative, poverty-reducing development. And, as [current trends indicate](#), it is going to take many generations to extend even basic public services to the most deprived parts of the planet. As we move from the MDG campaign to an SDG campaign, [‘more of the same’ will not do](#). Nearly everywhere in the developing world, there needs to be a change in the *pattern* of economic growth and a shift in *ways of working* on persistent blockages in service provision.

Comparative experience from Africa, Latin America and Asia is absolutely clear: successful economic development, in countries that are bigger than city-states, starts with a productivity revolution in smallholder agriculture and then moves on to employment-intensive manufacturing, with the acquisition of relevant technological capabilities at each stage. The snag is that guiding such a process takes a certain kind of leadership mind-set, a degree of political ruthlessness and some focused implementation capabilities, because the magic of the market only works when the institutional conditions are right. The quality and reach of basic public services is also largely a matter of organizational drive and determination.

All of that suggests that political factors are the key, which is indeed a possible problem for development donors. But *how* does politics matter, and what *sort* of problem does this pose for development assistance? The answers are not obvious, and there is a good deal of conventional thinking on the subject that is simply wrong. Here’s a sample of the findings from recent research:

o That politics is crucial does not mean poor countries need, and can get, comprehensive ‘good governance’. The most successful Southeast Asian countries made their breakthroughs by improving the governance of a few specific things, especially in relation to rural development [as David Henley has shown](#). Everything else came later, as indeed is true about most countries that are today modern democracies.

o The key [features that distinguish developmental political regimes](#) from the rest include:

- a leadership mind-set that is not prejudiced from the outset (e.g. about [‘backward peasants’](#)) but open to technically sound policy ideas about employment-intensive agriculture and manufacturing;
- a policy process that is [problem-solving and learning-oriented](#), not driven by short-term calculations about vote-buying or accessing aid, and
- a foundational settlement that enables policy thinking and implementation to have this character because it harnesses normally fractious ethnic, regional and faith communities to a robust nation- or state-building project.

o For donors, the most important thing is to [avoid doing harm](#) by failing to recognize developmental regimes and acknowledge their particular strengths and fragilities when they arise. This can happen when development assistance gets mixed up with the agendas of campaigning NGOs, Northern politicians or exile pressure groups that want to hold governments to standards that have little to do with their real development options.

o A more general challenge is what to do when political conditions don’t favour inclusive development at all – an unfortunately common situation. Can aid still be useful? There is growing evidence that it can, if it is used to improve development outcomes by [helping to empower reformers](#) in the country who have the motivation, knowledge and capabilities to discover politically viable ways of [tackling specific blockages to growth](#) or [service delivery](#). Doing this is not easy, particularly if the agency is under pressure to spend large sums on a fixed schedule. But there is growing evidence that it can be done, [even in difficult political environments](#).

Paulien Bruijn, Advisor disability inclusive development at Light for the World

The Netherlands, 24-03-2015

INCLUSION WORKS! MAINSTREAM DISABILITY IN DEVELOPMENT

The Dutch government acknowledges that economic growth does not yet benefit all sections of the population, and aims to tackle inequality and invest in human rights. Yet, besides gender inequality, other forms of exclusion are not explicitly addressed in its policies and financing instruments. If growth is to be inclusive and sustainable, disability – which affects 20% of the people living below the poverty line[1] – has to be addressed as a cross-cutting issue, too.

The participation of persons with a disability is often prohibited by inadequate policies, negative attitudes and a lack of accessibility, and not the functional limitations that people may have. For example, there is a strong belief that people with disabilities are not able to earn their own income and that they should depend on safety nets or sheltered workshops. That's why they are often not considered as eligible candidates for livelihood, trade or employment programmes. The WHO pleads for an inclusive approach: *"People with disabilities have ordinary needs – for health and well-being, for economic and social security, to learn and develop skills, and to live in their communities. These needs can and should be met in mainstream programmes and services. **Mainstreaming not only fulfils the human rights of persons with disabilities, it is also more effective.**"*[2]

The ILO[3] indicates that exclusion of persons with disabilities from economic activities results in the loss of 3 – 5% of the GNP in low and middle income countries. Removing barriers to their participation is much less costly and reaches more people than setting up separate programmes. **There are good examples available of programmes that, also on a large scale, have been able to successfully include people with disabilities**, such as the food security project for Ultra-poor women that targeted 40.000 women-headed households in rural Bangladesh.[4] Disability was mainstreamed throughout this initiative with very good results: in total almost 4,000 women with a disability were included as direct beneficiary. These women, with disabilities ranging from physical, sensory, to intellectual, participated in the women groups and took part in the income generating activities. These women were as successful as the women without disabilities: they were able to gather the same amount of income from their income generating activities as the rest. It not only improved their financial situation: it improved their social acceptance in communities and their social status at household level as well: *"Earlier people called me 'Nangra' (lame). Now they call me tailor."*

To reach this result the following measures were taken:

- Project staff and management trained to recognize disability as a rights-issue and to use practical tools for inclusion
- Community sensitized on the rights of persons with a disability
- Involvement of family members if the person with disability required extra assistance
- All project activities made accessible for people with disabilities

The total cost for inclusion was 6% of the project budget, which would have been less if we had referred to external service providers for rehabilitation services rather than offering these ourselves. The programme shows that **inclusion is possible; it's not too costly or complicated** and most of all, it has been very effective in improving the livelihood situation of people with disabilities that were living in extreme poverty.

What the Dutch government can do

Inclusion of people with disabilities is a joint responsibility of all development actors. The Dutch government is responsible for explicitly mentioning disability as an important issue for ensuring inclusive growth in its policy

statements and financing instruments.[5] This will stimulate its aid and trade partners to remove disability-related barriers or ensure that no new barriers are created through their programmes. The private sector, stimulated by the Dutch trade agenda, can play an important role by making their products and services accessible and creating job opportunities for people with disabilities. Furthermore, the Ministry may seek partnership with disability organizations who can share their knowledge and skills for inclusion, such as how to conduct a disability analysis, and support disabled people's organizations in claiming their rights.

The benefit of inclusion is much higher than the costs for the measures that enable inclusion[6]. The only thing that people with disabilities need are equal opportunities to participate: ***"We are disabled, but we certainly can do everything if you give us the chance!"***

[1] DFID 2014

[2] WHO World Report on Disability, 2011, p264

[3] ILO 2009

[4] <http://www.lightfortheworld.nl/en/about-us/publications/inclusion-works>

[5] <http://www.dcdd.nl/wp-content/uploads/2012/12/ledereen-telt-mee-Advies-DCDD-printversie.pdf>

[6] DCDD 2013

TOPICS: Inequality

Simon Eyram Tsike-Sossah, Executive Director at ACIPP West Africa

The Netherlands, 24-03-2015

DECONSTRUCTING THE YOUTH DEVELOPMENT AGENDA: PUTTING YOUNG WOMEN FIRST

The key to development in (West) Africa depends on how governments and development agents think about the youth development agenda. The key lies in putting young women in the centre of the development programming and giving more support to community and grassroots organizations with people centered-strategy.

First, the Dutch government and partners working in (West) Africa must rethink their development strategy. The existing strategy is foreign dictated, foreign-led and has colonial attachments. Colonial attachment here means, the development strategy is mainly written by men, the process led by men and finally implemented by mainly men.

At the receiving end of this process are people that are not largely consulted in the development process that is "pitched" to them. Conditions are set that are usually detrimental the people; solving one problem opens up more other problems in contexts that are multi-layered and complex.

There are no singular straightforward answers but first we do need to understand what we are dealing with. Much of (West) Africa's problems are what we call "wicked problems" – they are ingrained, systemic and multi-faceted. You do not solve "wicked problems", you "re-solve" them – like the onion, you get to the problem by peeling one layer at a time. By trying to reach the core in one attempt you create more problems – hence the challenge faced in the development discourse in (West) Africa.

Specifically: **"Are specific and additional economic, political and/or social measures required to reach the most excluded and disadvantaged groups?"**

Yes, there is the need for additional economic, political and social measures required to the most excluded and disadvantaged groups. In (West) Africa, the most disadvantaged and excluded are the YOUTH – young people in the

age bracket (as defined by these governments) 15-35[2]. They form nearly 40% of the populations of these countries; but within those populations are female youth. Generally, “youth” has always been considered ‘young men’ (only during grant making are agencies forced to show “gender” equity) – historically, socially, economically and culturally – youth has always been defined as “young men”. The result shows that there is still work to be done to reduced for instance teenage pregnancy, school dropout or poor completion rates for young women.

The Dutch development and trade policy must pay specific attention to young women (15-35 years) by:

1. Creating exclusive funds reserved for young women.
2. Re-thing Vocational training (catering, dress-making, soap-making, hairdressing, etc.).
3. Focusing on business development, alternative education programming that is not descriptive of women as in the case of dressmaking or cooking (catering) or hairdressing.
4. Investing in mentoring and grooming programmes that gradually put women in decision-making positions, governments etc. These programmes must NOT only occur during elections periods, they must be continuous and not limited to specific events.
5. Engaging with the Economic Community of West Africa States (ECOWAS) [3] in such ways that leads it (NOT FORCE) to focus more on its traditional role of policy harmonization rather than focusing on policy implementation. ECOWAS must relegate their current programme and project management roles to those of monitoring, funding, policy formulation and evaluation.
6. Changing the funding mechanisms from the current **multi and bi-lateral government-to-government** to one of a **mix of government and grassroots (and national) organizations** in delivering the policy goals of the ministry.

Conclusion

The grassroots and national organizations in the not-for-profit and non-governmental sector remain very much an untapped recourse as their roles have been reduced to those of hewers and bearers rather than leaders, their roles usurped by international agencies.

The language for and towards development MUST change; it must change from one of imposition to one of a walk of solidarity between people of different needs with intertwined destinies. It is essential that the youth development agenda is reimagined so that “youth” becomes more than a cross-cutting development theme. It must be the cornerstone and the focus of ECOWAS and other regional organizations – and certainly the Dutch government too. These organizations themselves must change their language as well in order to bring the benefits we seek for (West) Africa.

[1] Simon Eyram Tsike-Sossah founded and works for ACIPP West Africa, an organisation with programming in Sierra Leone, Liberia and Ghana.

He holds a bachelor in Geography and Sociology, (Ghana) an M.A in Development Studies (Rural Development) (Ghana) and an Msc in Political Science (Conflict Resolution and Governance) (Amsterdam).

[2] As defined by the many youth policies in the region.

[3] Note that, this applies to all regional and sub-regional organizations.

TOPICS: Youth Women Empowerment

Angelica Senders, Network facilitator gender in value chains AgriProFocus

The Netherlands, 23-03-2015

INCLUSIVENESS PAYS BACK; BUSINESS ARGUMENTS FOR GENDER AND YOUTH INCLUSIVE VALUE CHAIN DEVELOPMENT

Inclusive development is not only in the benefit of those previously excluded, but also makes optimal use of capacities of a broader range of people. There are serious business arguments for including women and youth in economic development. Dutch policy should promote inclusion of women and youth in business partnerships by actively supporting systematization and dissemination of experiences illustrating the business case for inclusiveness.

This has been proven in the coffee sector where the inclusion of women has had positive results.

Women form the majority of the world's estimated 25 million coffee farmers, yet coffee is seen as a men's crop. A sustainable supply of good quality and sufficient quantity of coffee for mainstream and specialty markets is often hampered by unequal distribution of information, labour, other resources and benefits within the coffee farming families. Women do much of the production activities, men tend to benefit more from training in sustainable coffee practices, inputs, income and other benefits derived from coffee sales. This unequal distribution leads to many inefficiencies in the coffee chain, and hampers the development of the coffee sector in general, and production in particular. These issues need to be addressed by business partners in the chain to create a sustainable increase in the production of coffee, reach better quality and thus an increase in profits.

In order to get the buy –in of women interventions also have to address gender based constraints relating to lack of voice of women both at household and producer organization level. As long as coffee is perceived as a male crop from which only men benefit, women will not be interested in investing in the coffee production, they might even frustrate modernization of the sector, by picking and side selling (unripe) beans. Including women in coffee programs on equal footing with men offers a win-win for women, families and companies.

There are also business arguments for the inclusion of youth in the coffee sector. World-wide the average age of coffee farmers is rising, and youth lost interest in the sector. Only when youth is convinced of the profitability of modern coffee production they will be interested to invest in it. Like with women, youth's biggest constraints need to be addressed (access to land and technology). This is in the benefit of the sector as youth is an ideal catalyst for change given their greater propensity and willingness to adopt new ideas. Successful inclusion of youth therefore also creates a win-win for young people and companies.

Dairy is another sector in which recognizing and addressing the hidden role of women contributes to modernization of the chain. In a study carried out by Silja Heyland the gender strategy of 8 dairy programs worldwide is compared. Findings suggest that gender-inclusion contributes to a win-win situation of local business and producer households. It increases milk volume and milk quality, which enables producers to address new (formal) markets. Next to that, it supports collaboration and exchange between wife and husband. Successful gender-inclusion makes women visible as dairy producers, includes them in dairy producer organizations and develops new business opportunities.

Read more:

1. [Coffee toolkit](#) 'Sustainable coffee as a family business; approaches and tools to include women and youth' a publication by HIVOS, AgriProFocus and the Sustainable Coffee program supported by IDH/ Sustainable Trade Initiative October 2014.
2. Read [the full thesis of Silja Heyland](#) for more arguments and successful strategies for a gender sensitive strategy of the dairy value chain development!
3. [Watch film Gender unchained](#). This short film gives arguments for gender inclusive value chains; illustrated with an animated cartoon on gender inclusive dairy value chain development in Nicaragua.

Marleen Brouwer, Centre for Development Innovation (CDI) of Wageningen UR

The Netherlands, 23-03-2015

INVOLVE AND EMPOWER YOUNG FARMERS AND AGRO-ENTREPRENEURS TO SECURE THE FUTURE OF OUR FOOD

If the Dutch international cooperation policy on food and agriculture wants to have a sustainable impact, youth should be part of it. This is necessary to secure stable food supplies, and to innovate the agricultural sector. The Dutch Ministry of Foreign Affairs, national governments, private parties, donors and development agencies all have their role to play to involve and empower young farmers and entrepreneurs in agricultural value chains. Valuable first steps would be to allocate resources for action research on youth's roles and aspirations in agriculture, as well as the support for youth indicators in PM&E processes, innovative financing mechanisms, better agricultural curricula, and smarter use of ICT.

A number of developments will have a major impact on the future of our global food system. Firstly, today 1.8 billion people are [between the ages of 10 and 24](#). The young population is growing fastest in less developed nations. Secondly, in these countries, annually [15 million young people](#) enter the labour force in which the majority of workers face unemployment or vulnerable employment. Thirdly, youth is withdrawing from the agricultural sector. The average age of farmers in developing countries is [between 50 and 60 years](#). Fourthly, the aspirations of today's youth are signalled by a [mass withdrawal from the rural areas](#) in favour of urban opportunities and lifestyles.

Any debate on the future of our food system needs to be set within the context of above-mentioned dynamics. Over half of the African population is expected to [remain rural](#) until 2050. Small and medium farms in developing countries continue to be the [world's major food producers](#). Moreover, under traditional farming systems, [crop yields decline](#). Older farmers are [less likely](#) to adopt new technologies needed to increase productivity in a sustainable environment-friendly way. More knowledge and experience is essential to support new generations of skilled producers and entrepreneurs to grow, process and trade the crops and commodities the world depends on. Young people provide the opportunity to secure stable supplies, and to innovate the agricultural sector. As such, public and private parties, donor agencies and NGOs investing in sustainable agricultural development would do well to consider young people as crucial stakeholders in their cooperation initiatives. This means that a truly inclusive development policy takes 'age' into consideration.

To seriously involve youth, national governments and donors have to put youngsters at the centre of their 'theories of change' that aim to strengthen agricultural sectors. The right questions have to be asked about the roles, aspirations, capacities and constraints of young people in agriculture. A valuable first step would be to allocate resources for action research, to find out which factors move young farmers and agro-entrepreneurs. Job creation in the downstream parts of value chains (trade, logistics, insurance, communication, etc.) can make youth realize that agribusiness can be an [intellectually stimulating and economically viable career](#), radically changing its image.

Moreover, a growing number of companies and standards organizations are looking for affordable and scalable ways to assess the sustainability of supply chains. The private sector can better anticipate to the challenges and opportunities of young farmers and agro-entrepreneurs by including indicators to monitor youth participation in supply chains in PM&E processes (as done by [Seas of Change Performance Measurement community](#)).

Youth often faces poor access to land, finance and information. Young farmers and agro-entrepreneurs would benefit strongly from innovative financing (soft loans, micro-franchising, etc.) and up-to-date technological training curricula. The [Coffee Toolkit](#) by the Sustainable Coffee Program gives some good guidelines on how to realize this. Use of

internet and mobile phone channels can promote agriculture, educate and train young people in agriculture who are unable to attend higher education. Some great examples to learn from are [YPARD](#), [Slow Food Youth Network](#), and [Mkulima Young in Kenya](#). Projects on urban farming might appeal to youth, to address the employment challenges of young women and men in cities, and that of feeding an expanding urban population. Another idea is supporting projects with a prominent place for cooperatives and/or farmer field schools in which young farmers get the opportunity to raise their voices.

The [Centre for Development Innovation \(CDI\) of Wageningen UR](#) is looking forward to continue this discussion in a creative and refreshing way, to contribute to a sustainable future of our food.

TOPICS: Food security Youth Agriculture Empowerment Employment

Comments

Daniela Rivas 2015-03-24 17:03

I think that empowerment through education is the key, improving their self-esteem and the feeling that they can make a living in rural areas. For example, rural areas in Latin America means marginal and poor zones, where quality education and opportunities are zero. What are the chances to youth to see a future in their communities? It's necessary to empower their own capabilities to succeed, make them the changers of their own reality.

Simon Wachieni 2015-04-21 21:04

Great article which should provoke thoughts on how to incorporate youth in contributing to food security. In Kenya, I have seen the mentioned trend develop and the situation could get worse. The youths are migrating in droves to the cities, showing huge disinterest in agriculture. Ways have to be found to entice them into farming.

ishmael jaja 2015-09-29 03:09

this appears to be a world wide problem, even though it is very characteristic of African countries. in Nigeria for instance whereas the population of the young way out number the old, the old and rich politician continue to undermine and neglect the youth. In fact the youth are seen as incapable to lead the country to its future prosperity. this attitude must change and the political class must realize the youth represent energy and strength. thus if properly tapped and nurtured can bring about revolution in about thing positive, including agriculture

Keetie Roelen and Stephen Devereux, the Institute of Development Studies: Co-Director of the Centre for Social Protection, Research Fellow and Director of the Centre for Social Protection, Research Fellow

United Kingdom, 20-03-2015

INCLUSIVE SOCIAL PROTECTION FOR INCLUSIVE DEVELOPMENT

The Centre for Social Protection (CSP) at the Institute of Development Studies (IDS), UK argues for an inclusive approach to social protection – ‘Inclusive Social Protection’, in support of inclusive social and economic development. Key steps towards achieving this include the acknowledgment that social protection is a human right, a scaling up and institutionalization of interventions and the inclusion of everyone – poor and vulnerable – in comprehensive social protection systems.

As indicated in the discussion note ‘Promoting inclusiveness in Dutch policy agenda for trade and international cooperation’, inclusive growth is a necessary but not sufficient condition to reduce extreme poverty. In contexts of

rapid economic growth, both vertical and horizontal inequalities are growing, leaving marginal and excluded groups even more vulnerable.

The discussion note and a number of contributions to this online discussion have discussed ways in which to tap into people's productive capacity and growth potential for ensuring that growth is inclusive and benefits everyone in society. We – the Centre for Social Protection at the Institute of Development Studies in the UK – argue that this is not enough to address some of the structural drivers that lock people into poverty and vulnerability and that other protective and transformative measures are needed to ensure that the most marginalized and excluded are not left behind. In response to question 2 in the discussion note – *'Are specific and additional economic, political and/or social measures required to reach the most excluded and disadvantaged groups?'* – we therefore argue that social protection and its range of interventions are key in reducing extreme poverty and reducing inequalities.

Social protection fulfils unique functions and serves a purpose that cannot be met by other development interventions. The safety net function of social protection on terms protecting people against poverty or preventing them from falling into poverty cannot be paralleled by other interventions. Social protection also offers transformative potential through rights frameworks, legislation and design of programme interventions. These functions are crucial in providing a long-term and sustainable solution to poverty reduction.

We argue for an inclusive approach to social protection – **'Inclusive Social Protection'**, which supports inclusive social and economic development and aligns itself with principles of the Netherlands policy for Foreign Trade and Development Cooperation including inclusivity and equity as well as the post-2015 agenda focusing on human rights and sustainability.

A number of steps can be taken to achieve an inclusive approach to social protection:

Firstly, efforts should be directed towards all governments and development agencies explicitly acknowledging that all people have a human right to social protection, and should take more active steps towards the progressive realization of this right. Civil society has a crucial role to play in realizing such rights, and supporting people in claiming their rights.

Secondly, interventions should be scaled up and institutionalized within national social protection systems, and social protection systems should be more firmly integrated into national social and economic policies. To ensure equitable access for all, comprehensive, permanent national programmes should be implemented that are located within government structures. Cases where social protection is delivered as small-scale, stand-alone, time-bound projects should become the exception rather than the rule. Experience has also shown that social protection generates powerful synergies with social and economic development when it is directly linked to social sectors (such as education and health) and complemented with economic support (such as livelihood packages and financial inclusion). At the same time, the accessibility and quality of social services and economic programmes need to be adequate to match the demand-side push that social protection generates.

Finally, the message that social protection should include everyone in its systems needs to be reinforced. This includes those requiring non-contributory social assistance (i.e. 'the poor') and those requiring contributory social insurance (i.e. 'the vulnerable'). Reinforcing such a message is one way of overcoming complaints about 'fiscal unaffordability' and 'dependency creation', which are largely unfounded but widely held prejudices. Growing inequalities and disparities between the 'haves' and 'have-nots' exemplify the need for greater inclusivity.

Contributors: Keetie Roelen, Co-Director of the Centre for Social Protection and Research Fellow at the Institute of Development Studies; Stephen Devereux, Director of the Centre for Social Protection and Research Fellow at the Institute of Development Studies.

Wijnand Klaver, Senior Researcher, African Studies Centre

The Netherlands, 20-03-2015

INFORMATION FOR ACTION: THE IMPORTANCE OF STATISTICAL INFORMATION FOR PARTICIPATORY LOCAL POLICY MAKING, PLANNING AND REGULATION

Donors and civil society can assist Government (both at national and local level) in integrating the perspective of inclusive development in their multi-stakeholder planning process, based on local assessment. A participatory bottom-up process of wealth group ranking and local discussion of perceived benefits of development interventions helps to concretize inclusiveness. It may even explain *self-exclusion* by the poorest of the poor from development projects when they do not expect lasting benefits.

The following is based on experiences in the wake of the Food and Nutrition Studies Programme and the ensuing Nakuru Urban Agriculture Project in Kenya (1985-2006) and the Participatory Assessment of Development (PADev) approach implemented in Burkina Faso and Ghana (2007-2013), both with funding from The Netherlands.

Our experience in a middle-sized town in Kenya (Nakuru) was, that the **Local Government** lacked reliable statistical information on the occurrence, trends and challenges of urban (and peri-urban) agriculture [U(P)A]. In that situation, there was no enabling policy on UA, while the legislative situation was full of internal contradictions: while food production was tolerated for practical reasons, it was also restrained on grounds of health and security. Poor people engaged in urban agriculture in public places suffered from various insecurities, while some local elites were themselves engaged in profitable UA businesses, not always in line with public health regulations. Obsolete concepts about city beauty blocked a more realistic view on the scope for UA.

Once the results of a **donor** funded town-wide study and a household **survey** became available, town officials became aware of the importance of UA, inter alia as a contribution to household food and nutrition security of poor town dwellers, as it provides them with *fungible income*. As the threshold to engage in UA is relatively low, many women were engaged in and benefited from UA. Local **NGO's** that facilitated UA were associated in the stakeholder process.

In 2006, Nakuru drafted Urban Agriculture **By-Laws**: based on the recognition that “every person within the jurisdiction of the Council is entitled to a well-balanced diet and food security” and that this entitlement “includes facilitation by the Council to acceptable and approved urban farming practices”, farming is now legally recognised as an urban activity. This opens the way for the local government to stimulate the activity among the urban poor – for instance by creating easily accessible zones for farming – as a measure to combat urban poverty.

School farming, as a form of institutional UA, has the potential of supporting school feeding. In an internal memo in 2007, the Municipal Educational Officer of Nakuru urged public primary schools to find a way of providing all pupils with lunch to avoid a situation where pupils would go hungry during the lunch break. For most primary schools, this has been (or still is) a difficult and challenging task. This is where school farming comes in: if part of the ingredients can be produced by the school itself, costs for the feeding programme can be kept low and more parents will be able to afford school meals. A number of fundamental conditions have to be met, including sufficient land, sufficient water, professional support and leadership.

Rural-urban linkages are essential for the urban food system. Information is needed on how people in the lowest wealth groups are engaged in enhancing their own food security based on U(P)A and personal connections with their kinsmen and -women in rural areas.

What role for the private sector? Production for local consumption and small packages for small purses

Apart from a role for donors, the private sector also has a role to play: net consumers, who depend on the market, need food at affordable prices, based on local production, and available in convenient forms.

Much donor support goes to value chain development for export; as an income generating opportunity that may contribute to the food and nutrition security of households engaged in the chain. What tended to be ignored until recently is food production for the local market and in particular to meet the need of urban dwellers of a varied diet at affordable prices.

The 'bottom of the pyramid' perspective is promising. Paradoxically, "it is expensive to be poor". So the delivery of supplies in small packages is an interesting proposition for the poor.

Street food is another phenomenon that needs support in terms of development, regulation and training.

Solomon Asfaw, PhD, Economist, Food and Agriculture Organization of the United Nations (FAO)

Italy, 19-03-2015

SOCIAL PROTECTION PROGRAMMES TO IMPROVE FOOD SECURITY AND RURAL POVERTY IN DEVELOPING COUNTRIES

A large proportion of the poor households in rural areas of the developing world rely primarily on agriculture and they are often exposed to frequent risks that threaten their livelihoods. In the absence of risk sharing arrangements, poor families may be forced to cope with shocks in ways that further increase their vulnerability and undermine their future income generation capacity. In such circumstance social protection programmes in combination with other agricultural development strategies are crucial in promoting overall social and economic development and breaking the cycle of rural poverty.

Many developing countries are successfully implementing large-scale social protection programmes that help the poor and vulnerable. For instance, over the last decade, a growing number of African governments have launched social protection programmes to provide assistance to the elderly and to households that are ultra-poor, labour-constrained, and/or caring for orphans and vulnerable children. The main types of social protection instruments used in these countries include cash transfers, workfare and public works programmes and in-kind safety nets. Cash transfer programmes in African countries have tended to be unconditional (where regular and predictable transfers of money are given directly to beneficiary households without conditions or labour requirements) rather than conditional (more common in Latin America), which require recipients to meet certain conditions, such as using basic health services or sending their children to school. The objectives of most of these programmes focus on food security, health, nutritional and educational status, particularly of children, and so as would be expected, the accompanying impact evaluations concentrate on measuring these dimensions of programme impact.

There is robust empirical evidence from numerous countries (especially Latin America and, increasingly, sub-Saharan Africa) that social protection such as cash transfer can play fundamental role in many areas. Beyond ensuring basic survival through providing direct income support with immediate impact on food security and poverty reduction, social protection can build resilience as it helps rural households manage risks and cope with shocks and disasters. It may prevent them from having to sell off valuable productive assets or take children from school during situations of stress. Similarly, by alleviating liquidity constraints and reducing income uncertainty, social protection interventions may facilitate productive investment by the poor and thus promote inclusive economic growth. Social protection programmes can further strengthen local economic development as it puts more money in the hands of people who spend locally and as well support efforts towards more sustainable management of natural resources.

These positive effects do not emerge automatically. Social protection programmes need to be effectively designed for different contexts and should not be considered as panacea for poverty reduction. Successful policies and programmes require careful design that takes into consideration the institutional, administrative, infrastructure and financial capacity of the country. Political commitment at the highest level is a necessary condition for successful national social protection initiatives to reduce hunger, food insecurity and malnutrition. Political commitment is strengthened and sustained when there is widespread social participation giving voice to the poor and vulnerable. Strong political leadership, as seen in Brazil, is essential for building coalitions and strong policy commitment.

To be sustainable, social protection instruments must target effectively, avoid creating dependency and help households accumulate assets to build sustainable livelihoods. Social protection programmes will only be able to achieve their objectives if they manage to reach their target population. Policy coherence between social protection and agricultural interventions can maximize household and local development impacts and reduce the potential trade-offs with regard to incentives and protection. The roles of gender empowerment, social inclusiveness and governance are integral aspects to successfully implementing social protection for growth and resilience.

Dutch development policy should take into account social protection as a potentially important part of a strategy in its international development support to increase sustainable, poverty-reducing growth. Beyond direct financial support for social protection country programmes, it's also vital to provide technical and policy advice support as well as invest in policy oriented research to generate evidence on the role of social protection and potential trade-off.

The views expressed in this information product are those of the author and do not necessarily reflect the views or policies of FAO.

TOPICS: Food security Poverty reduction Agriculture

Myrtille Danse and Irmgard Jansen, BoP innovation center: Founding Director and Senior Communication Manager

The Netherlands, 19-03-2015

HOW CAN GOVERNMENT SUPPORT THE IDENTIFICATION, GROWTH AND REPLICATION OF INCLUSIVE BUSINESS?

The fastest growing economies are in developing countries. People with a daily income of less than US\$ 8 represent a market value of US\$ 5 trillion. In these markets you will find consumers seeking value for money and entrepreneurs eager to do business. Yet it is challenging to enter these markets. Private businesses need to become aware of the opportunities and most local and international SMEs need business development support and investments. How can inclusive business (IB) be fostered by government?

1. Invest in knowledge dissemination and networking

- o Train Foreign Affairs staff

Policy and embassy staff should be aware of IB opportunities. Through training they should get the insights in what IB is and how it differs from regular business. Training should also cover the topic of innovations and the potential for local Base of the Pyramid markets.

- o Support IB one-stop-shop

Knowledge of the IB ecosystem is crucial to bring the right partners together. The Ministry should help improve the ecosystem because it is currently still too fragmented. A one-stop-shop for IB instead of competing initiatives will help.

- o Include IB component in trade missions

Trade missions in developing countries should have an IB component to allow participants to network with BoP entrepreneurs and see opportunities in scaling up or replicating successful businesses.

2. Get innovations for the Base of the Pyramid out of the league of ‘small potatoes’

- o Invest in TA in the first stages

Conventional product development and innovation strategies are incompatible with the conditions and constraints at the Base of the Pyramid. Inclusive innovation is about harnessing science, technology and innovations that address the needs at the Base of the Pyramid. The private sector should play a pivotal role in these developments. Only few initiatives achieve scale or find the financial means necessary to replicate. The challenge seems that most interventions remain small and isolated. This makes IB less interesting for investors or larger companies and this is a self-perpetuating cycle. To overcome this, government policies should focus on the technical assistance to make business plans interesting for investors.

- o Actively include academia, private businesses, NGOs and public authorities in a shared innovation agenda

To tailor innovative products and services for the Base of the Pyramid, the four A's need to be addressed: Affordability, Accessibility, Availability and Acceptability (the fit with needs and local culture). Only when these are taken into account, it is possible to develop truly inclusive innovations and business models.

The complexity of this challenge requires the commitment of a diversity of actors to a common innovation agenda. Necessary pre-conditions for the common agenda are: BOP awareness-raising and capacity-building; research; information-sharing; and public policy dialogue. While large donors and development finance institutions are doing important work in this regard, powerful leadership should also come from companies and the government. Policies are needed to agree on the innovation agenda for the Base of the Pyramid.

3. Identify and replicate best practice examples

Pilots yielded numerous best practices that could be replicated. A good example is the off-grid lighting sector. And in the food sector corporations such as Britannia in India and Tanga Fresh Ltd. In Tanzania reach numerous BoP consumers while including many smallholders in inclusive value chains. The success depends on three ingredients: impact, scalability and the viability of the business.

Government policies that foster these include:

- o Education in professional management, business modelling, marketing and distribution;
- o Value chain analysis and value chain optimization; and
- o Strengthening of local policy institutions, regulatory frameworks and institutional arrangements such as quality standards, market information, fiscal regimes and banking.

TOPICS: Food security Small businesses Poverty reduction Private sector

Jaap Voeten, Researcher Department of Economics, Tilburg University

The Netherlands, 18-03-2015

PROMOTING INCLUSIVE INNOVATION IN SMALL PRODUCERS' CLUSTERS – THE CASE OF VIETNAM

Formal policy might be more effective if it complements informal institutions rather than overruling them, enabling and allowing the small producers to initiate and own the innovation process. Policy could facilitate internal regulation, since it is much more cost-effective for a government than institutionalising external (formal) regulation.

Research by Tilburg University examined 'inclusive innovation' in Vietnam, where poor small producers in informally organised clusters around Hanoi innovated, increased their incomes and successfully lifted themselves out of poverty. The innovations were incremental and small-scale adaptations of existing technology, processes and products. In a rather chaotic context of informality, without explicit support programs or development projects and limited effectiveness of government policies, these small producers managed to initiate and 'own' the innovation process themselves.

The small producers were also able to appropriate the fruits of the innovation, which was critical for the positive development impact within the villages. The societal effect in terms of development impact and the numbers of poor people benefitting was very significant.

A [closer analysis](#) revealed that a stable institutional environment was critical in enabling the small producers to innovate, in which risk-taking, confidence to appropriate the return on their investments and managing insecurity were essential. The research analysed the institutional environment and revealed an evolving actor network of informal 'institutions' (defined as rules of the games) in particular at micro and meso level. Often, the small producers avoided formal institutions because of additional costs and inconveniences such as local administration and control, business registration, taxes or rent seeking individuals.

While the innovations reduced poverty, there were also serious negative externalities emerging in the course of time. Soil and water pollution and income inequalities within the villages. Remarkably, in some villages the small producers acknowledged responsibility for these harmful consequences and took action ('internal regulation'). The innovation situation entered the '[inclusive innovation zone](#)' (also referred to as 'responsible innovation'). In other villages the small producers took an opportunistic attitude and conflict remained. By comparing several contrasting cases, 'internal regulation' towards inclusive innovation was [modelled](#) as a 5-step societal process.

The underlying idea is that small producers themselves, as innovators, acknowledge responsibility in resolving emerging negative externalities. The model is an emergent and experience-based process that is very context-specific and shaped by local normative frameworks.

The policy implications result from the research outcome that poor people do innovate without specific and formal innovation policies, programmes and projects – the informal context is critical for shaping a stable institutional context. Formal policy might be more effective if it complements informal institutions rather than overruling them. Such a combined policy should aim to provide broader stable and reliable institutional frameworks, focusing on enabling and allowing the small producers to initiate and own the innovation process. Such an environment will allow 'latent' entrepreneurial and innovative capacities to surface and to manifest, instead of governments' programmes taking over entrepreneurial essentials such as risk-taking, technology development or mobilising finance.

In terms of the societal process towards inclusive innovation, the policy challenge is to facilitate local communities in moving through the stages into the 'inclusive innovation zone'. This requires policies enabling a community to assess and agree whether there is a harmful or beneficial societal change and whether the harmful consequences of innovation are outweighed by the benefits of the innovation. Subsequently, policy could facilitate internal regulation, since it is much more cost-effective for a government than institutionalising external (formal) regulation. Internal

regulation could be promoted by establishing stakeholder or multi-actor platforms, allowing informal institutions to complement formal institutions.

(N.B.: In fact, the 'inclusive innovation' policy challenge is even more complicated. Evidence-based policy seeks to understand the causality between factors and conditions on the one hand and societal outcomes on the other. This assumes that the outcomes of societal processes can be predicted, managed and steered as long as the 'right' set of incentives, inputs and regulatory frameworks is provided. However, the chaotic interaction among human and non-human actors and material outcomes makes it virtually impossible to anticipate what the innovation benefits will be as a result of a given policy and what societal consequences will materialise, let alone how the community will perceive and respond to the consequences.)

TOPICS: Small businesses

Ge Harmsen, Stichting 2015 Hardenberg, Board member and Wavin, Unicef coordinator

The Netherlands, 18-03-2015

INCLUSIVE DEVELOPMENT

Experience shows that small but well-structured private local MD organizations, (guided and supported in their projects by a Municipal Coordinating Association), are very effective in reaching extremely poor and handicapped groups/BoP. This is particularly true when long term self-reliance is part of the plan, with mutual exchange of experiences between such small local MD organizations on self-reliance. Dutch policy in the "Post MDG period" shall allow continuous support of such groups, also in terms of financing.

Representing "Stichting 2015 Hardenberg" during the meeting "Inclusive Development in Practice", my attendance targeted "reaching the extreme poor and handicapped" with structural and sustainable help, a topic, also strongly advocated by the World Bank.

The Council of Hardenberg (in 2008 Mill. Municipality of the year) decided to have a group of individual citizens, in the form of an Association, give shape to its activities as VNG Millennium Municipality.

Since late 2007 Stichting 2015 has been able to support with a total amount of approximately. Eur. 1.6 million. 2 categories of projects, all focusing on MDG's 3,4,6 and 7:

- Larger NGO projects, financed by BuZa/"Schokland Fonds" funding, requiring a high level of statistic reporting. These projects served as "model-" and "encouragement" projects for the local population to participate in fundraising etc. Project realization often together with the private sector (Wavin, Vitens, etc.)
- (Many) smaller projects, initiated by the 34 (often professionally run) organizations originating from the Hardenberg region, focusing in particular on the very poor and often handicapped population, in particular on youth/children, and mostly related to water and hygiene.

All Stichting 2015 sponsoring of projects of regional organizations took place only on the basis of doubling the financial result of their own, obligatory preliminary fundraising activities on municipal level. This sponsoring was funded by contributions from the local government, whereas all board members worked on a strict pro Deo basis (networkers).

Stichting 2015 Coordinating and stimulating on request of the city council all Municipal Development activities in and around Hardenberg, Stichting 2015 targets an active involvement of its own population in reaching the Millennium Development Goals. By active spreading of information, promoting fundraising activities, and financial support of well-structured regional associations, it focuses merely on private initiative development projects for most deprived population in developing countries.

Long term failure risk in projects of smaller NL- based organizations, which often lack experience in the field, is high. And therefore the (far majority of) projects were selected, not only on the basis of enthusiasm and available knowledge and experience of the Hardenberg based organization, but also where reliable and robust local partners in the field were part of the structure. Another important criterion: The project shall be self-reliant in the long run. The project plans shall include methods and means to create sufficient auto-financing in time.

Of course discussion of the project plan, the implementation and a strict annual reporting system are conditional to the financial contribution.

The experiences in the past 8 years are very positive. All thus co-funded projects of any serious magnitude (10 +, worldwide) are absolutely alive today, and considered by the local authorities/population as very serious contributions to the local society.

Key elements to success:

- Social motivation, drive, enthusiasm and cohesiveness in the NL-based regional organization
- Knowledgeable, serious local partner/presence at project site
- Realistic project plan and funding, based on long-term independence
- Encouraging these NL-based regional organizations with:
- Financial support
- Creating a platform to exchange experiences amongst the organizations, in particular in ways and means to acquire longer term (financial) independence.
- Stimulating schools, service clubs, etc. to further raise funding for project realization.
- Systematic and serious project follow up and -reporting (also in annual reporting to BuZa).

Conclusions

- Undoubtedly private initiative projects of small regional associations can be an effective way to reach the poorest/most vulnerable within the new policy agenda for trade and international cooperation, and shall be encouraged.
- Projects shall include strong components in:
- Local participation (if possible also financially)
- Sustainability (LT financially and environmentally)
- It is advocated to focus such initiatives on a few projects per (NL) region/municipality only, combining contributions of the industry, motivated and knowledgeable “MDG organizations”, the financial sector and local/regional public.
- Future national policy shall include (also budget wise) the potential to encourage and support these regional “cluster projects” financially.

Jennifer Bushee, Knowledge Management Manager at the Global Network of People Living with HIV

The Netherlands, 17-03-2015

HIV DOESN'T GIVE A HOOT ABOUT GROSS NATIONAL INCOME, OR WHY WE CAN'T DIVEST FROM MIDDLE INCOME COUNTRIES

The trend for development cooperation to retreat from financing [middle income countries](#) (MICs) is worrisome. The call to [end AIDS](#) by 2030, the fact that in five years about [70% of people living with HIV will be in MICs](#), the often difficult situation of people living with HIV and from key populations (men who have sex

with men, transgender persons, people who use drugs, and sex workers), and the levels of [inequalities and poverty in MICs](#) all demand targeted, sustained investment.

People living with HIV in MICs face major [barriers](#) to initial and continued access to care and treatment. In some countries, due to their high price not all antiretroviral drugs are available, and when available, they may be unaffordable. [Out-of-pocket](#) payments constitute 30% of health financing in MICs, and because of “[health shocks](#)” people living with HIV face more out-of-pocket health expenses.

The difficult socio-political environments in some MICs can erect or heighten barriers to HIV service access. Criminalisation of same-sex behaviour, sex work and drug use as well as frequent abuse and negligence from government authorities create unsafe climates that can prevent people from seeking HIV services. HIV services can also deter access. People living with HIV and from [key populations](#) report stigma, discrimination, mistreatment, and coercion from providers.

Development cooperation cannot turn its back on MICs. There are no blueprints, but there are essential actions. First, donor governments should allocate [0.7%](#) of their gross national product (GNI) to help [finance AIDS](#) response in MICs. They should work with MIC governments and pharmaceutical companies to [reduce drug prices](#), e.g., by market shaping, health innovation incentives, and promoting an open-system global patent regime. They should further encourage domestic government [spending on health and social protection](#) in MICs.

Second, development actors should help create enabling social, policy and legal environments. They should invest in human rights education and community-led advocacy. Human rights education with different social stakeholders can generate diverse [social improvements](#), from reducing gender-based violence to increasing equality in decision-making. Community-led advocacy also works. In Namibia, HIV+ women's advocacy led to the Supreme Court's recognising the Government [forcibly sterilised](#) women living with HIV.

Third, development actors should support HIV policies and plans that reflect epidemic realities and are responsive to the needs, experiences and knowledge of communities. To that end, they should support research that doesn't ply to ideology. Here, the Dutch Knowledge Platforms can make a difference.

Fourth, development actors should encourage HIV programmes that promote gender equality and rights, including sexual and reproductive health and rights (SRHR), and are interlinked with robust social protection measures. [Programming that promotes gender equality and rights](#) contributes to an enabling environment, but also supports HIV-related outcomes like condom negotiation and HIV testing. Among other effects, [social protection interventions](#) reduce budget constraints for HIV service use, but they work best when implemented with business skills development and vocational training.

Fifth, development actors should support community-based organizations (CBOs) directly. CBOs receive a very small [share of civil society funds](#). HIV-affected communities are best placed to analyse, make recommendations, and demand government accountability on HIV and SRHR policy and programming, as well as to reach out and provide services to vulnerable people. However, they need the means to participate meaningfully and equally in all policy and programming development, implementation and evaluation processes and to deliver sustainable services. By directly supporting CBOs, development actors can increase their impact and strengthen their accountability to the global AIDS response, to people infected and affected by HIV, and to the citizens who help finance development work. This kind of accountability doesn't countenance GNI.

Elayn Sammo, Child protection specialist, UNICEF

United Kingdom, 17-03-2015

THINKING DIFFERENTLY ABOUT POVERTY CAN PROTECT CHILDREN FROM VIOLENCE

Children's poverty is different from adults. Defining child poverty in the context of child rights violations provides a more meaningful method of poverty measurement than monetary deprivation alone and can provide more targeted responses for children[i]. For example if deprivations are rooted in limited access to basic social services the response will be different to that which results from application of traditional beliefs and customs.

Because childhood poverty is multi-dimensional and deprivations change across the lifecycle, investments in complementary integrated interventions which address country specific deprivation indicators will have a wider, lasting impact on improved children's well-being.

A recent analysis of child poverty and deprivation in sub-Saharan Africa using multi-dimensional poverty measures reports that after sanitation, protection from violence has the second highest deprivation rate (63 per cent of children under 18)[ii]; this means that 232 million children are at immediate risk.

The UK Overseas Development Unit has also noted that, "more children globally are at risk of violence than are out of school or involved in child labour" and that "child protection programmes can be strengthened by...action to address poverty related drivers of protection violations"[iii].

Violence against children is a global problem. Up to 65 per cent of children report being verbally or physically chastised at school. An estimated 150 million girls and 73 million boys under 18 have experienced of sexual violence[iv]. However the nature and experience of violence can be impacted by the beliefs, behaviours and attitudes prevailing in specific communities. In Africa 60 per cent of children are beaten at home and up to 92 per cent of children report physical violence at school from a teacher or classmate[v]. Children in Africa are particularly susceptible because of the HIV epidemic which increases the risk of violence, including rape, but which also fuels the epidemic, especially among girls.

There is widespread evidence that the effect of such violence in childhood persists into adulthood, impacting on social capital and economic growth and development.

There is also a growing body of evidence from a range of developing countries that social protection and specifically cash transfer programmes can effectively reduce children's risk of abuse and exploitation, with long-term developmental benefits[vi]. Cash transfers to poor families with children are a proven mechanism for improving outcomes. Cash transfers also contribute to HIV prevention by addressing the social, economic and structural drivers of HIV in adolescents[vii].

Thus investment in social protection and specifically cash transfer programmes which are child sensitive deliver high returns to investment; childhood is the best opportunity to invest in human capital because there are broader social and economic gains, especially for girls.

However an integrated approach which will address the immediate consumption and food security needs of families (cash) and address the wider vulnerabilities of children and families (care) will amplify the protective impact. In view of the persistent and chronic poverty which prevails in much of Africa there is an imperative for a child sensitive social protection system to consider measures which will enable families and communities to a) provide the immediate care and attention that children need to develop into healthy and productive citizens (cash transfers) and to b) intervene effectively if children are exposed to violence, exploitation, abuse or neglect (social welfare through Case Management).

By adopting such an holistic social protection and child protection system approach – this means moving from issue-specific programming towards a more efficient systematic methodology that includes a strong focus on prevention and response to violence, governments and donors can better apply limited resources to a wider constituency.

[i] De Milliano, M. and I. Plavgo (2014) *Analysing Child Poverty and Deprivation in sub-saharan Africa: CC-MODA – Cross country Multiple Overlapping Deprivation analysis*, Innocenti Working Paper No 2014-19, Unicef Office of Research, Florence.

[ii] Ibid.

[iii] Marcus, R. (2014) *Child protection violations and poverty in low-and middle-income countries*. Background Note. London: Overseas Development Institute. <http://www.odi.org/publications/9044-child-protection-violations-poverty-low-middle-income-countries>

[iv] Pinheiro, P.S. (2006) *World Report on Violence Against Children*. New York: United Nations.

[v] ACPF (2014). *The African Report on Violence Against Children*. Addis Ababa: The African Child Policy Forum (ACPF).

[vi] The Transfer Project (2014). *The broad range of cash transfer impacts in sub-Saharan Africa: Consumption, Human Capital and Productive Activity*. Research Brief. <http://www.cpc.unc.edu/projects/transfer>

[vii] UNICEF (2015). *Social Protection Programmes Contribute to HIV Prevention: HIV-Sensitive Social Protection Policy Brief*. UNICEF Office of Research, Florence.

Nilam Ashra-McGrath and Rumana Huque, Research Uptake Manager, COMDIS-HSD Research Consortium (UK) and Executive Director, ARK Foundation (Bangladesh)

United Kingdom, 16-03-2015

IN-COUNTRY PUBLIC-PRIVATE PARTNERSHIPS HOLD THE KEY TO PROMOTING INCLUSIVENESS IN DUTCH TRADE AND INTERNATIONAL COOPERATION AGENDA

Our contribution advocates the extension of the Public-Private Partnership (PPP) model into health service delivery, and our position is informed by [evidence from our work in Bangladesh](#). Dutch foreign policy currently focuses on trade and investment using the [Dutch Diamond Approach](#); a form of PPP that favours the interests of established businesses/corporations and the growth (i.e. profits) of these and fledgling enterprises. Our experience is that the PPP model as used by the World Health Organization – known also as the Public-Private Mix (PPM) – promotes the inclusion of [all relevant private and public health care providers](#), which in turn makes use of existing national networks and enterprises, rather than foreign companies.

The simplicity of the PPP model can be seen in our work with private medical practitioners (PMPs), the National TB Programme (NTP) and government run health centres in Bangladesh. The model asks private doctors to refer patients to designated TB diagnosis centres for sputum testing. If the patients test positive for TB, they can get a prescription from their private doctor for free drugs, which are provided by the NTP through the TB diagnostic centres. The model not only allows private doctors to make use of the free testing and prescription service offered by the NTP, but, by integrating PPP components into existing forms and registers, also allows the diagnostic centres and private doctors to trace patients and monitor whether treatment was completed.

Our research shows that upscaling – an important factor of the Dutch Diamond Approach – is a very real option; the NTP realised the efficacy of this model early on in the project, and started implementing the PPP model in Chittagong (from 2007), Sylhet (from 2008), and other areas of Dhaka (from 2009), covering more than 15 million people. In the scale-up areas, PMPs have made a substantial contribution to the NTP's effort to control TB.

The adaptability of the PPP model to different areas of health service delivery can also be seen in our work with the [garment sector in Bangladesh](#), where TB control in the workplace offers a win-win situation for both businesses and workers. The success of business is closely linked to the health and prosperity of the community. Managing TB in the workplace is therefore an opportunity for businesses to demonstrate their social commitment, as well as to contribute to the macro-economic development of the country.

Additionally, our research in using the PPP model to improve [family planning services](#) in Bangladesh complements existing Dutch efforts to improve obstetric healthcare and help develop effective healthcare systems (Ministry of Foreign Affairs of the Netherlands, 2013:37).

Health service delivery commonly occurs in silos, with private and public sector medical practitioners lacking a coordinated response to national health priorities such as TB, malaria and HIV/AIDS. Our research shows that PPPs can be inclusive and address the needs of marginalized groups. This is particularly the case when PPPs are developed to complement and strengthen rather than compete with the private sector.

We therefore advocate exploring the use of PPPs in-country with the aim of developing efficient health service delivery systems. We believe the model of PPP used in our work with the private medical sector aligns with existing Dutch priorities as it:

- o uses existing private healthcare networks that remain untapped;
- o is scalable and effective;
- o creates ownership, consensus and a coordinated response to national health priorities; and
- o takes a broader view of entrepreneurs than the traditional *trader* or *investor* definitions adopted by Dutch foreign policy.

PPPs for health service delivery can, to use the words of the Dutch government “[reduce risks while achieving better development results](#).”

Disclaimer: Ark Foundation is an NGO partner of COMDIS-HSD. COMDIS-HSD is funded by UK aid from the UK government; however the views expressed do not necessarily reflect the UK government’s official policies.

TOPICS: Private sector

Ruud van Soelen, Regional Manager West Africa at Fair and Sustainable Advisory Services

Mali, 16-03-2015

RISK AND CORPORATE SOCIAL RESPONSIBILITY OF THE PRIVATE SECTOR IN DEVELOPING COUNTRIES

Risk-mitigation is a central concept in including the private sector into pro-poor strategies in developing countries. Policies on CSR-promotion should be divided into two tracks. The first is aimed at assisting companies to survive and get a stable position in the market in the first stage, in order to get the C-component of CSR. The second is aimed at embedding companies in the context in order to enable them to take interests of the poor and marginalized, the SR-component of CSR. Risk-reducing strategies and operational management will then shift from survival to getting embedded into the context, leading to inclusiveness of poor and marginalized groups.

Companies in developing countries operate in an often imperfect market and should develop a long-term vision to reduce the imperfections (Leibenstein 1979). The first stage of operating in developing countries is aimed at surviving in the new environment by risk reduction and generating a stable cash-flow (Garriga en Melé 2004). With risks for existence at stake, optimal management strategies are adopted (Wennekers en Thurik 1999). Pro-poor strategies seem less contributing to risk-mitigating measures in this initial stage. As soon as the company gets established in the

context, CSR-policies will gain importance as a risk reducing strategy. A support base, embeddedness (Granovetter 1985) and acquiring a high quality network and relations become critical success factors, taking the local context and cultural aspects into account (Szirmai 2005).

Corporate Social Responsibility has become an umbrella term and must be regarded as an ambiguous concept which is claimed too fast at the wrong stakeholder, leading to inefficient policies and a failure to fully benefit from the potential it could offer. When analysing the term, it consists of one noun (corporate) and two adjectives (social and responsibility). The noun is leading, the two adjectives give direction (Knippenberg en De Jong 2010). In order to implement efficient CSR-policies, there's a need for the (corporate) private sector that has reached the phase of deploying CSR-policies as tools for risk-mitigation. These policies need direction. The adjectives "social" and "responsibility" need to be linked to civil society and the government respectively and provide the needed direction. Claims that the private sector could and should take up all roles within the CSR-policy I consider illegitimate in the first place. On top of that these claims are misleading because these roles come into existence after the initial part has been established. Without "corporate" there's not "social" and "responsibility".

In Mali, (potential) investors are often demanded to incorporate CSR-policies in the first stage of expansion to Mali. In a perfect market this claim could be legitimate, however in reality all efforts need to be made to survive in the first place. To meet the growing demand for CSR-policies as part of the mission, schemes are being set up where the impact of such interventions can seriously be questioned. As a result, not the poor and marginalized profit, but the happy few in positions that are involved in facilitating these schemes. The lack of network, not being embedded in the context and, most importantly, a mistaken commitment for the real value of CSR-policies as risk-mitigating initiatives on the longer term for the private sector leads to a misconception of the intrinsic added value of the private sector in addressing the interests of the poor and marginalized groups.

Therefore I argue that policy measures regarding triggering the private sector for development issues should be divided in two integrated tracks where the role of risk-mitigating strategies are central. The first track is to enable the private sector (corporate) to get a solid base on the ground. The second track is to enable civil society and local governments to provide direction to the subsequent CSR-policies towards the poor and marginalized groups. In practice, the private sector seeks assistance in speeding up the process if involved on these issues on the appropriate moment and terms (Carroll 1999). Efforts to facilitate these conditions will increase the possibilities for successful CSR-policies (AIV-50 2006) without replacing the initial role of the private sector.

Literature:

- AIV. 2006. No. 50: *Private sector ontwikkeling en armoedebestrijding. Adviesraad Internationale Vraagstukken. Den Haag, Oktober.*
- Carroll, A.B. 1999. *Corporate Social Responsibility. Evolution of a Definitional Construct. Business & Society* 38-3: 268-295.
- Garriga, E. & Melé, D. 2004. *Corporate Social Responsibility Theories: Mapping the Territory. Journal of Business Ethics*, 53: 51-71.
- Granovetter, M. 1985. *Economic Action and Social Structure: The problem of embeddedness. American journal of Sociology* 91: 481 – 510.
- Knippenberg, L. en de Jong, E.B.P. 2010. *Moralising the Market by Moralising the Firm. Journal of Business Ethics* 96: 17–31.
- Leibenstein, H. 1979. *The General X-Efficiency Paradigm and the Role of the Entrepreneur. In Mario Rizzio (ed.), Time, Uncertainty and Disequilibrium. Pag. 127 – 139. Lexington: Heath.*
- Szirmai, A. 2005. *The dynamics of socio-economic development. Cambridge University Press.*
- Wennekers, S. and Thurik R. 1999. *Linking Entrepreneurship and Economic Growth. Small Business Economics* 13: 27–55.

TOPICS: Private sector

Edith Boekraad, Director Food Security Unit, CORDAID

The Netherlands, 16-03-2015

EFFECTIVE POLICY FOR POVERTY REDUCTION: FOCUS ON FRAGILE AREAS AND INCLUDE SMALLHOLDERS

Smallholders are crucial to increasing agricultural production. Smallholders show high production potential. Provide them with tailored support to connect to markets and to integrate national food supply systems and value chains. Training and education of women and young smallholders are an important investment in social capital and innovation is crucial. In fragile states sustainable development that is needed to create economic opportunities also for the young population requires a long term commitment. The minister should search such a commitment from her partners in the aid and trade agenda.

Despite encouraging progress in reaching the MDGs by 2015, the number of poor people living in countries affected by conflict is growing. Recurrent natural disasters and/or conflict impact heavily on the livelihoods and the growth potential of the communities in these countries, which often depend on agriculture and livestock for a living. In Africa rural poverty is widespread and smallholders (responsible for approx. 90% of food production) are often also the ones who are food insecure and suffering from hunger. Yet, these smallholders offer a huge potential for change.

Cordaid considers that security, justice and the transfer of knowledge and technology are the keys to creating sustainable change for communities. Private sector and civil society organizations offer the experience and expertise for it. Yet, in fragile and conflict-affected areas, private sector investments are few and concentrated in the more stable, urban areas. Private sector involvement alone will not solve the food insecurity and hunger in remote rural areas.

It is in these areas that individual farmers and groups are excluded from the support they require to use their potential. Fragile and conflict-affected areas generally suffer from years of neglect resulting in poor infrastructure, lack of institutions, and lack of skills and knowledge. A relationship of aid (and trade) with these countries requires programs that enable smallholders to catch up and connect to markets. Economic opportunities can contribute to taking away sources of conflict.

There are five dimensions to this issue that I propose should be taken into consideration:

First, in situations where emergency aid is required, provide it for weeks and months – not years. Tap into local markets for the purchase of materials (e.g. grains and seeds). Stimulate local markets right from the start – for economic recovery. Avoid making these countries dependent on emergency aid. Also, make sure not to turn away attention and funding from the more stable parts of conflict-affected countries, as this will negatively affect their development (e.g. S-Sudan).

Second, real change comes from people not goods. Restore trust. Enhance social cohesion. Engage and build communities. Producer and community organizations are crucial for smallholders to achieve scale of operation for processing and marketing of their harvest and for negotiation of fair trading conditions. Invest in civil society organizations that have a proven track record in supporting such organizations and that are able to link communities to peace-building and conflict-transformative programs.

Third, invest in the human and social capital of the 'average' poor and excluded. Many poor and excluded people could flourish in economy and society if they were invested in. Poverty is not equal to low potential. Engage those who really cannot keep up, i.e. the most poor and excluded, through social transfer programs. Yet do so in a well-

targeted manner, through cash transfers – not through market-disruptive and unsustainable subsidies (e.g. on agricultural inputs).

Fourth, support investment in education and training especially of women and young smallholders. Investing in women also benefits their children and families. Investing in young people will yield lasting results. Young people also often occupy a critical role in conflicts and conflict areas; being used as pawns in the fights. Proven education and training concepts (e.g. farmer field and life schools, innovative ICT, etc.) provide great opportunities to substantially raise the productive, social and conflict management skills of smallholders and their communities. Provide support from a value chain perspective – for production, processing, storage, marketing and business development.

And fifth, tailor support to the genuine interests and needs of smallholders. Make sure that technologies transferred respond to these needs, and only use technology which is affordable also after project. Prevent that the knowledge of our (most valued) Dutch Top sectors becomes dominant in Dutch development aid, as it is generally not adapted to smallholder demand and context. Note that local and Dutch SMEs tend to offer much more appropriate and sustainable solutions at a much more affordable price than do large companies. Beware that in fragile and conflict affected countries, Public Private Partnerships (PPPs) are high-risk due to poor governance. Favour creating an enabling environment for private sector to invest in fragile contexts, and support accountability mechanisms.

TOPICS: Food security Small businesses Poverty reduction Education & training Agriculture

Rens Verstappen, Senior Manager MetaMeta

The Netherlands, 16-03-2015

ZEROING IN ON EXTREME POVERTY: DISABILITY AND AGE INCLUSIVE AGRICULTURAL WATER MANAGEMENT

One in five people living in extreme poverty has a disability, creating a double burden in terms of access to health care, education and employment (DFID, 2014; Edge, 2013). Similarly, due to population ageing, elderly constitute an increasingly large group of vulnerable people. Older people are more likely than younger people to have a disability and the barriers they face, mainly in terms of physical access, are similar. The new Sustainable Development Goals are expected to foresee zero extreme poverty in 2030, but this can only be achieved by the systematic inclusion of these two (sometimes) related vulnerable groups.

Studies by the ILO, FAO, and other organizations found that the exclusion of people with disabilities from employment is costly and has a negative impact on GDP (Banks et al, 2012; FAO, 2002; Yeo et al, 2003). This is especially true for low-income countries where the livelihoods of many depend on agricultural water management for food security. In the Dutch policy on trade and international development, both inclusion of the extremely poor and water resources management have high priority. Therefore, the potential offered by inclusive agricultural water management needs attention.

Till date, there is scarce evidence of programmes that have explicitly aimed at enabling the participation of people with disabilities and the elderly in agricultural water management. Where such efforts have occurred, they were mostly small-scale disability-specific projects. An explanation for this might be that older people and people with disabilities are often regarded unable to contribute in physical work. However, Bruijn et al (2012) found that: 80% of persons with disabilities can participate in social life without any specific additional intervention or with low-cost and simple community-based interventions that do not require any specific rehabilitation expertise.

The costs of inclusion are thus often minor, especially compared to the financial, economic and social gains for the individual, the family, and society. The same argument extends to the inclusion of elderly: as populations age and in

some countries farming increasingly relies on older farmers, the need for people to remain engaged at older age seems evident. Ageing, increasingly chronic health conditions and (often subsequent) disability will place a greater (financial) responsibility on society and as such new and innovative ways need to be found to address the growing needs and demands of elderly and people with disabilities.

We can identify three main strategies aiming at inclusion of people with disabilities in (agricultural) water management: (1) mainstreaming disability with a strong focus on enabling environments, (2) attending to the needs for special services and/or appliances, and (3) prevention of disabling diseases. Exploring the actual opportunities and obstacles for effective inclusion in agricultural water management is a way to bring laws and conventions, such as the United Nations Convention on the Rights of Persons with a Disability, into real action and beyond this, it is essential in eradicating extreme poverty.

To enable full participation of these vulnerable groups, action is required during subsequent phases of the project cycle, aimed at:

- Prevention of disability;
- Including people with disabilities and elderly in mainstream agricultural developments;
- Adaptation of agriculture, horticulture and livestock farms to the capabilities of people with disabilities and elderly;
- Referral to medical and therapeutic rehabilitation services to ensure that specific problems and needs can be addressed;
- Offer training, preferably within mainstream services.

The results may include substantially enhanced physical and psychological well being; increased productivity; labour and income generating opportunities; financial gains for individuals and their families; and overall economic benefit for society. Ultimately these actions will lead to acceptance, appreciation of the elderly and people with disabilities, and a more inclusive and accommodating society.

TOPICS: Poverty reduction Agriculture Employment

Comments

Huib Cornielje 2015-03-18 09:03

For those interested in more in-depth information please visit the joint website of MetaMeta and Enablement : <http://mmenable.wix.com/inclusionandwater> or download the position paper at <http://enablement.nl/index.php/74/News.html>

Micheline Goedhuys and Eleonora Nillesen, Research Fellow at UNU-MERIT

The Netherlands, 13-03-2015

TARGETING THE FRONTRUNNERS: ENTREPRENEURSHIP AND INCLUSIVE DEVELOPMENT

Policies to promote entrepreneurship among poor and marginalized groups are politically appealing but generally not the most effective. For inclusive development increased efforts should be made to help promising and established enterprises expand, produce higher quality goods and connect to global markets.

Entrepreneurship is said to be a key strategy in fostering economic growth and development. Yet there is a large heterogeneity in entrepreneurs with different groups facing different constraints. Here we discuss opportunities for

three distinct groups, each of which has (some) potential to promote the interests and needs of disadvantaged and marginalized people.

The first group comprises [micro-enterprises](#), generally run by a single individual (but could be up to 10 employees) with no, or limited wage and salary employment opportunities. Setting up their own enterprise provides these individuals with an often unique, opportunity to earn cash income for themselves and their families. Targeting marginalized groups (e.g. women or youth) to help them set up their own firm through skills training and (micro)finance could be a viable route to empowerment and direct poverty alleviation. Indeed, some studies suggest [positive impacts](#) of such interventions on business start-ups and survival, although the evidence is [less robust](#) with respect to increased incomes. Besides, recent [studies](#) have shown that cultural factors may be an important barrier to business start-ups, especially for women.

The second group comprises 'latent gazelles' which are able to expand their business, add value and provide for wider employment opportunities, generating the majority of formal sector jobs. Yet this group is considerably smaller than the first: [some 3-12 per cent](#) of micro and small enterprises are able to expand and move beyond 'owner-only' enterprises. [Recent evidence](#) shows that this group is typically less constrained by 'internal factors' such as education, cultural values and business skills. Rather they are remarkably similar to the limited number of very successful entrepreneurs in this respect, yet bounded by external factors such as access to finance, business location and poor infrastructure. Mitigating such barriers through tailored interventions can tap their potential, generating larger-scale businesses that absorb excess labour from the informal sector and channel it into more productive employment.

The third and smallest group covers 'success story' entrepreneurs, who are able to tap into profitable opportunities in high-margin international markets. [Studies](#) have shown the positive impact of adherence to international standards on employment creation in the manufacturing sector and on direct poverty alleviation in the agricultural sector. [In Senegal](#), for example, tightening standards on fruits and vegetables produced for export to the EU induced a shift from small-holder farming to more integrated agro-industrial production, reducing poverty among poor farm households. They subsequently earned a higher income from contract farming and waged employment within larger agro-establishments.

In order to be successful these firms need to develop capacity (learn how) to meet a growing body of internationally agreed standards related to the product itself, the production process, labour conditions and the environment. Private sector collaborations in donor and recipient countries are key to increasing such capacity, helping firms to access global markets and to join global value chains. Initiatives like the [New Development Bank](#) may foster such collaborations.

In sum, we believe that the private sector can benefit poor and marginalized groups in a number of distinct ways. Paradoxically, direct targeting, while attractive from a political point of view, may be the least rewarding strategy: its benefits tend to be modest, there is doubt on whether benefits sustain in the long run, and they are typically limited to the micro-entrepreneurs themselves. By contrast, interventions directed at high-potential SMEs and 'top' performers can generate positive impacts for the larger economy and may be more successful when aiming for inclusive development.

TOPICS: Small businesses

Jolijn van Haaren, Senior Programme Officer, UNICEF Netherlands

The Netherlands, 13-03-2015

EQUITABLE RESULTS FOR ALL CHILDREN: 'LEAVE NO ONE BEHIND'

'recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world' [1]

I imagine a world where all the people around the planet, children and adults, live in freedom, justice and peace. Human rights starts with rights for children. UNICEF believes that every child born into this world has the right to a childhood. Investing in children is key to promote inclusiveness.

There is an increasing inequality in most countries. Child poverty is widespread. The majority of the world's poor (76%) now live in middle income countries. There is rapid urbanization and the concentration of the poor in mega-cities. [2] We should ask ourselves: *Whom are we not reaching?* [3]

How can the Dutch be part of the solution? I see four opportunities: 1. the Post-2015 agenda 2. Social Protection 3. Partnership with businesses and 4. Special focus on conflict areas.

1. The Synthesis report of the Secretary General, makes it very clear: Leave no one behind. [4] Gains achieved through better health, nutrition, education and protection are essential for inclusive growth.
 - o Prioritize investments on a set of basic universal services and public goods that are less effectively provided by the private sector. Target groups and communities with the greatest needs. [5]
2. Social protection programmes reduce poverty and vulnerability while strengthening a broad range of developmental impacts. In Zimbabwe cash and in-kind transfers reduced school dropout rates by 82% and pregnancy by 63% [6]. Investing in and empowering girls and young women will be imperative to slow adolescent fertility rates and build an Africa fit for all. [7] Evidence shows that increasing numbers of social protection schemes reach previously unreached children.
 - o Capitalize on the results achieved with Dutch support for Social Protection in Africa since 2009. Make Social Protection an integral component of the four spearheads.
3. Dutch Foreign Policy embraced the Ruggie framework on Human Rights for Businesses. It is important to create awareness and involvement of (Dutch) companies for the living conditions of employees and people in the community where they produce. The garment worker in Bangladesh needs a living wage but also the guarantee she can get clean drinking water and a reasonable rent at an affordable price.
 - o Children are everyone's business: Encourage companies to take steps to ensure that they are respecting children's right in their direct operations, in their supply chain and in communities they impact. [8]
4. Poverty and disaster risk are two closely related challenges, one can not be tackled without addressing the other. Disasters disproportionately affect poor countries and erode development gains.
 - o Strengthen the resilience of families and systems to shocks. Special attention should be given to safe schools as education is key to promote stability, security and justice.

Only by focusing on the ones we are not reaching we can reduce inequality and promote inclusive sustainable growth.

it always seems impossible until it's done.

Nelson Mandela

[\[1\] Preamble Universal Declaration of Human Rights](#)

[\[2\] Global trends and their implementation for children in the 21st century, UNICEF 2013](#)

[\[3\] Nils Kastberg, retired UNICEF Regional Director for Latin America and the Caribbean](#)

[\[4\] The Synthesis report of the Secretary General 'The road to Dignity by 2030](#)

[\[5\] A post-2015 world fit for children issue brief, 2015](#)

[\[6\] HIV-Sensitive Social Protection Policy Brief, UNICEF, Economic Policy Research Institute, University of Oxford UNDP, USAID, The transfer Project, 2015](#)

[\[7\] Generation 2013|Africa, UNICEF2014](#)

[\[8\] Corporate Social Responsibility, UNICEF 2014](#)

Danny Wijnhoud, Senior Researcher, ActionAid

The Netherlands, 13-03-2015

SHIFT FROM AID TO AID FOR TRADE IS JEOPARDIZING INCLUSIVE DEVELOPMENT

Inclusive development only can be achieved following a human rights based approach (HRBA) starting off with genuine multi-scale power (including gender) and political economy analyses. Good (inclusive, transparent and accountable) governance, investment in the socioeconomic empowerment of majorities of poor, in particular women, as well as enhancement and enforcement of social & environmental safeguards for corporate accountability should be raised on the agenda for inclusive green development. Strategies and “business” plans for green and inclusive economic development should prioritize rather than neglect opportunity costs and (livelihood) risk management for the poor, women in particular.

It is timely to reflect if and how the Dutch aid for international trade agenda may contribute to inclusive economic development, food security and poverty reduction. There is some acknowledgement that benefits of large investments don't automatically trickle down to the poor. However, there are no clear policies and strategies in place as to measure and address inequality and poverty impacts.

Much of the Dutch trade and investment agenda relates to agribusiness promotion. Many large-scale agri-business investments are driven by the global demand for raw commodities and therefore competing for land and water that 500 million smallholder farms, women smallholders in particular, use for the production of food for local and national food markets. Beyond the injustice of land and water (control) grabbing, particularly affecting women, these investments impede developing countries to develop their own local and national food systems. Moreover, poorly regulated agribusiness investments result in more mono-cropping, land degradation, water depletion, deforestation and loss of (agro)biodiversity that increase rather than reduce GHG emissions by global agriculture.

Based on moral obligations as well as serving a stable and good business climate – for smallholders and other small and micro businesses too – the leading objectives of an inclusive development agenda should be i) to guarantee human rights, including the right to food, equal rights for women as well as the very right to a decent life; this is the basic condition for ii) the sustainable socio economic empowerment of the poor, i.e. majorities in LDCs and LMICs, which is not possible without iii) inclusive and sustainable management of natural resources. These leading objectives should never be compromised by international trade interests of OECD or BRICS countries, powerful transnational companies (TNCs) or political and business elites at large. Inclusive development is impossible without addressing political hurdles based on political economy analysis along the local-national-global scale continuum. Such an analysis should guide international trade & investment reforms and regulate for more inclusive business and markets ensuring the empowerment of poor women and men, respecting their basic human rights in the first place. Incentives for green development, including climate change mitigation should not be captured by big business at the expense of the rights and welfare of majorities of the poor. Global consumption, trade and resulting footprints have to change. More regional and local sourcing of raw agricultural commodities is warranted to enable the development of local and

national sustainable food systems. In developing countries political leaders and government officials often constitute the core of national business elites. Their private interests often outweigh their public office accountabilities. Foreign investors will find an easy entry through these officials putting the agenda of inclusive and pro-poor business development at risk from the onset, which should be remedied.

ActionAid advocates a HRBA as the most effective way to ensure inclusive economic and social development. Fundamental is the advocacy for women's equal rights, land rights of women smallholder farmers, the right to food. ActionAid promotes social safeguards like the World Food Security (CFS) Tenure Guidelines and Free and Prior Informed Consent (FPIC) principle. It empowers communities, in particular women, to exercise their rights in practice and supports inclusive agro-ecological agriculture. In parallel ActionAid is stepping up its efforts to demand corporate accountability and inclusive business models in the agri-business and extractives sectors. ActionAid also advocates against tax avoidance and for fairer global and national tax systems with enhanced domestic revenue collection to pay for better quality education, healthcare and other basic services benefiting communities at large.

Nico Janssen, Senior advisor agriculture, SNV World

Tanzania, 13-03-2015

INCLUSIVENESS OF WOMEN AND YOUTH IN LOCAL DECISION MAKING

In order for the Dutch development policies to work effectively they need to be relevant to and rooted in practise on the ground in the development countries. Poor people, especially women and youth, need to be able to have a voice in their formulation and be able to work with them. Transparency around those policies and locally owned accountability mechanisms between people, private and public are key to the success of the policies. This includes strict adherence to these policies by the receivers of Dutch development aid including the private businesses.

At SNV we have been working for 50 years at pro-poor growth and development by strengthening the roles of the public, private and civil sectors and shaping an environment for dialogue and decision making in which the poor can have a voice for themselves.

As much as it is about having the right policies in place, even more important is the roll-out or implementation of these policies and creation of accountability mechanisms through which the poor, women and youth can react and claim the benefits of these policies.

Business can contribute to this in numerous ways and have proven to be able to do so. Under the inclusive business programme of SNV multiple successes have been booked through which disadvantaged people or groups have gained a better position (both economic and social) in society.

Does this work with all businesses? Unfortunately not yet. And many more efforts are needed. Not just with international companies with well known brands which they want to protect but more importantly with the many local and regional enterprises and companies who provide the bulk of labour and market outlets for the poor and income. Sure it is important for international companies to lead the way and act as a good example but in many local situations in developing countries where the poor and disadvantaged are living there are no international business to be seen.

Look for instance at basic services like water supply, in many cases a public – private coming together where the public sector commission's work to be done by private enterprises. In how many places is there on paper a functioning local water grid which has been constructed a few years ago? Does it function or reach its lifespan? In

SNV we try to bring local communities, local authorities and companies together to put accountability structures in place to ensure that operation and maintenance take place within reasonable response time.

But also in agricultural trade. The majority of women and youth are not connected to export markets but supply their harvest to domestic traders. Take for instance a crop like rice. In Tanzania we are working to empower women and youth to be able to organise themselves better and establish longer term trade relationships with traders based on mutually agreed conditions. Not just in economic terms of pricing but more important to who gets the benefits and can decide on how these are used. Traditionally it is the women providing the majority of the labour to grow the rice crop. But when it comes to trade it is the men selling the produce and keeping the income for their own benefit. When women are empowered to be more directly involved in trade they will use that same income much more to the benefit of their households in terms of food, health and education.

How does this work? Mainly by being on the ground and supporting both the producers and traders in building up trust, internal capacities and commitment to make it work. For this a lot of hands on facilitation of local partners is needed as well as good data collection to be able to provide correct and accurate data to influence the dialogue.

In SNV we strongly believe that being present on the ground and understanding the local context are key to true inclusive development and realising sustainable and long lasting systemic change

TOPICS: Youth Women Empowerment

Humphrey Moshi, Professor of Economics, University of Dar es Salaam

Tanzania, 12-03-2015

THE PARADOXES OF AFRICA'S GROWTH TRAJECTORY

Africa's so called impressive growth, in the last fifteen years, has failed to address the challenges of inclusiveness, poverty, inequalities and structural transformation. In order to tackle these paradoxes, future Dutch policy has to focus more forcefully on development of agriculture and manufacturing sectors, including private sector development.

In the last decade and a half, most African countries have experienced revamped economic growth. However the growth rate is not as impressive as some writers and experts tend to portray. This is because the growth has neither been inclusive, nor transformative. Instead it has seen increased inequalities, witnessed increased poverty levels and perpetuated the dependency on natural resources. In short, the growth has taken place in sectors which are less job creators and having low levels of growth – poverty elasticity.

For example, the mining sector is highly capital intensive and its linkages to the other sectors of the economy are quite weak but it has experienced double digit growth rates. On the contrary, the agriculture sector, which provides livelihood to about 60 percent of the continent's population its growth has either stagnated or lagged behind that of other sectors. Again, the manufacturing sector's contribution remains insignificant when compared to that of BRICS countries.

This shows clearly that African continent structural transformation has not taken place. This being the case, in order for the growth to be inclusive these two important sectors, agriculture and manufacturing, have to at least double their current growth rates to make a dent on poverty and inequality reduction, including reducing the level of youth unemployment in Africa. We need to underscore that social protection schemes are not a solution or substitute to doing the above.

The development of the two sectors demands a serious collaborative effort from key stakeholders namely; the public and private sectors, as well as the donors. However, the main driver of investments will remain the private sector. This being the case, the public sector has to put in place a favourable policy and infrastructural environment for mobilization of private sector resources cum investments.

To the extent that a number of African countries are dependent on donors both in terms of policy and finances, donors should mainstream issues of inclusiveness, development of agriculture and industries, as well as development of the private sector and improvement of public sector institutions, in their dealings with African countries.

With regard to social protection schemes, they will remain relevant since not all peoples will benefit equally, even if the two sectors were to be given the requisite priority. Schemes such as cash transfers thus become necessary to reduce inequality by empowering disadvantaged groups. However, the absolute number of such groups will be much lower, once the fundamental problem of non-inclusiveness has been addressed. Further, the reduced numbers makes it possible for African governments to be able to bear the costs associated with social protection schemes, while ensuring their sustainability.

TOPICS: Private sector Agriculture

Jan van der Lee, Senior Advisor Sustainable Livestock Systems at Wageningen UR Centre for Development Innovation

The Netherlands, 12-03-2015

CLIMBING THE LIVESTOCK LADDERS

It is no secret that livestock projects do not always yield good impact. No wonder, when we consider the complexity of farming systems and livestock commodity chains. Careful targeting of interventions can however help smallholder farmers to climb the livestock ladder and the food market ladder, strengthening rather than compromising the resilience of their livelihoods.

For 800 million smallholder farmers livestock forms an important part of their livelihood. Not only does livestock provide highly nutritious food in the form of dairy, meat and eggs – it also gives an important source of regular cash income through sales of milk, eggs and manure, and a savings buffer for incidental costs and investments. Moreover, by integration in mixed crop-livestock systems, livestock brings resilience to farming systems by closing nutrient cycles, providing draught power and fertilizer, and adding value to crop residues and to grasslands that can't be used otherwise.

Urbanization brings new opportunities to smallholder farmers, creating new markets for animal derived products, especially for middle-class and affluent consumers. Development interventions target these opportunities with the aim of connecting farmers to markets for meat, dairy and eggs. And rightly so, because these valuable commodities can provide stable income and capital for farm investments.

The often repeated lesson that there are no shortcuts to progress certainly applies to livestock. Our review of livestock development efforts in over a dozen countries around the world shows that a proper mix of (multi-stakeholder) process, targeting, public-private cooperation, and intervention design can lead to very good results. See figure 1, adapted from [this dairy sector discussion paper](#).

Agronomists

Figure 1. Livestock production and marketing are operating in a dynamic context of economic, biophysical and socio-political drivers and trends

Resource-poor smallholders with three chickens and little to no market experience do not make an overnight jump to become affluent dairy farmers supplying quality milk to the urban consumer. Rather, they have to climb at least two, often steep ladders: The first is [Udo's livestock ladder](#): smallholders tend to slowly grow their animal husbandry assets and skills from a few backyard chickens, via sheep, goats or pigs, to local cattle, buffaloes or camels, and then to specialized dairy cattle ([see also](#)). From any of those steps a farmer may climb the second ladder: the [food market ladder](#) (p.64): By stepwise development of production sophistication, farmers can connect to increasingly sophisticated markets – from local to wholesale to retail to specialized markets.

Countries like Morocco and Thailand show that government facilitation of foreign investors in dairy, coupled with expecting those companies to invest in local sourcing, helps to grow local production. Such de-facto protectionist policy needs to be temporary in order for the sector to remain competitive.

Benefits from sector growth are not automatically reaching farmers. Rather this requires a smart mix of interventions: i) Emphasis on shared value in the supply chain – what can we expect from Dutch companies working with public subsidies? ii) Development of adequate subsector institutions that abate the significant risks occurring in suboptimal business climates, ranging from human resource development to quality assurance systems – will Dutch government invest in such [G2G interventions](#) (ch.6)? iii) Investment in developing local SME agribusiness that provide the inputs and services necessary for vibrant supply chains, like private farm advice, veterinary, and business development services – will civil society organizations take up this challenge?; iv) Investments in the capacity of farmer groups, to improve production, but also to gain negotiation power in the supply chain – will civil society organizations continue this contribution?

So, inclusive growth for smallholder livestock farmers certainly is possible. The question rather is whether public, private, and civil society actors will do their bit in creating the conditions in which these farmers can indeed climb the livestock and food market ladders?

TOPICS: Small businesses

Sabrina Ern , Policy Officer International Affairs, STOP AIDS NOW

The Netherlands, 12-03-2015

STOP WORKING IN SILO'S, INTEGRATION OF DEVELOPING SECTORS NEEDED TO ENSURE PROSPERITY FOR ALL

Evidence from across the world indicates that the most economic inequitable societies – as measured by benchmarks such as the Gini coefficient – also have the highest HIV prevalence. While poverty and income inequality increase HIV-related risk, the epidemic itself deepens poverty and exacerbates inequalities.

Health should no longer be regarded as just an expenditure, but as a **key contributor to sustainable and inclusive growth**. A clear definition of the health dimension of inclusive growth is given by the OECD (2013): 'Growth is inclusive to the extent that it leads to better health statuses and declining inequities in access to health services'.

We should accelerate efforts that fully incorporate structural interventions that target extreme poverty and other social drivers of the HIV pandemic. We should also stop "vertical" thinking: donor streams, programmes, institutions, and planning processes can create silos that act as a barriers to more innovative, integrated approaches to address the social and structural determinants of health and shared prosperity.

At local, national, regional and global level we recommend for civil society organizations and donors, including the Netherlands Ministry of Foreign Affairs to:

- Advocate for aligning health and development efforts around global, regional and country-led time bound goals towards ending AIDS and extreme poverty, with special attention to the poorest and most marginalized people.
- Advocate to employ language of integration and avoid verticality in speech and actions, to gain the advantages of multi-sectoral integration in ways that do not weaken but rather maximize the effectiveness of HIV-specific strategies and interventions. E.g. the Ministry of Foreign Affairs in its SRHR policy should clearly employ language encouraging multi-sectoral and multi-faceted approaches to reach both inclusive SRHR and other like poverty reduction development outcomes.
- Advocate for wider social protection system development and implementation and make it HIV inclusive. Almost all countries adopted the ILO recommendation on Social Protection, but in many countries these measures are not in place. Not all countries, or within countries, ministries are willing to pay for social protection schemes, like cash transfers. In order for Social Protection schemes to be set up, budgets of other ministries are being reduced. As a result structural interventions may be under implemented and their cross-sectoral benefits foregone. Advocacy and awareness needs to be done with national government that multi-sectoral financing is a more cost-effective way to achieve multiple development outcomes. For example, the Malawi Cash Transfer program for adolescent women shows that it can increase school attendance, prevent new HIV infections, promote poverty reduction and contribute to more equitable gender norms – generating co-benefits in a number of areas and supporting cross-sector finance. A [research](#) by the London School of Hygiene and Tropical medicine on financing structural drivers gives clear evidence on this.
- Advocate for legal reform to be included and give a voice to the most marginalized. It is easier for decision makers to ignore or give short shrift to communities with the least financial resources or political clout. There is discomfort for policy workers to discuss issues of gender norms, gender identity, same sex relations, and therefore it is ignored. It is important to advocate for legal reform to ensure inclusive and non-discriminative and decriminalisation laws and policies at national level and at the same time mobilising the communities to speak out for themselves and advocate for their rights.
- Speak directly to development actors and discourse, ensuring inclusion of action on social drivers as a core component on the Human Development Index and Sustainable development goals, and objectives related to development, poverty reduction, inequality reduction and economic growth.

Will Mutua, Afrinnovator

Kenya, 12-03-2015

DRIVING THE INCLUSIVE ECONOMY FORWARD: FROM A MACRO TO A MICRO PERSPECTIVE

In Africa a positive turn, economically, for an individual usually has a ripple effect on that person's immediate and even extended family. Also, interventions by private companies to lift up the state of their employees in one way or another end up benefiting a larger circle that is usually even worse off. This is why focused investment in labour intensive industries plus appropriate incentives for private sector to benefit employees is needed.

The case for more inclusive growth and development in Africa has been made plain. The gravity of the situation has been laid bare: over 50 percent of Africa's population still lives on less than a dollar a day with even the largest economies having vast proportions of their populations in extreme poverty – take Nigeria at 60 per cent for instance, unemployment amongst Africa's youth is high and increasing as more young people join the workforce every year and while the continent's middle class is growing only 14 percent of that population is secure, the rest being at risk of sliding back to a lower economic status; all this while the continent remains a growth engine for the world economy with the average rate of GDP growth outpacing the global average. It has been put forth that the majority of the top 10 fastest growing economies are from Africa, yet the majority of the top 10 least inclusive economies are also African (This is Africa, 2015).

What yet remains to be put forth is a strong effort at solving the problem. The solutions are also well known – curbing corruption at all levels, sealing tax loopholes, appropriate policy formulation, focused investment in education and health, job creation...

So where's the gap?

Principally, perhaps it is not in the lack of practical solutions but rather in our mindsets – a lack of broad empathy for the 'least of us', a true appreciation of the plight of those who are left behind as the minorities prosper. In the extreme case it is a wrong mentality that does not envision that benefiting 'them' in the long run benefits 'us' as well whereas the more we ensure all are benefiting, the more even those at the top of the pyramid benefit.

Private sector's role

In the absence of government playing its proper role or lacking the capacity to do so, private sector holds the biggest key to furthering inclusive development particularly in Africa and other developing nations.

It is a known fact that the social set up of most of the economies in question is such that a positive turn, economically, for an individual usually has a ripple effect on that person's immediate and even extended family. This is because of the tendency of families to depend heavily on each other. When a family member gets a job in the city, their salary benefits their parents and other relations in the rural home. The fact is also evident in the high and rising remittances from Africans abroad.

Interventions by private companies to [lift up the state of their employees in one way or another](#) – offering micro-loans based on wages, providing health insurance or educational benefits, paying a fair wage (a 'living' wage as opposed to a 'minimum' wage), offering skills enhancement and training... – would thus naturally end up indirectly impacting other constituents of the nation who would tend to be in worse of condition than their employees hence lifting them up as well.

This can have especially significant impact in labour intensive industries such as manufacturing. Focusing and increasing investments in such industries with the right employee policies and safeguards provided by the company out of its own volition could thus at least bring some reprieve to the situation.

Bibliography

This is Africa. (2015). Building inclusive economies: Can Africa bridge the development divide? Retrieved from This is Africa: <http://inclusiveeconomies.thisisafricaonline.com/>

TOPICS: Private sector

Christy van Beek, Niek van Duivenbooden, Rudi Hessel and Paul Römken, Alterra, Wageningen University and Research Centre

The Netherlands, 11-03-2015

SUSTAINABLE USE OF NATURAL RESOURCES IS A PREREQUISITE FOR INCLUSIVE DEVELOPMENT

Inclusive development and private sector engagement are emerging concepts to tackle some of modern times' large societal issues like fighting hunger. In discussions on inclusive development and private sector engagement in development projects, one key element seems to be overlooked: One tends to talk about marginalized people, whereas in many cases one should be talking about marginalized environments.

Often, the ones who are marginalized are those living in marginal or degraded environments with insufficient access to or knowledge of natural resources to ensure a sustainable biomass production for home consumption and/or trade. This has resulted in a vicious circle where environmental degradation leads to further marginalisation. Paradoxically, at global level land use intensity is increasing whilst land degradation is still ongoing. Annually about 12 million hectare of productive land are prone to degradation. Yet, most development initiatives target less degraded environments to maximize chances of success. Such less degraded environments, especially when close to markets, are more responsive to interventions and have a faster return on investment, the latter being of great concern to (potential) donors. Results of e.g. the CASCAPE project in Ethiopia show that a focus on less degraded areas can be a motor for agricultural development and hence is essential to break out of the poverty cycle (www.cascape.info), but at the same time initiatives in degraded environments are required to prevent further degradation and loss of productive land.

Concepts developed and applied to halt or reverse land degradation can be distinguished in essentially 3 different strategies, focusing on *i*) increased access to inputs (e.g. market reforms for fertilizers), *ii*) demonstration of improved practices to farmers (e.g. water harvesting techniques) and *iii*) introduction of innovations that increase the efficiency of natural resources (e.g. intercropping with leguminous crops). So far, the majority of these strategies have been implemented in isolation and often without true stakeholder involvement, which are probably some of the key reasons why they have not been able to halt, or better, reverse land degradation.

In her letter to the Parliament of January 2015 the Dutch Minister for Agriculture emphasised the necessity to include improved land management strategies in development programmes. To reach the most marginalized and underprivileged groups improved access to, and sustainable management of, natural resources is paramount. At present, resource use efficiencies in developing countries are far below those in developed countries. In marginalized areas crop responses to external inputs are lower because of 'reparation costs', i.e. the costs related to required investments in the environmental systems to rebuild its proper functioning. Insecure land rights, fragmentation of land, availability of the proper inputs and climate change further aggravate the complexity and consequently slow down the desired development. Experiences in the DESIRE project (www.desire-project.eu) show that inclusive development can be achieved only when bio-physical, socio-economic and political aspects are taken into account in an integrated and transdisciplinary way. This requires true stakeholder involvement as well as long-term commitments of government and donors in terms of human and financial resources.

According to the UNCCD a global partnership is needed to "reverse and prevent desertification/land degradation and to mitigate the effects of drought in affected areas in order to support poverty reduction and environmental sustainability". To really achieve inclusive development, we (the Food Security programme of Alterra, Wageningen University and Research Centre) and specifically the Fertile Grounds Initiative (www.fertilegroundsinitiative.info) take this a step further and urge partners to integrate the different strategies as mentioned by applying a multi-scale and multi-actor approach. A step-wise strategy on how this could be implemented is developed and can be found on www.fertilegroundsinitiative.info.

TOPICS: Poverty reduction

Klaas Johan Osinga, Policy Adviser in agriculture, COPA-COGECA

The Netherlands, 11-03-2015

NO FARMERS NO FOOD

Global food security in 2030 can only be achieved with the full involvement of organised farmers around the world. Dutch expertise in building strong farmers' organizations producing good food very efficiently is

recognised internationally. This strength should be used as an important contribution of the Netherlands to achieving the SDGs.

The failure so far to alleviate chronic hunger and malnutrition should be one of the priorities of the UN in the post-2015 agenda. Approximately 800 million people are chronically short of food and estimates are two billion people are suffering from nutritional shortcomings in their daily diet.

Until 2030, the world population will increase from 7 to 8 billion. “Zero hunger” means that good food needs to be produced for billions of people who are not getting it today.

My point is that the goal of ‘zero hunger’ can only be achieved when farmers are fully involved in the effort.

When I say ‘farmers’, I mean women and men – small farmers and big farmers. I also say that they need to be organised in strong farmer-controlled co-operatives and organizations. Farmers’ co-operatives are to organise farmers’ access to markets. Farmers’ organizations are to strengthen the farmers’ voice at all levels: locally, nationally, regionally and globally. Both – market orientation and advocacy – need to work hand-in-hand.

It is important to involve food companies in the effort. Big companies have the resources to get something going. They can match market demand with supply. But one thing remains: farmers produce the food and consumers consume it. There can be a direct connection between the two, or there can be many actors in between. The question is what value the intermediate actors are adding or whether they are mostly adding costs and complexity.

One of the main dilemmas in food policies is the choice between free markets or government regulation. Most agricultural policies don’t make a clear choice. Only New Zealand and Australia went for almost full liberalization. Many other countries just keep regulating markets. In this way they bridge the gap between the interests of farmers – who want an income from farming – and consumers who’s interest lies in having access to affordable high quality food. This dilemma should be part of the discussion about ‘zero hunger’.

My view is farmers should get organised and integrate vertically into the chain themselves. They should work on gaining ownership of the chain. This will help them to reap the benefits of the value they create, while adding less costs to the system.

Vertical integration helps to bridge the gap between consumers and farmers. For this, it is necessary to stimulate entrepreneurship among farmers. It is moving beyond being just ‘producers’ and ‘suppliers’. It is about being an indispensable stakeholder. “No farmers no food”.

To achieve that, it is important to educate farmers about markets, consumer wishes, international food safety rules etc. This is where it starts. Then it is also about getting farmers to understand what their value proposition is. This is followed by building the business case. At this stage, farmers usually understand the value of co-operation and vertical integration. The process is best carried out when farmers talk to farmers, like Agriterro has been doing.

All of this should integrate SDGs goals like food, health, gender, inequality, governance, water, climate change and sustainable consumption. We need to avoid silos – farming and food are very horizontal subjects. Working with farmers is inherently holistic.

And there is another advantage. The main difficulty in global policy making is about moving from making to plans to actually getting something done. Well, Farmers are your practical partners. Moving from process (planting, tending, harvesting) to concrete results (yields, selling) is what basically what they do all the time. Do make use of that quality by including them in the process from the start.

TOPICS: Food security Small businesses Agriculture

Jur Schuurman, Senior Management Advisor, Agriterra

The Netherlands, 11-03-2015

NOTHING ABOUT THEM WITHOUT THEM

But... No one said it would be easy (Sheryl Crow)

Inclusiveness is not just a matter of certain groups not being forgotten when policies or investments are put in place; it also means their being involved in the phase prior to that, when policy measures and investment plans still have to be designed. Real inclusiveness starts by consultation of the not-yet-included. It is them, with their organizations as spokesmen, that the Dutch government should ask what should be done.

The best way to promote inclusiveness is to involve right from the start those people that ought to be included: nothing about them without them. Therefore, the five questions asked by the organisers are relevant, but they should have been preceded by another one.

Question: What can we do to take into account the voice of the non-included and marginalized people themselves when answering the questions below?

If this question is not asked, the whole exercise runs a great risk of failure. Why? The answer has a short version and a long one. The short answer is: “nothing about them without them”. The slightly longer reply states that without true and pro-active involvement of the ‘target group’ in the problem identification, the subsequent analysis and the design of solutions, the success of interventions will be mostly short-lived. The voice of the disadvantaged has to be heard for the sake of long-lasting solutions.

What is the best way to hear that voice? One can hardly talk to all excluded or marginalized people. Fortunately, there are organizations, more specifically: associations. Whether formally or informally constituted, membership-based organizations are the channel through which any category of stakeholders can make their concerns and ambitions widely heard. This means that the way to deal with the above question is relatively straightforward.

Answer: we should look for those organizations whose mission it is to defend the interests of marginalized or poor people (their members, at least part of their members) and invite them to contribute their answers to the five questions.

This is by no means an easy task (not in the last place because sometimes the right organizations are hard to identify), but it is the best way to prevent the inclusiveness promotion debate from turning into a highly theoretical desk study.

This very reasoning applies also to the question that Agriterra was asked to address with priority: how can the private sector take the interests of the poor and marginalized more into account? In our view, the private sector can accomplish this by not regarding the marginalized and disadvantaged as mere possible beneficiaries/recipients of their investments, nor by approaching them only as the workforce it (the private sector) needs, but by finding out what their own ideas are.

In the context of agriculture this means that when private investors have plans for land acquisition, or the processing of certain crops, or other activities, they should realise that smallholder farmers also have plans for their business and livelihoods to improve and that they do sizeable investments of their own to realise those plans. As a matter of fact, the total amount of moment investment by farmers in developing countries “is three times as much as all other sources of investment combined” (FAO, 2012: <http://www.fao.org/news/story/en/item/165816/icode/>, accessed 3 March 2015).

Thus, the challenge is to connect the different investment plans with each other. To have that connection make a difference, it is (again) important to turn not to individual farmers: their own organisation can and should take care of

that. Rather, private investors should turn to the cooperatives and other producer organizations that are the genuine representatives of those farmers, and ask them “what are your own plans? Can we join forces?”.

Conclusion: whatever the work area or sector, look for representative organizations and ask them for their views on all levels – from policy formulation right down to concrete activities.

Doortje ‘t Hart, Senior Advisor Children and AIDS, Stop AIDS Now

The Netherlands, 11-03-2015

COMMUNITY SYSTEMS STRENGTHENING IS KEY IN ACHIEVING INCLUSIVE DEVELOPMENT

Despite unprecedented progress in the global HIV response, economic inequality, social marginalization and other structural factors continue to fuel the HIV epidemic – with 35.3 million people living with HIV worldwide and 1.6 million dying from AIDS each year. Gender and age inequality, discrimination, and vulnerability continue to place children, adolescent girls, and women at significantly higher risk of infection and constrain access to HIV testing, treatment, care, and support services. HIV and AIDS in all settings is increasingly concentrated among persons marginalized by poverty, social inequity and stigma, including men who have sex with men (MSM), injecting drug users, sex workers, transgender and gender non-conforming persons, prisoners and the formerly incarcerated, refugees and migrants, and homeless and displaced persons.

The continuing impact of HIV/AIDS, in turn, is a barrier to global efforts to reduce economic and social inequities and promote shared prosperity. **Investment in health** – and HIV specifically – should therefore no longer be regarded as just an expenditure, but as a **key contributor to sustainable and inclusive growth**: ‘Because health is crucial aspect of equity, development, and growth, health enters inclusive growth frameworks in three major ways: in its own right; as a pillar of equitable growth (both at the micro and macro levels); and as key of the ability to participate in the economy’ (Alami, 2014).

A broader inter-sectoral approach to the HIV epidemic that addresses the key social and structural determinants of vulnerability is needed to maximize the potential of biomedical interventions and achieve greater synergies with other development goals.

We recommend several best practices to ensure the most excluded and marginalized people are included in pro-poor development interventions, with regard to health, HIV and broader inclusive growth and poverty reduction interventions:

Ensure **GIPA**: Greater involvement of People Living with HIV – this concept could be expanded to other marginalized groups, like youth, MSM, disabled people. GIPA principle promotes meaningful involvement of PLHIV in planning, implementation and monitoring and evaluation of programmes concerning their own health or well-being. It is a proven method that ensures more effective and inclusive programming.

Invest in **Community system strengthening**: Although inclusive development is the primary responsibility of the national government, government cannot do it alone. Research shows communities play a vital part in an effective HIV/AIDS response. To ensure inclusion it is essential that government systems, like the health system, are linked to strong community systems. Community systems, like PLHIV support groups, or other community-based organizations, are essential for psychosocial support for treatment adherence, changing social norms and stigma-reduction, creating awareness on programmes and schemes, and mobilisation of communities for demand creation. Investment in good linkages and referral systems between community and health systems ensures no one is left behind.

Build capacity of marginalized groups, like PLHIV associations, sex workers networks, MSM networks and women networks to enable them **to advocate and claim their rights** to access health services, social protection

mechanism, and jobs. Both at local level and national level, to ensure that e.g. decriminalisation laws are abolished or anti-discrimination laws established and enforced.

Invest in **capacity building of public and private health service providers and public social protection services providers**. An important barrier to access services for marginalized groups is stigma and discrimination. Service providers –including management- need to be trained to maintain non-judgemental to their clients or patients; whether an adolescent girl asking for contraceptives or a transgender accessing a health insurance scheme.

Besides attention for stigma and discrimination within public and private services, it is also critical to **improve service delivery and client-centred care**, by establishing one-stop-shops, where clients or patients can receive all the care or information they need efficiently. This reduces the economic barriers of going to clinics or other services centres. Procedures to register and/ or apply should be simplified.

Jenny Aulin and Marte Hellema, Programme Manager Action Learning and Programme Manager Public Outreach, Global Partnership for the Prevention of Armed Conflict (GPPAC)

The Netherlands, 10-03-2015

HUMAN SECURITY: IMPLICATIONS FOR DUTCH POLICY

Issues of inequality and extreme poverty must be understood and addressed through the full spectrum of challenges affecting fragile and conflict-affected states. The human security approach recognises the complexity of this challenge, where development, security and human rights are interconnected. It is only by attuning its policy to this complexity that Dutch International Trade and Development Cooperation can begin to address issues of exclusion and marginalisation. Adopting human security as a more integral component of the Dutch policy agenda calls for people-centred and participatory situation assessments; flexible, context-specific implementation of policies; as well as conflict sensitivity and self-awareness in all interventions. Inclusion starts with empowerment and multi-stakeholder dialogue, where local civil society organizations can play key roles.

Human security needs must be defined and negotiated locally, rather than assumed and pre-defined as part of an external policy framework.[1] Peacebuilding and development policies should therefore be informed by **people-centred and participatory** situation assessments, far earlier and beyond the conventional project cycle approach.[2] Only then can a more nuanced understanding of marginalisation and exclusion emerge, where for example assumptions about gender or identity-based inequalities are also informed by other societal dynamics.

By implication, Dutch interventions must be based on policies that are sufficiently adaptable so as to be truly **context-specific** in practice. As such, policy intentions and expectations must be based on the existing situation in a given context, and build on what already exists, as part of a very long-term process. Social inequalities and exclusion are inherent characteristics of fragile and conflict-affected countries, inevitably reflected in both governance and civil society, and usually part and parcel of conflict dynamics. However, it is well known that reforms and normative frameworks perceived to be imposed by external actors are not likely to bring on significant changes. On the other hand, local capacities and reform approaches often go unnoticed by international actors.

Donors and other external actors must relate to this reality with care, modesty and a necessary degree of **self-awareness** as to how their own actions interact with societal dynamics. While **conflict sensitivity** is key for both development and trade actions, other considerations include the administrative burden donors tend to impose on their local partners (be they governmental or non-governmental), the impact of a heavy international presence on local economies, and the often implicit influence of political and economic interests of donor countries themselves.

In addition, human security policies need to consider not only protection but also **empowerment** measures, where communities and populations are change agents in ensuring their own safety, livelihoods, and rights. This is not only

relevant from a normative perspective, but is crucial for long-term sustainability of peace and development progress. For instance, locally owned **multi-stakeholder** processes can provide platforms for dialogue between local or national authorities, security and service providers, and communities.[3] When successful, such dialogues can formulate human security needs as well as define strategies to address them.

Civil society organizations are well placed to support empowerment efforts, provided they have the political and operational space to function. For instance, they can play a role in broadening participation in peace processes, both during negotiations of peace agreements and their implementation.[4] When supporting civil society groups in fragile and conflict-affected contexts, Dutch policy can advocate for their involvement and operational space, while taking into account their diversity, limitations and roles in the specific context.

By adopting a more process-oriented and self-aware approach to its own role in peacebuilding and development, the Dutch government can enhance its role as a respected and legitimate partner, be it at national, regional or international levels, and ultimately enrich its contribution to inclusive development.

[1] For examples of what different issues people bring to the fore when talking about human security, see the videos from the Human Security First campaign (www.humansecurityfirst.org).

[2] See for instance: Schirch, L: *Conflict Assessment and Peacebuilding Planning – Toward a Participatory Approach to Human Security* (Lynne Rienner 2013); and the *People's Peacemaking Perspectives* project by Conciliation Resources and Saferworld.

[3] See case studies in Wall, Aulin & Vogelaar: *Empowerment and Protection – Stories of Human Security* (GPPAC 2014) – www.storiesofhumansecurity.net

[4] Paffenholz: *Broadening Participation in Peace Processes – Dilemmas and Options for Mediators*. Mediation Practice Series (Centre for Humanitarian Dialogue 2014)

Franziska Gassmann, Associate Professor, UNU-Merit/MGSoG, Maastricht University

The Netherlands, 10-03-2015

INVESTING IN SOCIAL PROTECTION FOR THE POOR

Social protection programs are now implemented in many low and middle income countries, due to their efficacy in reducing poverty, vulnerability and inequality. Social transfers can positively impact human capital development, labour supply, and asset accumulation, strengthen social networks and stimulate local markets. Investing in basic social protection for the poor and vulnerable will therefore also strengthen the impact of the Dutch international cooperation policies.

In order for the poor and marginalized to benefit from economic growth, they need to have the human, physical and social capital to fully participate in the economic, social and political life of their countries.

Social protection policies, i.e. the provision of regular transfers (and services) in cash or in kind financed from general government revenues, can play multiple roles for the achievement of inclusive development (see, e.g., Alderman & Yemtsov 2013). They contribute to the protection and accumulation of human and physical capital and act as stabilizer for effective demand. They provide means and resources to solve poverty traps by easing credit constraints and covering transaction costs for poor households. These features are also essential for the successful implementation of effective employment policies and the achievement of universal access to basic services, such as education and health, pointing at the complementarity of social protection and other social and economic policies.

Over the last decade evidence on the positive effects of investments in social protection has accumulated (see, e.g., DFID 2011; ILO 2010). Social protection is no longer seen as a cost to the economy, but as a source of resilience in tough times and as support for growth and productivity in good times. In developing countries with at-scale social protection systems, poverty and inequality have been reduced significantly (among others in Brazil, Mexico, South Africa). International evidence is highly conclusive about the positive effect of social transfers on school attendance (e.g. in Pakistan, Malawi, Cambodia, Ecuador, Brazil). Social transfers increase the disposable household income and, by reducing costs barriers, increase school enrolment and attendance. Several studies provide evidence about the positive effects of social transfers on food consumption and the health status of the population (e.g. Malawi,

Bolivia, Ecuador, Peru, Lesotho, Mexico, Colombia). Changes in disposable income due to social transfers also affect labour supply as they generate the opportunity to take up work (e.g. covering transportation costs and reducing financial constraints) or to find more productive employment as the person may afford a longer search period. International evidence suggests that social transfers have a positive effect on labour supply, while reducing child work (e.g. Cambodia, Brazil, Ecuador, South Africa, Brazil). Additional effects are related with investments in child wellbeing and productive activities that raise human and physical capital and foster labour productivity. Moreover, social transfers are likely to be spent locally, thereby generating local and regional economic multiplier effects.

However, the main determinants of a positive effect are the size and periodicity of the transfer, the target group and complementary investments in public services and infrastructure. The potential benefits of social transfers can also be affected by conditions outside the strict realm of economics. While a positive effect on social cohesion and peace building is expected as a result of lower inequality, both social and political will are necessary to sustain social protection investments. Local characteristics (e.g. cultural/religious norms and values) may further affect the behaviour of both beneficiaries and non-beneficiaries. Social protection policies serve as a measure to prevent and mitigate risks. If the risk is manageable, households make the necessary investments, and that is what eventually contributes to economic growth and inclusive development.

Alderman, H. and R. Yemtsov (2013), 'How Can Safety Nets Contribute to Economic Growth?', *Policy Research Working Paper*, 6437, Washington DC: The World Bank.

http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=477894&piPK=64165421&menuPK=64166093&entityID=000158349_20130507154500

DFID (2011), *Cash Transfers, Evidence Paper*, London: DFID

<http://webarchive.nationalarchives.gov.uk/+/http://www.dfid.gov.uk/Documents/publications1/cash-transfers-evidence-paper.pdf>

ILO (2010), *Effects of non-contributory social transfers in developing countries. A Compendium*. Geneva: International Labour Office.

<http://www.socialsecurityextension.org/gimi/gess/ShowRessource.action;jsessionid=51599cce7d77e1e0fdfa3e26c705440fc087ab49cb8982aa4aa83b6bdacaf307.e3aTbhuLbNmSe34MchaRahaKch90?ressource.ressourceId=17116>

Nicky Pouw and Joyeeta Gupta, Assistant Professor and Professor, University of Amsterdam

The Netherlands, 10-03-2015

INCLUSIVE DEVELOPMENT IN SEARCH OF POLITICAL WILL

Inclusive development builds upon the three pillars of increased human wellbeing for all, social and environmental sustainability, and empowerment. Political will at multiple levels of governance needs to be mobilized to curb the global inequality trend.

Inclusive development is development that includes marginalized people, sectors and countries in social, political and economic processes for increased human wellbeing, social and environmental sustainability, and empowerment (Gupta et al., 2015). Past economic growth pathways in poor and rich countries alike, have been inequitable and have degraded ecosystems. By pursuing individual welfare through neoliberal policies and reforms, investment in public and merit goods (e.g. education, security, maintaining the climate) have been marginalized by lack of political will. Primacy is given to economic growth in the expectation that social equality and ecosystem maintenance will follow later (Pouw and McGregor, 2014). We see inclusive development as having three elements:

First, a focus on local empowerment and social protection, a development priority in the post-2015 United Nations development agenda (UN, 2015). From an inclusive development perspective social protection implies (Pouw, 2015) social security through redistributive mechanisms that are built into the economic system for long-term and with universal coverage. These mechanisms, financed through public taxes and contributions by the private/NGO sector include progressive income tax, unemployment benefits, labour laws, subsidized schooling and healthcare for all, work reintegration policies, social housing, etc.. This approach puts human wellbeing at the centre (Pouw and McGregor, 2014) and precludes a vision of society whereby some people are expected to give-up parts of their individual wellbeing to achieve growth and wellbeing for all, and thus contributes to reducing inequality. This goes beyond merely providing social protection projects for the poor and vulnerable, which provide temporary relief e.g.

through school feeding programmes, conditional and unconditional cash transfers, small hand-outs (food, milk) and subsidies (farm inputs) and thus providing ex-post corrections to repair the failures of a neoliberal system. It also goes beyond social protection policies for the poor and vulnerable, which provide longer-term relief and support, but on a non-universal basis, targeting (broader) sub-groups in the population (e.g. elderly people, low-income households). This approach sees development as human capital development.

Second, inclusive development in the context of the Anthropocene means ensuring the maintenance of local through to global ecosystem services on which people, especially the poorest depend upon. This implies policies and approaches to govern land and water use and pollution at the local level, but also the reduction of greenhouse gas emissions at global level that will affect local climates and the livelihoods.

Third, inclusive development from a relational perspective requires understanding the discourses and power politics that institutionalize inequality and environmentally hostile developments. Addressing these issues not only implies questioning the dominant ideologies and their instruments, but also recognizing that in a globalized world, global problems have localized effects and local experiences add up to global challenges. This 'glocalization' requires governance actors to develop appropriate discourses and instruments to tackle global challenges through concerted efforts at multiple levels of governance (Gupta et al., 2013).

References

- Gupta, J., N.R.M. Pouw and M.J. Ros-Tonen (2015) 'Towards an Elaborated Theory of Inclusive Development', *European Journal of Development Research*, forthcoming.
- Gupta, J., C.P. Wostl, and R. Zondervan (2013). 'Glocal' Water Governance: A multi-level challenge in the Anthropocene, *Current Opinion in Environmental Sustainability*, 5: 573-580
- Pouw, N.R.M. and J.A. McGregor (2014) 'An Economics of Wellbeing. How would economics look like if it were focused on human wellbeing? IDS Working Paper 463, University of Sussex. <http://www.ids.ac.uk/publication/an-economics-of-wellbeing-what-would-economics-look-like-if-it-were-focused-on-human-wellbeing>
- Pouw, N.R.M. (2015) 'Strategic Governance for Inclusive Development: Editorial', *European Journal of Development Research*, forthcoming.
- UN (2015) 'Social Protection: A development priority in the post-2015 UN development agenda', New York: United Nations. http://www.un.org/millenniumgoals/pdf/Think%20Pieces/16_social_protection.pdf

TOPICS: Inequality

Willeke Kempkes and Anke Plange, ICCO Cooperation: Policy Advisor Sexual & Reproductive Health Rights, ICCO, Kerk in Actie and Programme Coordinator, coPrisma

The Netherlands, 10-03-2015

SEXUAL AND REPRODUCTIVE HEALTH: A RIGHT FOR ALL

Marginalized people face huge social and economic barriers to sexual and reproductive health. The Dutch government recognizes the importance as well as the challenge to reach those most marginalized[1]. To be able to reach most marginalized people it is crucial that sexual and reproductive health services are close to them. This requires strengthening of health systems particularly at community level. In addition, marginalization is often based on assumptions. If we want to work on inclusion we have to question ourselves and our policies on these assumptions. Inclusion does not happen by itself; it asks for commitment, additional efforts, investments and involvement of those concerned.

In this contribution we focus on two specific questions in relation to the inclusion of marginalized people and their sexual and reproductive health and rights (SRHR): is there a need for specific and additional economic, political, social measures to be able to reach the most excluded; what is the role and contribution of donors and civil society towards inclusive development?

Excluding people increases their vulnerability in many areas, including their SRHR. Marginalised people are most vulnerable to ill-health and least able to face its costs and impacts. In addition, marginalisation based on negative attitudes leads to stigma and discrimination increasing vulnerability to physical, mental and sexual violence or abuse (e.g. corrective rape of lesbians, vulnerability of disabled women to sexual assault).

Our main lessons learned are generally applicable. To effectively work towards inclusion we need to be aware and recognize that there are groups who are being marginalized. These groups are not homogeneous; different groups are being marginalized for different reason. It is important to know why people are being marginalized and to challenge assumptions that contribute to their exclusion. Women and girls within these groups tend to be most vulnerable because of their gender. Including marginalized people requires their active involvement so that their voices are being heard and taken into account.

Specific measures needed

In order to work towards inclusive SRHR specific and gender sensitive measures have to be taken:

Measures at the level of comprehensive health services (public and private):

- Health promotion messages and other communications should be understandable, appropriate and targeted.
- Invest in equal accessible basic, sexual and reproductive, health care at community level, including essential drugs, ARVs, and other commodities; health care at this level reaches marginalized best.
- Work on changing attitudes and practices of health staff that do create barriers.
- Involve the target group in monitoring and evaluating available services (e.g. client satisfaction surveys)

Additional political measures

- Public health policies should eliminate obstacles for people in need of sexual and reproductive health services (e.g. exemption on user fees)
- Develop a structure that supports the involvement of marginalized in the development, evaluation and adjustment of these policies and their implementation.

Additional social measures:

- Address negative attitudes, myths and misconceptions in society and at the level of marginalized people themselves.

Donors and civil society

What should be the role and contributions of donors, including the Dutch government, and civil society towards inclusion?

- Inclusion should be on the agenda of donors as well as civil society organizations: what are their assumptions that contribute to marginalization and exclusion; how correct are these; how inclusive are they themselves?
- Donors and civil society should be aware of those most marginalized, within the context they work, and assure that their voices are being reflected in policies and programs.
- Empower and support the, organized, voices of those marginalized to express their needs and interests in public.
- Enable them to hold governments, and other relevant stakeholders, accountable for equal accessible basic sexual and reproductive health services.
- Invest in social protection programs that allow people to build up assets and check on accessibility for most marginalized.
- Long term commitment.
- Faith-based organizations and religious institutions are well placed to identify, organize and support marginalized people as they are well embedded in their communities.

To work towards an inclusive and just society it is crucial that marginalized people are able to and do participate: inclusion is not only an end but a mean towards this end as well.

[1] Minister for International Trade and Development Cooperation, Lilian Ploumen, Voortgang speerpunten ontwikkelingssamenwerking, letter to Parliament, October 2013.

Martine Weve, Senior Policy Officer Livelihoods, Stop Aids Now

The Netherlands, 09-03-2015

HIV-SENSITIVE SOCIAL PROTECTION AND HIV WORK PLACE POLICIES FOR INCLUSIVE GROWTH

During the discussion meeting *Inclusive Development in Practice*, Jos Verbeek, Lead economist shared with us the main interventions that need investment to ensure inclusive growth and shared prosperity: human capital, social safety nets and environmental sustainability. As a key element included in social safety nets (social protection schemes), we would like to emphasize affordable access to health services to ensure inclusive growth.

Empirical evidence shows that action on several structural drivers – by investing in human capital and social safety nets – is needed to combat both extreme poverty and end AIDS and other SRHR challenges.

However, not many low and middle income countries have job creation (including workforce development) and social protection mechanisms in place. And if they do, they are often not accessible or inclusive for People Living with HIV (PLHIV) and other marginalized groups.

A recent study by the ILO demonstrates that PLHIV and other marginalized groups, like sex workers and men who have sex with men, who do have access to social protection schemes, indeed enjoy a range of benefits such as being more likely to retain their jobs, keep their children in school, and retain on life-saving medication. Despite these benefits, the study also shows that too many of the most vulnerable are out of reach of these programmes. The top three barriers for exclusion are the prevailing stigma and discrimination – including poor or no access to treatment by service providers, lack of knowledge and information amongst PLHIV and other marginalized groups on social protection benefits, complicated procedures for accessing these schemes.

Also within the private sector stigma and discrimination in the workplace impedes access to jobs and other productive livelihoods activities for PLHIV and other marginalized groups. Furthermore, HIV stigma will lead to non-disclosure of the patient's HIV status in the workplace, who will then be more likely to miss treatment doses while trying to avoid being seen taking treatment by their peers and employers, leading to poor treatment adherence. Obviously resulting in negative impacts for both the employer (the productivity of the employee) and employee (risk to become ill, loose job).

A coordinated effort involving work actors (ministries of labour, employers, private sector and trade unions), ministries of health, gender, social welfare and finance, national AIDS programmes, social protection programmes, civil society organizations and PLHIV organizations is crucial in order to address the existing barriers and increase the proportion of PLHIV, and other marginalized groups, who can access and benefit from jobs, livelihood opportunities, social assistance and other forms of social protection.

There is the need to improve national level efforts to develop and implement anti-discrimination policies, enforce existing anti-discrimination laws, reduce HIV-related stigma, and expand

accessibility to health services to mitigate many of the barriers to access services.

Existing Social Protection schemes should be reviewed, upscaled and made HIV-sensitive to enhance the likelihood of PLHIV and other marginalized groups receiving the necessary support to remain on treatment and keep their jobs. This is even more important when people are unemployed and when financial insecurity persists.

Employers should invest in implementing Well-being (HIV and other illnesses) Work Place policies, which increases job opportunities for PLHIV. This includes policies on anti-discrimination to improve treatment adherence; on

awareness and information provision; on modification of employment conditions , e.g. allow time off to go to hospital; providing health services in the workplace, e.g. HIV testing and counselling and TB screening Confidentiality issues are also critical in dealing with disclosure and treatment adherence in the workplace. Civil society is a crucial partner for enterprises aiming to develop effective and needs-based policies www.workplace-wellbeing.net .

Louise Anten, Task Force Women's Rights and Gender Equality at Ministry of Foreign Affairs

The Netherlands, 09-03-2015

IF WE WANT INCLUSIVE DEVELOPMENT, LET'S START BY INCLUDING WOMEN!

In this contribution I will make three points:

- Gender inclusiveness is essential to any effective policy to promote inclusiveness,
- Collective action by women's organizations is still crucial to achieve transformative change in gender relations,
- Emerging new and innovative partnerships engaging the private sector, civil society and knowledge institutions provide interesting avenues for donors to support women's empowerment. Examples are the BSR HER project[1], or the work of the Fair Wear Foundation to combat violence against women in garment factories.

Women make up half the world's population, so they can hardly be considered a minority. Yet in terms of inclusiveness there are definitely some issues that need to be solved. While global gender gaps in health and education have largely been closed in recent decades, the gaps in economic participation and political empowerment remain large.[2] In other words, women are still largely excluded from the economic and political spheres. Closing these gaps is not only a matter of justice, it is also a matter of development effectiveness. Because investing in women is smart economics and smart business, as the international community and the private sector now broadly support. Investment in gender equality yield the highest returns of all development investments.[3]

In recent decades steady progress has been made in closing gender gaps, but progress is too slow to leave the issue to the market. It would take another eighty years to achieve gender equality at the workplace. Why are the unmistakable economic opportunities not taken up faster? An important reason is that the inequality women and girls experience is based on social norms, beliefs and customs, which are mirrored in discrimination in the market and other economic institutions. And norms, beliefs and customs are not easy to change. Moreover, the constraints that withhold women from full participation in society and the economy are many and mutually reinforcing. It is not sufficient to provide employment for women, if there is discrimination in wages and conditions, if the women have to hand over their wages to their husbands, if they have to perform unpaid care tasks after work or if the women's jobs lead to violence at the workplace or at home.

Collective action by women's organizations has proven essential to addressing women's constraints.[4] Coming together in groups enables women to identify the challenges they face and how these might be surmounted. It strengthens women's voice, agency and influence on the policy agenda.[5] The Netherlands' support to collective action by women's organizations, through the MDG 3 Fund followed by FLOW, has been highly appreciated by the women's movement.

Yet the time is ripe to broaden the collective action to include more stakeholders in addition to women's organizations. Frontrunner private companies are investing hundreds of millions of dollars in women and girls. There is emerging evidence that their investments would have more lasting impact on the position of women if they would not limit themselves to investments in employment or training only, but would cooperate with civil society organizations including local women's organizations to address the multiple constraints women face.[6],[7] There is a business case

for such approaches, since they allow companies to simultaneously increase their financial and social profits. Donors would do well to support such partnerships, since in this phase donor support is often essential.

The private sector and civil society cannot be expected to solve all constraints to gender equality. Governments have an important role to play in providing a non-discriminatory enabling environment. Globally speaking, discriminatory laws on e.g. access to land are steadily being reformed, opening up more opportunities for women.[8] Concerted donor action, like the Bangladesh Safety Accord, linking reform of government regulations to private sector commitments, can provide the incentives for the various stakeholders to create important effects on the position of the largely female workforce.

[1] <http://herproject.org/herhealth>

[2] <http://reports.weforum.org/global-gender-gap-report-2014/report-highlights/>

[3] OECD (2012) *Gender equality in education, employment and entrepreneurship: Final Report to the MCM 2012*

[4] Htun and Weldon (2012), *The Civic Origins of Progressive Policy Change: Combating Violence Against Women in Global Perspective, 1975-2005*

[5] ODI (2015), Helen O'Connell, *Background note High-level event on women's empowerment and sustainable development, Riga*

[6] <http://www.oakfnd.org/economicempowerment>

[7] http://www.ssireview.org/articles/entry/empowering_women_at_the_grassroots

[8] <http://wbi.worldbank.org/>

TOPICS: Private sector Women

David Woodward, New Economics Foundation

The Netherlands, 09-03-2015

PROMOTING INCLUSIVE DEVELOPMENT: THE RURAL DEVELOPMENT IMPERATIVE IN THE POST-2015 ERA

Poverty eradication is fundamentally different from poverty reduction. Poverty can be halved through reduction in emerging market economies alone; but poverty eradication requires its eradication in least developed countries (LDCs), where it is worst and declining most slowly, and where the obstacles are greatest. Most LDCs are predominantly rural; their rural population is growing strongly; and poverty is most severe in rural areas. With a limit to the sustainable rate of urbanization, rural development is critical.

Since income transfers are financially unsustainable and logistically impracticable on the necessary scale, employment creation is central, at incomes above the poverty line. And to be sustainable, incomes must be matched by productivity. Since rural productivity in LDCs is far below the poverty line, sustainable poverty eradication will require massive employment creation, with much higher productivity.

While agricultural upgrading is critical, high levels of under-employment in agriculture make simultaneous achievement of such major increases in productivity and employment impossible. Diversifying rural economies beyond agriculture is thus essential. This is not “either/or”, but a question of harnessing the considerable synergies between agriculture and non-agricultural development.

Increasing agricultural productivity increases demand for non-agricultural goods and services, but displaces labour; developing non-agricultural production can satisfy this demand, while helping to absorb the surplus labour and creating demand for higher-value foods. Agricultural processing and packaging make produce more transportable, widening its market. And each sector generates surplus income, essential for investment in the absence of functioning credit markets.

The virtuous circle created by such synergies has the potential ultimately to eradicate poverty where it is most entrenched, to turn the rural sector from a brake on development to an engine. It would also reduce rural-urban inequalities, easing pressures for rural-urban migration, and thus contributing to urban poverty reduction.

Once initiated, such a virtuous circle could be largely self-sustaining; and non-agricultural enterprises' competitiveness and capacity to exploit economies of scale should increase as improvement of rural transport infrastructure increases exposure to competition and widens markets. However, initiating such a process requires a "kick-start" on the supply-side and the demand-side, as shown below.

<https://includeplatform.net/wp-content/uploads/2015/03/Af-Woodward-table1.jpg>

Dutch (and other donors') development policies could best promote such a process by:

- focusing ODA more strongly on LDCs, and on rural development;
- prioritising rural electrification; agricultural extension and input supply; support to rural non-agricultural enterprises and investment in rural infrastructure;
- sequencing ODA to synchronise increases in supply and demand, while ensuring that transport infrastructure increases market size in line with enterprises' competitiveness;
- promoting labour-intensive construction methods and local procurement in infrastructure investment.

Trade policy could play a complementary role by:

- maximising market access for LDCs' agricultural produce, and avoiding unnecessarily burdensome quality standards and measures discouraging local processing;
- not impeding appropriate use of infant industry protection under GATT Article XVIII;
- opposing any provisions in EU bilateral trade and other agreements which could inhibit the rural development process described above, and seeking amendments to any such provisions in existing agreements.

Given the Netherlands' historical leadership role and disproportionate influence on development issues, its impact could be further increased by actively promoting a similar approach among other national governments and international institutions in international fora such as the EU, the OECD Development Assistance Committee, the World Bank and the WTO.

[1] For a more detailed discussion, see UNCTAD (2014) *The Least Developed Countries Report, 2014* (http://unctad.org/en/PublicationsLibrary/ldc2014_en.pdf), pp 129-133.

TOPICS: Poverty reduction Agriculture

Natalia Winder Rossi, et al., UNICEF, Social Protection (ESARO and HQ teams)

Kenya, 09-03-2015

SOCIAL PROTECTION: A CRITICAL STRATEGY TO PROMOTE INCLUSIVE GROWTH IN SUB SAHARAN AFRICA

Despite Sub-Saharan Africa's significant economic growth and increased investment in social sectors, millions continue to live in persistent poverty, and suffer deprivations from significant inequity, marginalization, and social exclusion. By 2025 one in every four of the world's inhabitants will be living in Africa, and the continent will host 1.8 billion new-borns in the next 35 years[1].

In Eastern and Southern Africa, nearly half the population lives on less than US\$1.25/day, and many live in countries with the highest income inequities in the world. Moreover, today the region continues to be the epicentre of the HIV and AIDS epidemic. The region is home to half the world's population living with HIV, 55 per cent of the world's new HIV infections among children, and 48 per cent of the world's AIDS related deaths[2]. Almost eleven million children have lost one or both parents to AIDS. In addition to the HIV epidemic, humanitarian emergencies regularly threaten the region, with 16 out of 21 countries facing considerable risk[3], and 12 countries[4] ranking among the world's 40

most 'fragile states'. Compounding vulnerabilities severely diminish the potential gains of thriving economies if populations are not empowered, and gains are not shared.

Social protection is increasingly being recognized by African governments, as an integral component of national development, inclusive growth and poverty reduction agendas[5]. In the last few years, the region has seen a remarkable increase in social protection interventions, a significant scale-up of these programmes, and a shift from fragmented and stand-alone interventions to more coordinated approaches towards the development of social protection systems. Moreover, several countries from the region are starting to progressively expand the financing of social protection with greater contributions from domestic resources.

Evidence coming from impact evaluations of national cash transfer programmes in Africa, led by the UNICEF under the Transfer Project[6], shows that social protection, in particular cash transfers, contributes to a broad range of impacts across multiple sectors, improving access to health, education, and nutrition, strengthening social networks, and impacting HIV and AIDS by increasing access to treatment and prevention, and reducing adolescent vulnerability and risk taking[7]. Far from creating dependency, social protection can enhance individual, family, and community resilience, increase the capacity of families to provide for their children, and reduce social and economic barriers to critical services.

Social protection is not a silver bullet for poverty eradication. But it is critical for building a sustainable base for prosperity. It levels the playing field for excluded families, and progressively contributes to building stronger economies – at community, subnational, and national levels. Predictable and regular benefits enable households to plan and diversify their consumption, engage in productive investments, and minimize negative coping strategies in the event of crises. This capacity is maximized when families are able to access other social services, skill formation and opportunities for income generation.

There is regional and national level commitment to social protection. At the African Union's 2014 Ministers of Social Development meeting, delegates re-affirmed their commitment to expanding and scaling up comprehensive social protection programmes and to increase the allocation of domestic resources.

But three significant constraints require continued donor attention. First, government capacity, particularly in the social welfare sectors, remains weak. Developing and managing a social protection system composed of multisectoral programmes and services will demand a solid institutional setup, clear mechanisms for coordination and the strengthening of human resource capacities at central and decentralized levels. Secondly, the evidence base supporting the attainment of sector specific outcomes from broad based multisectoral initiatives needs strengthening, to further influence policy and programme, and strengthen the investment case for domestic budgeting and co-financing. Lastly, government led development efforts themselves need to be more inclusive, not only by involving beneficiaries and key stakeholders, but also promoting more effective government and civil society partnering. This can be achieved by greater involvement of civil society as a service delivery partner, and as an active participant in the development of policies, strategies, and programmes. Addressing these three areas can forge a strategic donor-government- civil society partnership; a partnership to achieve the common goals of social justice and sharing the gains of a revamping and thriving economy.

Contributors: Natalia Winder Rossi, *Senior Social Protection Specialist, UNICEF-ESARO*; Jennifer Yablonski, *Social Protection Specialist, UNICEF-Child Poverty and Social Protection Section, HQ*; Catalina Gomez, *Social Protection Consultant, Child Poverty and Social Protection Section, HQ*; Thomas Fenn, *Senior HIV/AIDS Adviser, Social Protection, Care and Support*; Patricia Lim Ah Ken, *HIV/AIDS Specialist, Social Protection, Care and Support*.

[1] UNICEF, 2014. *Generation 2030. Child Demographics in Africa*.
http://www.unicef.org/publications/files/Generation_2030_Africa.pdf

[2] Unless indicated otherwise, all data are cited from *Getting to Zero: HIV in Eastern and Southern Africa*. UNAIDS, 2013.

[3] See <http://inform.jrc.ec.europa.eu/>. Inputting the countries of ESAR to this interactive mapping tool reveals acute levels of risk – a function of high existing vulnerability and very low levels of coping capacity (as well as significant hazards and high exposure)

[4] <http://www.foreignpolicy.com/fragile-states-2014rankings>

[5] In the recent Fourth Session of the African Union Conference of Minister of Social Development, (May 2014) African governments committed to expanding social protections systems as integral part of their social development agendas

[6] In partnership with national governments, research partners and civil society, UNICEF, FAO, Save the Children UK and the University of North Carolina at Chapel Hill have launched The Transfer Project: Learning How Social Transfers Work in Africa. The Transfer Project is an innovative research and learning initiative which supports improved knowledge and practice on social transfers in Africa. <http://www.cpc.unc.edu/projects/transfer> and <http://www.fao.org/economic/ptop/home/en/>

[7] For summary of results to date (**broad range of impacts**), please see: http://www.cpc.unc.edu/projects/transfer/publications/briefs/TPBroadImpactsofSCTinSSA_NOV2014.pdf; Specific impacts on **HIV prevention** can be found at: http://www.cpc.unc.edu/projects/transfer/publications/briefs/SocialProtectionHIVBrief_Jan2015.pdf

Christal Oghogho Spel, Doctoral Candidate Social and Public Policy, University of Helsinki

Finland, 09-03-2015

SUPPORTING THE HUMANS IN THE INFORMAL SECTOR TO PROVOKE ECONOMIC GROWTH

Policy support can be directed to the disadvantaged group as active people rather than to them as micro business owners. In this approach the emphasis shifts from the economics to the human. By the very many and diverse trades and services available in the informal sector in Africa urban centres, the poor and disadvantage groups have proved themselves to be proactive, creative and productive. Yet why is it that they are still outside development effort and the life span of their trade is extremely short?

From five years of business consultancy in the informal sector in Lagos, Nigeria and subsequent 4 years of research on street trading in Johannesburg, South Africa, I found that the economic effort of the poor are highly undermined and eventually destroyed by emergency and other costs associated with their personal lives. For example, lucky recipient of micro finance loans, are forced to use such money for children's school fees, doctors bill or rent. And sometimes, it is the daily income from the businesses that were infused with life from loans, which are entirely spent on daily needs, like food. The basic needs will eventually kill the business.

While it will require direct study to understand the in-flow and out-flow of finances of the poor in specific space and time, I have been able to identify health, housing and children education as critical to the success or sustenance of the economic effort of the poor.

Yet, such costs can be effectively covered by policies and services targeting them, and thus free the poor to pursue and grow their economic activities. Heavy costs like health and housing can be supported and covered by innovative insurance schemes designed to meet the unique need and capacity of the poor. Secondly, innovative education and mentoring services can also be effective not only in supporting the poor individuals but also ensuring that the family is not caught in the rotation of chronic poverty.

How can policy, donors or the private sector help?

Private sector can help by providing human services (for example, in the areas mentioned above) for the end line of their distribution channels. Majority of the micro trade of the poor relies on the breaking down of bulk products into smaller parts for easy purchase by others. Supporting services from private organizations that are directed at this level of distribution focus on Marketing strategies, Bookkeeping and other business related practices. Again, separating and neglecting the human from the trade.

Policy wise, the relevance of developing appropriate social policy in developing countries cannot be overemphasized. Emphasis being on appropriate.

Donors can support research and development into the lives of the poor and possibly fund innovative projects that will develop out of such studies. However, donors cannot take full responsibility for research and development,

government will need to link their social policy to the findings from research and development. Arbitrary policies from politicians or foreign agents cannot be expected to suit the needs of the disadvantaged groups.

Conclusion

Inclusiveness cannot only be seen from above, but also from below. The strategy suggested in this write-up will encourage and empower the poor and disadvantaged group to proactive and creatively take steps to integrate themselves to the development wagon. Until present, their proactivity, creativity and versatility have been proven time and time again. By reducing their economic burdens, they will have more room to grow stronger and bigger.

TOPICS: Informal sector

David Seidenfeld and Sudhanshu Handa, Principal Researcher, American Institutes for Research (AIR) and Professor, University of North Carolina (UNC)

United States of America, 09-03-2015

CASH TRANSFER PROGRAMS: THE GOLD STANDARD FOR POVERTY REDUCTION

National cash transfers programs that target the poor, both conditional and unconditional, appear to be the most successful interventions for reducing poverty and providing a wide range of benefits to the poor. Dutch policy can focus on encouraging governments in developing countries to pilot and take up CT programs, while also providing the initial funding for governments to pilot the CT and rigorously evaluate it.

The abundance of evidence from dozens of cash transfer programs across the world suggest that there are few interventions that can match the range of impacts and cost-effectiveness of a small, predictable monetary transfer to poor families in developing countries. Since the ground-breaking experiences of Progresa (Mexico), Bolsa Familia (Brasil) and the Child Support Grant (South Africa) in the mid-1990s, literally dozens of developing countries have made direct cash payments to poor families part of their economic development strategy. Evidence based on independent studies from different programs across the world demonstrates that cash transfers can have an impact on a wide range of development domains.

Cash transfer programs can impact both protective and productive domains for the beneficiaries, but can also produce positive spill over effects to non-beneficiaries living in the same community, making CTs a socially acceptable policy. On the protective side, a recent review by Baird et al. (2011a) indicates for example that both conditional and unconditional cash transfers have significant impacts on children's schooling. Beyond schooling, impacts of national cash transfer programs, whether conditional or unconditional, have been reported for consumption (Seidenfeld, Handa, and Davis 2014 for Zambia; Kenya CT-OVC Evaluation Team 2012; Hoddinott & Skoufias 2004 for Mexico), children's health (Luseno et al. 2012 for Malawi), intra-household decision-making (Handa et al. 2009 for Mexico), child nutrition (Behrman & Hoddinott 2005 for Mexico), and even HIV prevention (Handa et al. 2014 for Kenya; Cluver et al. 2013 for South Africa). On the productive side we find impacts to asset accumulation, agricultural productivity, and non-farm enterprises (Seidenfeld, Handa, and Davis 2014 for Zambia; Covarrubias et al. 2012 for Malawi). Recent work by the FAO and UC Davis finds positive spill over effects to non-recipients of the program living in program communities who benefit from selling their goods to CT recipients or by being hired as labour by beneficiaries (Kenya, Zambia, Malawi, Zimbabwe, and Ghana).

As for the best policy mix, CT programs require complementary interventions in both the demand for, and the supply of specific services in order to have significant impact across all key development indicators. In the case of the Zambian Child Grant program, the cash transfer did not have significant impacts over some indicators. The program did not impact spending on education, nor use of health care, nor nutritional status, nor school enrolment or attendance of older teenagers.

These results suggest that the ultimate range of effects depend on program design, availability of services, and context. CTs should be accompanied by improvement to support services such as education and health care. If schools and health clinics are inaccessible, overrun or under stocked, then the impact of the program to affect education and health care domains is limited. Some impacts, such as nutritional status, are complex to move and depend on other factors beyond the cash transfer program such as access to clean water and latrines.

TOPICS: Poverty reduction

Evelijne Bruning, Director, The Hunger Project

The Netherlands, 06-03-2015

ON ENDING HUNGER AND POVERTY

The singular most representative face of hunger, poverty and exclusion is a female smallholder farmer struggling to make ends meet. Because contrary to what many people believe, hunger and poverty most frequently occur in remote rural areas in relatively stable countries. This is the case today, and will be for the foreseeable future. It is also entirely unnecessary.

Many countries have neglected to invest adequately in rural development. Rural communities often lack the voice needed to demand and enforce effective implementation of such investments. As the World Bank has shown ([WDR 2008](#)), investments in agriculture has twice the poverty-fighting power as other investments. Even deeper than a lack of investment lies another root cause of hunger and poverty: the severe subjugation, marginalization and disempowerment of women. This contribution argues for increases in investments (both domestic and ODA) in holistic, multi-sectoral, community-led and gender-focused rural development programs, and for a massive global mobilization of force around the SDGs.

The Hunger Project believes that to build the world we want, we must create a world of opportunity – programs and policies that empower every woman, man and child to be the authors of their own development. People living in poverty are not the problem – they are the solution. They must not be treated as target populations or beneficiaries, but as hard-working, intelligent individuals who – when empowered with opportunities – can overcome poverty and preserve our natural environment.

Transforming age -old, deeply entrenched gender inequality is possible, but it requires more than simply targeting women and girls. It requires listening to local women leaders at the forefront of the struggle for equality, understanding the specific barriers, and identifying the interventions most likely to catalyse society -wide transformation. While the brutality and domination of patriarchy are remarkably similar around the world, the “tipping point” interventions are distinctly local: The Hunger Project has proven that political empowerment in India, advocating for girls’ rights in Bangladesh, economic empowerment in Africa, and social empowerment of indigenous women in Latin America are all viable strategies towards ending hunger and poverty.

What we must do to get there

- Start with women: Women must be the key decision makers and change agents in any development process.
- Mobilize Everyone: While we deeply value the result implied by the phrase “leave no one behind” it could be interpreted in a paternalistic way. The real point is to empower everyone – to awaken everyone to what can be done to create the world we want, and organize them for effective action.
- Engage Local Government: Where poverty and environmental degradation is most severe, it is because grassroots level government is starved for resources and decision-making authority – and where communities

are denied voice and the opportunity of social accountability. Forging strong, accountable partnerships between grassroots people and effective local government is key to success.

How will we do this

National and sub-national government and all other partners must take steps to create the conditions for community-led development to succeed. This includes:

- Empower Active Citizenry: ensuring that people's rights to information, to assembly, and to participation in government are protected and strengthened.
- Apply Subsidiarity: human dignity, inclusion and social harmony are enhanced when planning, decision-making and resources are moved as close to the people as possible.
- Plan with all stakeholders: long-term planning for sustainable community development requires all relevant stakeholders to be at the table.
- Localizing the SDGs: National and International statistics and reviews are important, but are insufficient to inspire and focus community-led development. Data collection must be local, and aggregated upwards, so that community actors can set their own priorities and track their own progress.

Mobilize everyone

Cynicism and apathy stand in the way of progress anywhere. Our commitment must begin with a massive and urgent campaign to inform, educate and inspire everyone on the planet to join in the extraordinary human endeavour of the SDGs. "We the peoples" created these goals through the most inclusive policy-making process in history – and 1000-times that many people need to hear about them, understand them, and see the pathway through to their own unique contributions. Governments, Civil Society, Private Sector leaders, and especially the media have important responsibilities to get the implementation off the ground as quickly and comprehensively as possible. In the Netherlands, we are currently gearing up to implement the proven successful [Worlds Best News campaign](#).

TOPICS: Food security Small businesses Poverty reduction Women Agriculture Empowerment

Tom van der Lee, Advocacy & Campaigns Director Oxfam Novib

The Netherlands, 06-03-2015

ASPIRE TO BE THE LEADING ADVOCATE FOR ACCOUNTABILITY, TRANSPARENCY & FISCAL JUSTICE

The 85 richest people in the world own the same wealth as the poorest 3,5 billion people (the bottom half of the planet)[i]. So it's no surprise that seven out of ten people in the world live in a country where the gap between rich and poor is worse than thirty years ago. The combination of growing inequality with an enormous youth bulb creates human suffering and social friction, but also undermines further economic growth.

There are a lot of policies that can effectively reduce extreme inequality. Political capture or corruption – in the North and the South – are far too often insurmountable obstacles to these policies. Investing in the capacity of a civil society to hold political and economic elites to account is crucial. In short, the Ministry of Foreign affairs in its ambition to promote inclusiveness, should invest in becoming a leading advocate for accountability, transparency and fiscal justice. We should convince, stimulate or seduce governments & economic power holders to do the right thing. This brings me to the following ten policy recommendations:

1. Clamp down on tax dodging by corporations and rich individuals and curtail illicit financial flows. The Netherlands should stop its tax haven practices and support Oxfam's call for a World Tax Summit[ii] to fix the global tax system.
2. Convince governments to share the tax burden fairly through progressive tax systems, shifting taxation from labour and consumption towards capital, fossil fuels and wealth.
3. Agree on a specific goal to tackle inequality as part of the Post 2015 agenda. Ensure enough ODA, at least 0.7% GNI for EU member states and make domestic resource mobilization a bigger priority within ODA.
4. Create jobs. Increase investment[iii] in the productive and labour intensive sectors of the economy. Economic growth through agriculture is four times more effective at reducing poverty than other sectors (FAO)[iv].
5. Introduce minimum wages and move towards a living wage for all workers. Move towards a highest-to-medium pay ratio of 20:1 and transparency on pay ratios.
6. Introduce equal pay legislation and promote economic policies to give women a fair deal. If we don't speed up it will take at least another 75 years before women will be paid just as much as men.[v]
7. Invest in universal, free public services, such as health and education. Education is the magic bullet to improve upward mobility.
8. Ensure adequate safety-nets for the poorest[vi], including a minimum income guarantee. Translate the Brazilian Bolsa família[vii] into Dutch development policy.
9. Inclusive growth means sustainable growth. The Netherlands should support the IMF to cut \$2 trillion worth of energy subsidies across the world and invest it in job creation and education, with a focus on women.[viii]
10. Finally, collaborate private sector champions; those that have incorporated CSR in their core business and strive for bottom of the pyramid solutions. But acknowledge that there are a lot of free riders out there.

This is a shortened version of a larger piece that can be read here: [Tom van der Lee Oxfam – inclusive growth full version](#).

[i] **World Tax summit** [Oxf.am/Z5oJ](#) [EventItUp](#)

[ii] [Oxf.am/Z5oJ](#) [EventItUp](#)

[iii] *Promoting employment and the employability of workers does not necessarily translate into more investments through the private sector development instrument. On the contrary, last year's IOB evaluation concluded; 'there is only rarely [information] about the impact on the ultimate target groups'. The IOB was surprised to learn that loans were provided to the poorest countries as part of this instrument.*

[iv] @GerdaVerburg <http://ow.ly/HpVj3>

[v] <http://www.oxfam.org/en/pressroom/pressreleases/2014-07-14/75-years-too-long-wait-equal-pay-oxfam-urges-g20-act-gender-gap>

[vi] **Safety Net Support to Vulnerable Households in Somalia.** This project aims to reach 7,000 (3,920 female headed and 3080 male headed) pastoral and agro-pastoral vulnerable households in the selected districts based on their social economic profile. Identification of beneficiaries, targeting and registration is conducted in partnership with the community, community elected village recovery committees and the local partner with experience in 'all-inclusive' community based targeting.

[vii] **Bolsa Família Brazil** is a [social welfare](#) program of the [Brazilian](#) government. It provides financial aid to poor Brazilian families; if they have children, families must ensure that the children attend school and are [vaccinated](#). The program attempts to both reduce short-term [poverty](#) by direct [cash transfers](#) and fight long-term poverty by increasing [human capital](#) among the [poor](#) through [conditional cash transfers](#). It also works to give free education to children who cannot afford to go to school to show the importance of education

[viii] Christine Lagarde at 2015 WES summit in Davos: <http://www.moneycontrol.com/news/world-news/low-oil-prices-can-help-cut-energy-subsidies-worth-362-trn-1282944.html>

TOPICS: Inequality

INCLUSIVE DEVELOPMENT AND GENDER: TARGETING THE RIGHT WOMEN

According to data provided by the [International Labour Organisation](#) 55% of women worldwide were in the labour force in 2010. This unimpressive average, however, obscures major differences between countries. There were countries like Burundi, whose female labour force participation did not fall below 50% for any age group as well as states like Algeria, where it never reached that mark. In this contribution, I will argue that inclusive development needs to focus on improving access to formal jobs to target women who are actually in work, rather than creating jobs for those out of the labour force. Policy needs to make major efforts to formalise jobs that are currently performed in the informal sector and to reinforce compliance with labour law by registered firms and enterprises.

In her famous historical account on American women's employment, [Claudia Goldin](#) describes how for extended periods of time, wives' and mothers' ability to withdraw from the labour market was a sign of family affluence. In many low and middle income countries today, the same logic applies: those women who continue to perform paid work after marriage and childbirth, do so out of sheer necessity. Across countries, we observe that female labour force participation is high in least developed countries and falls as countries develop economically – until it starts increasing again in upper middle income countries, which often fall outside the scope of development cooperation. It is this group of working women, large in low income countries and smaller in middle income countries, that should be the target group of policies aiming to empower the marginalized through productive employment.

The work these women do, is often limited to informal, low paid and labour intensive sectors and occupations (e.g. [Çagatay & Özler](#)). In [recent research](#) in nine sub-Saharan African countries, Kea Tijdens, Maarten van Klaveren and I develop a scale for job-based informality, based on workers' employment status (such as having a written contract and agreed working hours) and access to social security. We find that workers in more formal jobs receive higher wages and work shorter hours – in short, formal jobs yield better labour market outcomes. Making sure that firms are registered and offer formal sector jobs should be a first priority in trying to secure gainful employment for women, or indeed for other marginalized groups.

For women in particular, working in the formal sector often also implies the presence of laws regulating maternity leave and other family provisions. Our [report](#) on Labour Rights for Women shows that these rights are effectively enshrined in the labour codes of many developing countries. Yet compliance with the law is often lagging far behind official policies. In numerous [reports](#) on wages in developing countries, prepared in cooperation with the [WageIndicator Foundation](#), we find registered enterprises that regularly pay wages below the statutory minimum and employees lack access to benefits to which they should be entitled. With support from the Foreign Affairs Ministry's FLOW fund, the WageIndicator Foundation launched an [online comparison tool](#) for collective bargaining agreements. Studying these collective bargaining agreements for a recent [report](#), we find that, almost without exception, they guarantee standards equal to or above the statutory minimum. As such, they reinforce compliance.

While it would be easy to think of collective bargaining agreements that merely copy legal standards as unambitious, they can also be interpreted as an employer's pledge to uphold the law, a non-trivial commitment in many developing countries. Formal jobs and firm level commitment to compliance with the law could be a promising of involving the social partners in achieving inclusive development.

TOPICS: Informal sector

David Sogge, Independent consultant

The Netherlands, 06-03-2015

INCLUSION/EXCLUSION AND GLOBAL RULES: PROBING SOME PREVAILING NOTIONS

When terms like exclusion, inclusion and partnerships come up, what are we actually talking about? Can business actually help reverse upward redistribution? Perhaps, but only if rules of the game are changed, and robust social contracts built.

The Ministry's *Discussion Note* adopts several important starting points. It boldly puts inequality in the foreground as an impediment to economic growth and to responsive government. It usefully alludes to 'horizontal' inequalities as drivers of [organised violence](#). At several places the *Discussion Note* implies that policy and politics should disproportionately favour the poor and the marginalized. These are promising ideas. Their pursuit could result in new policy rules and instruments; imagine, for example, a requirement that trade and development programmes be subject to an "inequality impact assessment", analogous to environmental impact assessments. Such things would rapidly clarify the politics behind policies.

Other starting-points, however, need further reflection. One of these is the notion of exclusion itself. Economic exclusion can explain lack of access to public goods, security, justice and decision-making in only some cases. A lot of people are today denied such access while being economically *included*. For theirs is ***inclusion on adverse terms***. People with precarious work are not excluded from labour markets. People deep in debt, such as to micro-lenders are not excluded from financial services. People denied access to basic services that have been privatized into commodities are not excluded from basic services, they just cannot afford to pay for them. People caught up in global value chains as workers or suppliers of commodities are not economically excluded, they simply face exploitation. These people are the 'working poor': a large and growing category around the world. Yes, it is true that neglect, discrimination and patriarchal norms can worsen poverty and powerlessness. But more fundamental are problems arising from adverse incorporation in volatile, commoditized, exploitative and coercive systems.

Prevailing notions of exclusion focus on gap-filling and '*delivery*'. But if inclusion is to be achieved and sustained, the focus should fall on emancipation from relationships that generate poverty and powerlessness, that is, on '*deliverance*'.

Can the for-profit sector and its huge array of public and private rules contribute to inclusion on favourable terms? Perhaps, but only if those rules undergo fundamental restructuring. For if they continue to develop as they have up to now, they will keep expanding private sector powers to drain financial and material resources from poorer to richer jurisdictions, from which they are pumped into non-productive financial casinos. As long as these processes continue, and poorer places are denied investible resources, can we still expect the poor to "benefit above average", as advocated in the *Discussion Note*? Probably not. Indeed we'll be waiting until Sint-juttemis; that is, until hell freezes over. Tackling these cumulatively reinforcing dynamics is no cakewalk. But it could begin with vigorous steps to:

- end anti-competitive, cartel-like mechanisms operating transnationally;
- end laws and mechanisms that enable, indeed encourage, the use of secrecy jurisdictions to hide assets, income and beneficial ownership;
- radically revise rules on intellectual property rights and the rents they generate;
- end aid conditionalities that weaken regulatory and tax systems.

Meanwhile, costly efforts to 'blend' public and private monies should be discontinued. For as the European Court of Auditors, the Dutch Ministry's own evaluation unit IOB and others have found through careful research, evidence that these public-private partnerships actually add value is extremely weak, while the risks that businesses extract rents from them are considerable.

Bitter experiences of past decades demonstrate that positive economic and political change can't be achieved using one standard formula. However, one red thread does run through histories of successful inclusion, and that is a *social contract*. As a [paper](#) published by the UNDP's Bureau of Crisis Prevention and Recovery notes, a "social contract refers to processes by which everyone in a political community ... consents to state authority ... in exchange for the state's protection of their universal human rights and security and for the adequate provision of public goods and services." Note the key terms: "everyone in a political community" and "universal". A robust social contract can't be built by singling out groups or category for special treatment. Such approaches introduce paternalism and stigmatization, leaving intended beneficiaries in politically weak positions. Yes, needs stemming from special disadvantage may require special measures, but those should not be used to substitute for a social contract with *universal* scope. Inclusiveness means no more and no less than that.

Rob van Tulder, Prof. in International Business, RSM Erasmus University Rotterdam and Ac. Director, The Partnerships Resource Centre

The Netherlands, 06-03-2015

UNDERSTAND BUSINESS MODELS

'Inclusive development/growth' targets a wide variety of groups such as the poor, women, ethnic, minorities and/or inhabitants of rural and geographically remote areas. It is difficult to prioritize which of the 'exclusion' categories should be addressed first. Because of the ambition to involve corporations in the policy agenda, the question then also becomes how to stimulate companies to adopt truly 'inclusive business models'.

Inclusive business models relate in particular – but not exclusively – to the 'bottom of the pyramid' (BOP) strategies. But can bottom of these strategies actually attribute to inclusive development? The answer to this question lies in a more sophisticated understanding of how companies build up business models. This is a challenging task for policy makers and business strategists alike. Take DSM. It is a major participant in programmes of the ministry of Foreign Affairs. Their ambition to develop inclusive business models is undisputed. But they also acknowledge that reaching the real 'bottom' of the pyramid (the really poor) is beyond the reach of their direct business model.

For DSM there is no 'business case' for the company in the segment of the really poor. DSM rather aims at the 'base of the pyramid' – also abbreviated as BOP. A confusion of terms is imminent, but primarily relates to an assessment of the impact of its business model. DSM argues that the positive effects of its effort in food and nutrition security will eventually be distributed to the poorer segments of society. This is an interesting actualization of the classic 'trickle down' argument – now at the level of the corporation. The real impact of DSM's model might be indirect and longer term than the company can actually achieve. That need not be a problem since companies have generally a smaller sphere of influence than governments. From other research, however, we know that this claimed trickle down might not materialize. Even more negative indirect effects have been observed for instance with specific inclusive (micro)finance business models.

So, should we therefore 'trust' and support DSM? We studied the inclusive business models of frontrunner companies to delineate the most important ingredients of inclusive business models.[1] Companies face a comparable selection problem in their inclusiveness agenda as governments. Inclusive business models are very complex to define and implement, not in the least because of the timely challenge of addressing so many issues. This is called the 'materiality' problem. No proper benchmarks exist to distinguish more from less inclusive companies. Leading benchmarks define primarily the negative dimensions of issues: those companies that exclude populations or abuse them. Most CSR rankings are based on criteria of 'exclusion' and 'risk' rather than on criteria of 'inclusion' and 'responsibilities'. High scores on the Dow Jones Sustainability Index present a weak indicator of their degree of inclusiveness. Companies that are interested in inclusive business models therefore present a moving target: they might have strategic ambitions, but are not always able to implement these within their own company or their supply

chain. Additional problem is that advanced inclusive business models require societal partners to actually implement that strategy. It makes it difficult for governments to distinguish serious companies from less serious contenders – those that use the ‘inclusiveness’ ambition as window dressing to prevent reputational damage or get subsidies.

To overcome this predicament, we developed a relatively simple benchmark for distinguishing ‘sophisticated’ from ‘less sophisticated’ inclusive business models:

- (1) *Mission*: an active and identifiable approach (or narrative) towards poverty and income inequality; in case the company can link core issues of inclusiveness with other issues in its prime mission, the company can be considered serious (materiality principle);
- (2) *Impact*: accountability beyond the direct effects of the business model (including indirect effects and unintended consequences); no simple claims, but sharing of dilemmas;
- (3) *Inclusive business cases*: a clear link to the core activities and competencies of the corporation (both in production and sales);
- (4) *Stakeholder involvement*: the company engages in pro-active strategic partnerships with NGOs and government related to its core business – not in philanthropic relations.
- (5) On the basis of this benchmark it can be decided whether a company – DSM or any other frontrunner company – has a serious ambition to make the transition to an inclusive business model. Whether it actually does achieve a contribution to inclusive development, then, depends also on the proper contribution of other partners.

[1] See for instance: Rob van Tulder & Andrea da Rosa (2011) *Inclusive business through partnerships*, Rotterdam: www.partnershipsresourcecentre.nl

TOPICS: Private sector

Izabella Toth, Senior Corporate Strategist, CORDAID

The Netherlands, 06-03-2015

FRAGILITY, POLICY AND INCLUSIVE GROWTH

Any development or investment policies without inclusiveness at their core will fail in terms of both process and outcome, leaving fragile populations ever more disadvantaged.

The post-2015 discussion, by recognizing the specific challenges brought by fragility, makes it clear that inclusivity is not only an opportunity but an imperative – because the opposite of inclusiveness is exclusion, and exclusion is a root cause of fragility and under-development.

Benefits for the poor

Cordaid focusses on those societies where economic and social interventions that supported the MDGs have proven inadequate in the face of political, social and environmental fragility. Fragile communities and societies require a laser-like focus on systems and structures that provide security and resilience, that deliver basic services, that support education and opportunity, and that engage with all interest groups inclusively and transparently. Good governance, in particular, is key to overcoming fragility. Hence, public donors and policy makers should prioritize investing in transparent responsive governance, which is a prerequisite for transforming fragility into peaceful and stable societies.

How to reach the most excluded

The most excluded groups are found in the most fragile communities and societies. Engaging them requires patient, empathic, relationship-based work. This type of relationship-based work requires longer time-frames, significant investment in capacity building, and stable medium-long term funding that supports not only outcomes, but empowering change processes.

The role of donors and civil society

If national governments are delivering inclusive development, civil society actors are involved by definition, and donors may or may not be providing support through diverse mechanisms. The problem in fragile states is that the government lacks capacity or political will to play its role. In these cases, donors, civil society, and indeed private sector must consider how to satisfy needs for security, opportunity, subsistence and basic services, in the absence of government support or resources, or as a process for creating an enabling environment where good governance can be realized.

How can the private sector address the interests of the poor –

In fragile states and contexts, peacebuilding and reconciliation are pre-requisites to implementing macro-, meso- and micro economic activities.

Engagement of private sector in fragile communities and societies has to be prepared to be context sensitive and go beyond the 'do no harm', and 'protect, respect, remedy' voluntary frameworks, engaging communities in meaningful partnerships that result in granting of long-term and renewable 'social license to operate'.

Jobs are created, trust is built and enhanced social cohesion can be achieved by:

- partnering private sector with civil society at one hand to bridge gaps where weak governance fails to provide basic services, security and justice, or resilience in the face of environmental or human caused threats and risks, AND
- by encouraging local private sector development in fragile contexts by supporting entrepreneurship and SMEs,
- the temporary nature (3 years?) of PPPs as a model for partnership in development, must be addressed and met by longer term planning for investment, from Government and from PS side.
- need for an integrated approach embedded in the actual needs of the community
 - [Investment in Youth skills development and job creation](#)
- Strengthen the role of public sector to create an enabling environment for private sector (local) to flourish
 - support private investment by providing political risk guarantees, and use [innovative financing](#) mechanisms such as blending also to reach the missing middle of the market

Horizontal inequalities

Horizontal inequalities in fragile and conflict-affected areas are often the result of identity issues that divide communities by ethnicity, religion, culture. Rapid social change makes this worse, especially with respect to including youth and gender sensitive perspectives in social change processes. In South Sudan, the perceived development priority was oil exploitation. Missing was investment in and facilitation of long-term reconciliation between identity groups in a fragile and vulnerable society. This emphasis on macro-economics rather than local dynamics and human needs proved disastrous and left the country significantly more fragile and many people more marginalized than ever. Integrated approaches have to coherently link peacebuilding (security and justice) with state building (good governance and provision of basic services) with economic development (opportunity and partnership) – and not sacrifice one pillar or sector for another.

TOPICS: Private sector

**Sheu-usman Akanbi, Phd. Agricultural Economics. Technical and Entrepreneurship Centre,
University of Ilorin**

Nigeria, 05-03-2015

AGRICULTURE FIRST!

The Netherlands aid and trade policy, manifested through the introduction of external technology supported by external financing (aid), should address the trade-related constraints in developing countries of Africa.

The United Nations Conference on Trade and Development (UNCTAD) report of 2014 revealed that the average annual growth rate of real output in Africa increased from 1.8 per cent in the period 1980–1989 to 2.6 per cent in 1990–2000 and 5.3 per cent in the period 2000–2010. Despite the apparent progressive increase in the continent's economic-growth rate in recent years, the quality of growth has continued to remain questionable as it falls far short of its potential, considering the low productivity, lack of appropriate technology, poor economic competitiveness, low investment, and weak linkages in the development process and these calls for a more proactive approach if sustainable- and transformative growth is to be achieved.

Synergy between the cumulative-Dutch expertise and the resource-laden developing countries of Africa, can serve as a catalyst for mutually-beneficial trade-relationship between the two parties, particularly in the area of food security (one of Netherlands policy spearhead, capable of sustaining economic growth).

Nigeria is a mono-cultural crude-oil economy and recently, Nigerians have been experiencing economic hardship as a result of the over 50% cut in the price of oil exports reflected by the shrinking state revenue and a 30% drop in the exchange rate. This scenario has inevitably put huge pressure on the middle class, and even some in the upper class are also feeling the pinch. Budget cuts at the state and federal level are already undermining services for the poorest in Nigeria, where more than 70% of the population are estimated to live on less than \$1.25 a day (World Bank, 2014). Given this scenario, it is only a sustained-economic-growth agenda that can lift a huge chunk of its population out of a vicious-poverty cycle. A sustained-economic growth can generate virtuous cycles of opportunity and prosperity, and thereby reduce poverty. However, the extent to which growth reduces poverty depends on the degree to which the poor participate in the growth process and share in its proceeds (DFID, 2007). The challenge therefore is how best to combine a mix of growth-promoting policies that will translate growth into benefit for the poor. One key-economic sector that has over the years risen to this challenge is agriculture which has continued to offer a veritable safety net to the world's poor, particularly in the developing countries. Of Sub-Saharan Africa's economically active population, 60% work in the agricultural sector. This evidently must have prompted the Nigerian government to initiate the World Bank/African Development Bank-assisted Fadama Development Project, a Community-Driven Development (CDD) pro-poor-agricultural Project. CDD projects have been proven to be sustainable and responsive to local priorities by both government and donor agencies (Mansuri and Rao, 2004; Akanbi and Akinyoade, 2014). The CDD approach embeds a mix of growth-enhancing policy strategies that include:

- Employment generation and building productive capacity to increase farm productivity
- Supporting increased food production and socially inclusive management of natural resources
- Improved access to basic rural infrastructure and appropriate technology
- Supporting the establishment of non-farm enterprises to avoid food loss
- Increased financial inclusion and improved mechanism for conflict resolution
- Bridging the gender inequality gap and stemming the level of discrimination against the vulnerable poor

However, Mosse (1997), Cleaver (1999) and Kleimeer (2000) found that CDD projects that lacked external institutional, financial, and technical support were not sustainable.

References

- Akanbi, S and Akinyoade, A., 2014, Chapter 12 – Contributions of Small- and Large-Scale Farms and Foreign and Local Investments to Agricultural Growth The Nigerian Example, *Book-Digging Deeper: Inside Africa's Agricultural, Food and Nutrition Dynamics*, Africa Studies Centre, Leiden Brill publishers, 2014
- Cleaver, F. 1999, *Paradoxes of participation: Questioning participatory approaches to development*. *Journal of International Development* 11(4): 597–612.
- DFID, 2007, *Growth: Building Jobs and Prosperity in Developing Countries*, United Kingdom Department for International Development, 2007 annual report.
- Kleimeer, E. 2000, *the impact of participation on sustainability: An analysis of the Malawi rural piped scheme program*. *World Development* 28(5): 929–944.
- Mansuri, G., and V. Rao. 2004, *Community-based and –driven development: A critical review*. *World Bank Research Observer* 19(1): 1–39.
- Mosse, D. 1997, *Colonial and contemporary ideologies of community management: The case of tank irrigation development in south India*. *Modern Asian Studies* 33(2): 303–338.
- UNCTAD (2014), *Economic Development in Africa United Nations Conference on Trade And Development Report 2014 Catalyzing Investment for Transformative Growth In Africa*
- World Bank (2014), *World Bank Poverty Report on Nigeria* <http://dailyindependentnig.com/2014/05/world-bank-report-poverty-nigeria/> accessed 23/02/2015

TOPICS: Agriculture

Nicholas Freeland, Independent Consultant

France, 05-03-2015

DON'T TARGET THE POOREST!

It is increasingly recognised that inclusive social protection has a major role to play in redistributing the benefits of growth to the poorest and most marginalized. But the emerging lesson, counter-intuitively, is that such social support is less successful and less sustainable when it is focused only on the poorest.

The reason for this is political: that programmes targeting only the poorest attract very limited support from the slightly less poor (who feel arbitrarily and unfairly excluded), from the middle class (who themselves are still very vulnerable to falling back into poverty at the slightest shock), and from the wealthy (who resent paying taxes for something from which they derive no benefit). So, as Amartya Sen once observed: “benefits aimed exclusively at the poor often end up being poor benefits”.^[1]

The political reality is that the poorest and most disadvantaged do much better as a result of inclusive, more universal programmes. A very good example of this is Lesotho's old age pension, which was introduced in 2004, against the advice of international financial institutions as being “unaffordable”. Because it is near-universal^[2], it has fast become a feature of Lesotho's political landscape and a focus of electoral debate. It has not only proved affordable, but the Government has been able to substantially increase its share of the domestic budget. Its universal appeal has bolstered its popularity, greatly to the benefit of its poorest recipients in particular: they have seen the value of its transfer increase dramatically over the past decade, from M150 per month to now M450 (US\$40) per month, with a further increase to M500 (US\$45) per month promised in the recent budget. The value of the pension transfer, expressed as a percentage of GDP per capita, is over 75% in Lesotho, compared with – typically – less than 10% in often much wealthier countries that choose to poverty-target their pensions, such as India, Vietnam, Bangladesh or the Philippines.

There is usually fiscal space available for governments to spend more on genuinely redistributive social assistance. In Lesotho's case, there was a hugely expensive but highly regressive tertiary bursary scheme. Other countries often have similarly regressive energy subsidies, which disproportionately benefit the rich: Indonesia for example has recently been able, under its new progressive government, to vastly increase social spending as a result of reforms to its fuel subsidy. But here again, it is politically much easier to implement such reforms if the subsidies are replaced by universal programmes: it is only natural that those who are losing most as a result of subsidy reform will be more

supportive of new programmes from which they will also benefit, than they would be of programmes that exclude them in favour of only the poorest.

Whilst national governments should be responsible for programme administration and – ideally – for funding actual transfers, donors nonetheless have a considerable role to play in supporting the implementation of comprehensive inclusive social protection systems in developing countries. This would include support in such critical (and expensive) areas as national identification systems, more innovative delivery approaches (for example through banks or mobile phones), early warning mechanisms, management information systems, monitoring and reporting systems, complaints and grievance procedures, independent impact evaluations, and national policy support and capacity building.

The take-home message here is that the best way to help the poorest and most marginalized is not necessarily to target them; but rather to include them in more comprehensive programmes whose political appeal will generate substantially greater incremental benefits for them in the long run.

[1] Sen, A (1995) 'The Political Economy of Targeting' in *Public Spending and the Poor: Theory and Evidence*, edited by D van de Walle and K Nead. Baltimore: Johns Hopkins University Press.

[2] *Technically it goes to everyone over the age of 70 who is not already in receipt of a Government service pension; but this essentially means that every Basotho citizen over 70 receives some form of pension from Government.*

Chibuikwe Uche, Senior Researcher at the African Studies Centre, Leiden

The Netherlands, 05-03-2015

AID AND INCLUSIVE DEVELOPMENT: MATTERS ARISING

Overcoming exclusion is difficult as aid flows are transmitted through governance structures that are not controlled by those who are excluded.

The idea of inclusive development has become a recurrent theme in the developmental programmes of most developed nations. As the invitation note to this opinion rightly noted, aid tends to reach those who need it the most last. Overcoming this problem however will be difficult. This is because such aid are normally transmitted through governance structures that are not controlled by the most needy. The fact that the mismanagement of resources is in the first place mainly responsible for the poverty and deprivation in these aid dependent economies makes it fruitless to channel aid through the same institutions that have failed to properly manage local resources. Combining aid and trade policies as has been done covertly for a long time but now overtly being done by some donor nations have also not been very helpful. This essentially gives the corrupt leaders of developing countries a ringside seat in the determination of the aid practices of such donor nations. Bluntly put, such policies have now made it very possible for aid to serve as 'bribes' given by some donor countries to oil their trade and economic interests in recipient nations.

A much bigger constraint to making foreign aid useful to recipient countries' economies, is the lack of unity of purpose and cooperation among donor nations. Several aid studies have shown that aid given by certain donor nations always serve the interest of such nations. It, for instance, makes economic sense for donor nations to focus on the areas of their strengths when giving aid to underdeveloped countries. The fact that the activities being supported and the equipment being supplied may not suit the local specificities of recipient countries is of little consequence. A donor country that has surplus wheat, for instance, may decide to donate such as aid to a developing country in the tropics where it may be difficult to grow wheat. Although this may solve the temporary hunger problem, it causes an even bigger problem for the recipient nation. Specifically, it can lead to increase in taste for foreign products that cannot be produced locally.

The same problem is replicated with respect to manufactured goods. Because countries mainly supply the machineries they produce, there is proliferation of different types of machineries to address almost every developmental need. In trying to solve the portable water problem in several developing nations, for instance, a multiplicity of diverse types of water pumping machines have been donated. This diversity makes it difficult for local

maintenance competences to be developed. The result is that various types of unserviceable water pumping plants litter the entire landscape in several developing countries. This example applies to almost every sector where hardware developmental aid is prominent. International collaboration among donor countries in specific aid sectors could help address this problem. It is important to note that aid that does not promote the development of local expertise in the focus area of the aid cannot lead to inclusive development.

With respect to civil society organizations, some may argue that they are more a liability than an asset for aid delivery and inclusive development. Many of these organizations have developed as aid entrepreneurs whose expertise and actions are driven mainly by the interests of their organizational survival and donor states. The needs of recipient states are of little consequence in the determination of their organizational strategy. I believe the time has come for aid donors to undertake a major study on the history, utility value and (un)principled existence of most of these civil society organizations.

This opinion therefore concludes that the Dutch Government should rethink its practice of entwining aid and trade policies. This is because it is unlikely to lead to inclusive development in aid dependent economies. This is essential for achieving sustainable long term trade and economic relationships with such countries. This paper also raises concerns about the role of NGOs in the entire aid delivery process.

Crelis Rammelt and Maggi Leung, Post-doc Fellow and Associate Professor, International Development Studies, Department of Human Geography and Planning, Utrecht University

The Netherlands, 05-03-2015

FROM GROWTH TO EQUITABLE SUSTAINABLE DEVELOPMENT

Over the past 50 years, (rapid) economic growth in practically all Global South and emerging economies has gone hand in hand with rising income inequality and environmental degradation. This raises a huge red flag to the dominant neoliberal and globalisation-oriented strategies of economic growth (often framed as ‘development’) model practiced over the last decades.

One might argue that inequality does not matter much as long as everyone is doing better. Institutions such as the World Bank and the United Nations report impressive decline in the share of the world’s population living in extreme poverty (defined as an income level below US\$1.25 per day). This absolute and technical measurement of poverty has long been criticised.[1] Nevertheless, the Bank kept producing new statistics publicising further success in reducing global poverty using fundamentally the same problematic methodology reconfirms that the Bank has a particular political agenda, not an intellectual project.[2] Its political agenda is to justify the neoliberal growth model that the Bank and partner organizations such as World Trade Organisation and many nation states propagate. If ‘poverty’ were redefined and measured or even just by raising the US\$1.25 per day threshold), the new statistics would show much reduced level of ‘success’ in our/their battle against global poverty.

If we are (and we should be) sceptical about the Bank’s poverty index and the ‘growth paradigm’ overall, the questions we need to ask are more fundamental: Why is inequality and poverty worsening despite economic growth? What is causing this? Have our trade and international cooperation policies and interventions produced conditions that exacerbate inequity?

International cooperation programmes are diverse and their impact on the most vulnerable cannot be generalised. For example, the [Productive Safety Net Programme](#) in Ethiopia has a clear mandate to provide income opportunities to the poorest. The projects where people work also seem to have positive impacts on livelihoods. There are, however, weaknesses in the implementation due to limited human, institutional and physical (resource) capacity, and the programme may not always reach those that need it most.

To improve this would require the establishment of democratic village institutions and processes. Such community based activities are often problematic due to the power relations that exist at all levels. Where local governments and coordinating agencies are part of the problem, there could be an important role for civil society to facilitate the building of these local institutions. Since these social changes take time and success cannot easily be measured, donors need to stop focusing on quick ‘tangible/concrete’ results and criteria. They need to step down from their ivory towers and learn from the reality on the ground, embrace uncertainties and develop better processes of (participatory) learning within their own organizations.

The role of the private sector is controversial. The private sector and the market respond to the preferences of people only if those are backed by (effective) demand and not to human needs. By definition, the poor and marginalized have unstable/insufficient income to have the market respond to their basic needs.[3] One strategy is to raise their income and formal waged-labour opportunities, so that they can participate in the market. The impact of such income-focused intervention is however limited since income inequalities continue to grow and poverty – as a social and relative concept – persists. For them, it is more relevant to build up their own wealth and capital, and their own control over such resources (as opposed to only raising their income). As people start to secure their most basic needs using their own wealth, they may become less vulnerable to the whims of the market and less marginalized by the market. They may also start to make use of the market from a more secured socioeconomic position.

We also need to recognise the many different forms of meaningful work and employment. The informal economy is still too often seen as a basket category for activities that are insecure, unprotected, dangerous, underpaid, etc.. While this may be true for many forms of work, there are also numerous non-market forms of work that are not only essential for people’s survival but that also have a range of positive effects on local social capital, self-reliance, food security, etc.

As Vicky Lawson (2010) wrote, ‘inclusive development begins from an embedded conceptualisation of economic development which is informed by an ethical concern for people and care, not just economic growth. In the quest for more equitable and sustainable development, social justice within communities should be in place before legal justice can be pursued. Rights-based and needs-based approaches should be seen as complementary.

[1] See work by Robert Wade, Sanjay Reddy, Thomas Pogge and Jim Glassman

[2] This idea is well-illustrated by Jim Glassman in his paper presentation ‘Is Globalization Eliminating Income Poverty—Or Only the Utility of Measuring It?’ in 2012.

[3] See early work by Amartya Sen

TOPICS: Inequality

Melakou Tegegn, Researcher at Development Pinnacle

Uganda, 05-03-2015

DEVELOPMENT COOPERATION POLICIES VIS A VIS THE IMPASSE IN AFRICA

Dutch development cooperation needs to go beyond the impasse in Africa’s development and reinvigorate ‘civil society’. It needs to gauge its policies on the wishes of its citizens as to what they want to see in terms of development. Consulting its own civil society is key in this respect.

To reflect on what donors can do to enhance inclusive development, it is imperative to outline what the structural problems in Africa are. What is perhaps disputable about Africa’s poverty is not whether or not poverty prevails but the extent of it. By all indicators of UN’s human development, Africa lags behind the rest of the world. Epidemics such as Ebola are taking their toll literally paralyzing life; malaria kills hundreds of thousands a year, tuberculosis and other killer diseases also take their annual toll.

From communications to healthcare and education, infrastructure is lacking or obsolete. These dilemmas do not exist in the abstract. They exist and multiply in a specific environment that is basically political: mal-governance. What prevails in Africa is not governance per se but governance turned upside down: mal-governance. Every feature of what a modern state is supposed to be, you have its complete reverse in Africa. A typical African government is corrupt, leaders are self-centred and make sure that impunity reigns supreme. The political system is structured on these objectives thereby arresting development and democracy.

Africa is supposed to be in transition to a modern state and democracy. After sixty years of independence, Africa is found in a dead-end. *Structurally*, the problem emanates from the incompatibility of inheriting the structures of the colonial administration en toto to the predominantly traditional society without the cultural pre-requisites for a modern state. We have a *structural* problem on the very evolution of governance. From its inception, Africa embarked on a false start at the political level and that has impact on development. The stagnation, prevalence of perennial crisis and civil wars in Africa cannot have other explanations.

What are the decisive transformations that need to occur or whose processes must start now? Sociologically speaking, if there has to be a transition towards development, freedom/democracy is the only road to take and this cannot be attained without the take off of these three processes of transformation; namely the transformation of individuals from subjects to citizens, the institutions of governance from a mere government to a modern state and the lethargic society to a civil society. For these transformations to occur, freedom/democracy is the only instrument.

Putting forward the instrumentality of freedom/democracy as pivotal to embarking on inclusive development is simultaneously affirming the pivotal role of the unborn civil society. A transition towards development in Africa will attain a sense of direction only if the role of civil society is recognized. Despite claims by some African governments to have attained economic 'growth' while at the same time suppressing the emergence of civil society, the alleged 'growth' cannot be sustainable without the role of civil society.

How and in which specific areas can donors contribute to inclusive development is a huge question that needs to deeper reflection as the nature of governance of each country in Africa differs. However, as donors' funds is essentially extracted from their own citizens, what the civil society in donor countries want to see in Africa can be advanced as an important card. Enabling such voices to surface can be crucial in this respect.

Charles Omusana, Deputy Director Investment Facilitation and Aftercare Division, Uganda Investment Authority

Uganda, 05-03-2015

POVERTY REDUCTION IN DEVELOPING COUNTRIES THROUGH PRIVATE SECTOR INITIATIVES

For economic development and poverty reduction to take place in the least developed and developing countries, development of the economic infrastructure is critical since it is a prerequisite for private sector to thrive. However, for meaningful and sustainable economic development to take place having economic infrastructure alone is not sufficient. It has to be supplemented with effective social infrastructure development initiatives.

Creating an enabling business environment that promotes private sector activity for indigenous and foreign business persons, as well women and youth, is crucial to promote inclusiveness. The environment in most of these countries is not conducive for doing business as shown by a [report](#) of the World Bank Doing. These countries need help to improve in most of the 10 parameters considered by the World Bank in the study. Reducing the both the cost and time take to secure services will greatly improve the ease of doing business and will certainly encourage more people

to get involved in business. This could be addressed by encouraging and support these countries to set One Stop Centres for business facilitation.

Secondly, the capacity of developing countries to benefit from foreign investment and international trade including regional and cross-border trade should be strengthened. The countries could be facilitated to access information on foreign investors in the respective regions for targeted investment promotion. Initiation of programmes where retired business executives come to the developing countries to offer business support and advisory services. Promotion of national content concept especially among foreign investors. Programmes to incentivize and encourage investors to engage in forward and backward linkages that utilize locally produced inputs need to be developed.

Third, developing countries should be supported to implement the WTO Trade Facilitation Agreement (TFA). It is also important to strengthen cooperation between customs administrations to improve their capability to detect high-risk consignments as well as the cooperation between customs and the private sector and the Promotion of seamless movement of goods through secure international trade supply chains. In other words: support the developing countries to address their customs procedure and administration. This includes a simplification by elimination of unnecessary elements and duplication; harmonisation by alignment with international conventions, standards and practices; standardisation i.e. developing internationally agreed formats of practices and procedures, documents and information; and modernisation which involves application of ICT in trade, new approaches like risk management, post-clearance audit and reduced inspections. These could be through provision technical and funding support to help these countries meet their obligations under TFA.

Also, human resource skills and knowledge to undertake innovative economic activities should be developed. This could be through development of programmes that encourage entrepreneurship and vocational skills development for women and youth as well as the promotion of use of information technology in business.

A fifth necessary policy area is a strengthening of local production capacity by addressing the supply side constraints especially for the small and micro size enterprises. The privates in most developing especially least developed countries are with challenge of accessing affordable finance. This is due to several factors, some of which are within their control while others aren't. The private sector therefore should be helped to address those factors that are within their control. This could be through supporting them to adopt appropriate technology and through provision of business advisory services. It is not sufficient to offer developing countries market access without supporting them to be able to meet other requirements such standards, quality and technical requirements. Therefore, business information on standards, quality and markets should be made easily available. The private sector in developing countries should also be helped to get better organised to access national, regional and international markets. The cluster development concept should be promoted among MSME such that they are able to produce sustainably and in bulk.

The above mentioned initiatives are all necessary to create a viable economic and social infrastructure All this should be complemented with a sustainable use of natural resources through the development of the necessary value chains.

TOPICS: Private sector

Binyam Afework Demena, PhD Researcher, International Institute for Social Studies (ISS) of Erasmus University Rotterdam (EUR)

The Netherlands, 04-03-2015

A GLIMPSE AT HOW THE PRIVATE SECTOR CAN ENABLE GROWTH AND REDUCE POVERTY

Through the development of vibrant private sector, the Netherlands policy for Foreign Trade and Development cooperation can contribute to local job opportunities, technology transfer, train and educate local employees, offer managerial and technical assistance, and serve as a bridge to foreign markets. It can also provide critical solutions to the problems of the poor in areas of food security, safe drinking water and infrastructure.

However, the role of private sector in developing countries that supposed to take the interest of the poor is a vast and complicated topic. Initiating the private sector to intervene across various business activities (i.e. multi-sector approach) such as livelihood, technology transfer, finance, education, infrastructure, health, supply chain practices etc... can be a good candidate to that end. In this case, in other words, intervention in one sector/business activity is not an end by itself, rather it should make it to allow and reinforce intervention in another sector/business activity. In all these interventions, essential and most important is to enable conditions more favourable towards labour intensive instead of capital intensive approach as the former most likely to reduce poverty much more in the context of developing countries.

I would like also to stress that the approach of the private sector needs to act as a football team that allow all actors of the private sectors to work together towards achieving inclusive growth and lifting people out of extreme poverty. In the view of this, our approach should take the concept of a football team that can be more effective and efficient when we add new actors (private sectors/business activities) to the existing team at about half time. Moreover, the private sector actors should strongly have the concept of shared values. In respect of this, linking business returns with social responsibility to improve the interest of the poor should be considered at the core of private business interventions and activities.

In line with the multi-sector and a football team approach, the role of aid should support governments' of the developing countries to enable better provision of public services and shape the private sector's playing field. In this way, aid can play a central role to foster greater private sector entry into the various sectors of these countries via providing enabling business environment, good governance, justice and security. This is known as catalytic funding approach. In other words, good institutions and enabling business environment will stimulate the private sectors to connect poor people to socio-economic activities as well as benefits. At a more macro level, at a longer time horizon, it can enable the various business activities of the developing countries to enter in to an increasingly globalized value chains.

In doing so, I believe that the private sector will be recognized as a possible engine of economic growth through incorporating enormous potential to take the interest of the poor and marginalized people much more as well as with longer investment time horizon.

TOPICS: Private sector

Anders Östman, Consultant, and former employee of the Swedish Development Cooperation Agency

Sweden, 04-03-2015

AGRICULTURE AND RURAL DEVELOPMENT IS KEY

Africans should have the intent to put development first. Many development strategies being advocated today, including industrialisation, are distractions from the main issue – poverty. The Netherlands has both the experience and capabilities to stress to African leaders that successful development elsewhere in the world was the result of strategies that were inclusive, pro-poor and pro-rural. Industrialisation can only be successful if it is based on policies that support a healthy rural economy, especially small farmers.

Africa is the region with the [largest share](#) of poor people of the population. Yet, these days there is a compelling narrative about high growth and rapid development in Africa. Though growth is impressive compared to other parts of the world, it is not enough and it lacks the structural transformation that would make a significant reduction of poverty and set the stage for inclusive development. For example, in Kenya still half of the population live under the poverty line and three quarters live in rural areas. Nevertheless, Kenya is [considered](#) one of the most advanced economies in the region. Most countries in Africa cannot feed their own population, food imports are increasing and nutrition levels are lowering.

Why is that? My answer is that African policymakers have abandoned or failed to implement necessary policy priorities with regard to agriculture and rural development, especially about increasing productivity among small farmers. Agriculture is not part of the modernity policymakers admire and it is coupled often with a condescending view on agriculture and rural life. Instead, we see attempts to build successful manufacturing and service sectors, without the foundation of a productive rural economy. Lessons on development and poverty reduction from other areas as e.g. South East Asia, where interventions in these areas were key, are making very little headway or hardly influence policies and interventions that could have a [major impact](#) on poverty.

Is the policy mix inappropriate? It is not only inappropriate, the industrialisation path is also a distraction from the main goal, which is poverty reduction, starting with policy priorities in regard to agriculture. The industrial transformation in Southeast Asia built on the agricultural revolution, as was the case in other parts of the world earlier. An industrial policy was never an important issue. When manufacturing did happen it was a private sector response to macroeconomic stability, economic freedom, adequate infrastructure and a healthy rural economy. Southeast Asian countries never succeeded with the North Asian development idea of nurturing "infant industries" to compete in export markets, which seems to be a model followed by many African countries today.

Are donors influencing policies and interventions that could lead to more inclusive development? The answer; the jury is still out there,. Donors are often contributing to the distraction from the main goal, which is poverty reduction and more driven by their own politics and ambitions to put forward policies and interventions that are palatable to their own constituencies. Solutions are [set out](#) in advance. Reduction in poverty and advancing inclusiveness are often starting from the perspective that social services such as health and education are the best interventions, when opportunities to rise incomes and prosperity should take precedence and build the foundation for improved social services.

TOPICS: Small businesses Poverty reduction Agriculture

TRANSLATING ECONOMIC GROWTH INTO BENEFITS FOR THE POOR

For economic growth to be welfare enhancing it must be inclusive. Pro-poor policy interventions through targeted social protection, enabling business environment, infrastructural investments and performance-based approaches are critical. Integrated development and trade initiatives to support African LDCs are crucial.

According to the [World Bank](#), a number of sub-Saharan African countries with high proportion of the population in abject poverty have had sustained high levels of economic growth for the last decade. This mismatch identifies three major challenges that the reported growth has failed to address [Poverty, unemployment and inequalities](#). The mismatch questions the sources and distributional impact of growth.

The cost of doing business in sub-Saharan Africa is among the highest mainly attributed to [high administrative inefficiencies and poor infrastructure](#) in energy, transport and storage. This inhibits the growth of small and medium enterprises that employ a good proportion of the poor such as informal cross border traders, street vendors, and peasant farmers. In this context, policy interventions that improve investment in transport infrastructure such as roads and electricity generation will foster entrepreneurial activity and are potentially inclusive growth enhancing. Connecting the peasant farmers that constitute the majority of the poor to markets for their products through supportive value chain system that integrates infrastructure, training and access to market information such as the [mangoes initiative in Mali](#) is associated with improved livelihoods.

It is reported that informal cross border trading predominantly engaged by poor [women contributes about 40 percent](#) of intra-African trade. Empowering [Informal cross border traders](#) is expected to trigger a multiplier effect on employment, poverty reduction and intra-African trade. The challenge is that this sector is not integrated and mainstreamed into trade policies. Policy interventions should target inclusion of the priorities of these marginalized groups in national poverty reduction strategies and national budget allocation. Semi-formalising the groups through specific policies for cross border traders coupled with trade facilitation initiatives will have a significant positive impact on the income earnings and livelihoods of this group and their families.

Reforms that spur entrepreneurial activities among the poor have a more inclusive outcome such as liberalization of telecommunications. This is evidenced by observed scores of small-scale entrepreneurs with [roadside kiosks](#) vending wares, mobile phone credit, mobile money and commuter motorcycles in a number of African cities. These widen employment and income opportunities for the poor particularly the youth. Wider access to mobile telephony and [mobile money](#) for example, has allowed peasant farmers to receive payments, credit, latest market information on prices for the product, sales and stock trends using SMS. This translated into farmers' strategic response to product price dynamics that results in better prices for their products and earnings.

To improve skill and productivity of the poor, there must be redistributive and transformative interventions in key social sectors such as education and health. Secondly, provision of [conditional cash transfers and expenditures on education, sanitation, nutrition and health](#) guarantees [social protection](#) of the poor.

The solution lies in strategic budgetary reallocation from inefficient public administration to finance critical infrastructure and social protection for the poor. A good success story can be picked from the performance based assessment approach in Rwanda ([Imihigo](#)) based on participatory performance contracts with the head of state and a reward system for best performers. Similarly, Botswana for example, has made significant investments in health and education with revenues from the diamond mines.

We can identify the complementary role of Development Partners in translating growth into benefits for the poor through conditional large infrastructural funding in transport, energy and storage to reduce the cost of doing business. This will spur enterprise growth and competitiveness with associated employment and income opportunities for the poor.

TOPICS: Private sector Informal sector

Addisu Lashitew, Postdoctoral Researcher at The Partnerships Resource Centre, Rotterdam School of Management, Erasmus University

The Netherlands, 04-03-2015

INCLUSIVE BUSINESS FOR INCLUSIVE GROWTH

There will be much to gain when businesses are involved as partners for development. Businesses might be enticed to go ‘inclusive’ given the massive size of the ‘bottom of the pyramid’ with its considerable growth prospect. They can also find new, socially meaningful use for their competences, potentially creating sustainable business value in the process.

Business-oriented solutions to poverty are also likely to be more effective than traditional approaches to the extent that they empower excluded groups by involving them in the market as productive citizens. Especially multinational companies (MNCs), with their global reach and massive technological, financial, and organizational clout, can be crucial catalysts for development.

Tackling the complex problem of poverty, however, calls for collaborative effort involving not only businesses, but also local governments, NGOs, and international organizations. Filling in the ‘institutional void’ that characterizes most less-developed areas necessitates making effective use of the competences and expertise of diverse stakeholders. Only through such partnerships will it be possible to summon the expertise and resources needed to achieve meaningful impact. That is why the potential contribution of inclusive business for inclusive growth critically hinges upon the presence of close and effective collaboration between governments of development partner countries, businesses and NGO’s.

Inclusive businesses can empower the poor and other disadvantaged communities by involving them in the value chain as customers, suppliers, distributors etc. Working with the bottom of the pyramid, however, comes with unique difficulties, including inadequate physical and institutional infrastructure and low levels of human capital. Business solutions might also be context-specific, necessitating substantial local knowledge. Discovering workable inclusive business models thus involves considerable experimentation that is prone to failure. Further, businesses might be discouraged from searching for working models due to the difficulty to retain exclusive right on their discoveries.

International development partners such as the Dutch government can do much to mitigate the risks associated with establishing inclusive businesses. One approach for this is availing seed funding for innovative solutions, as DFID did for starting M-PESA, the now famous mobile-based banking system in Kenya. The new “Dutch Good Growth Fund” could be an excellent mechanism of facilitating business incubation, although the extent to which it will promote ‘inclusiveness,’ especially among local companies, is yet to be seen. This fund and other financing mechanisms can be used in even more innovative ways. For example, development partners and local governments can collaborate with businesses to offer price subsidies for poorer communities for goods and services that are deemed to be critical or socially beneficial. Such an approach makes it possible to reach even the very bottom of the pyramid.

Another potentially fruitful area of development cooperation is establishing and strengthening knowledge and resource centres in developing countries. Even when technical knowhow is available, in many countries it is not easily accessible for end-users. Well-run, sector-specific resource centres can be powerful tools for generating and imparting market and technological knowhow on specific sectors. These kinds of resource hubs can also be points of

contact for investors and NGOs, thus facilitating communication and collaboration. Moreover, they can be used for promoting problem-oriented research, innovation, and training on relevant issues.

Partnership between development agents and businesses do not carry opportunities only, however. 'Inclusiveness' is a multi-dimensional concept, so that identifying and prioritizing between policies that benefit different excluded groups will be among the many challenges. Given the limited understanding of how businesses can be made to be inclusive, it can also be difficult to compare and choose between competing initiatives. In some cases, potential conflicts between competing social and business motives might be unavoidable. Managing the power and informational gap between partners will be another challenge. For example, businesses might use their insider information advantage to make the better deal out of partnerships. Development agencies thus need to build the expertise and protocol needed for effectively working with businesses for inclusive growth.

TOPICS: Private sector

Comments

Dereje Ferede Asrat. 2015-03-4 16:03

Dear Dr. Addisu,

I appreciate the idea you rose and hope related with the developing countries context in general Ethiopia in particular. If business are inclusive, growth gradually will come. But i have reservation that how marginalized group will be part of the advantage in this free market economy since every thing (policy,economy)goes to richest people. And how gap will be minimized?

Dr Akinyinka Akinyoade, Senior Researcher African Studies Centre (ASC)

The Netherlands, 04-03-2015

POLICY STEPS FOR PROMOTING STABILITY, SECURITY AND JUSTICE IN FRAGILE AND CONFLICT-AFFECTED AREAS: FIRST CONSIDERATIONS FOR DUTCH DEVELOPMENT POLICY

Basic education service delivery, system of progressive taxation, and reform (or building) of public service administration are needed to promote inclusive development in fragile and conflict affected countries. Simultaneous implementation of these interventions has added value of positively addressing societal inequalities as well as inclusion of marginalized groups in zones that are just emerging from conflict.

These policy suggestions arise from systematic evaluation of decentralization programmes I conducted in some African countries, and practical evolution of tax administration unit of Lagos State government (Nigeria) after it was denied intergovernmental transfers to deliver social services.

Finance is needed for administering a fragile area or geographical areas just emerging from conflict. Corruption and poverty might caused fragility and conflict in the first place. Therefore, a system of taxation has to be put in place, which recognises difference between the haves (rich) and have not (poor). The new system takes from the rich to enable new administration deliver social services. This new administration must be highly motivated, responsible and staffed by well-paid officials recruited to manage the newly created tax office. If such officials are not insulated against corruption, conflict or fragility may recur. The tax administration has to be separated from general administration. Experience from Dutch tax administration could be adapted to suit local circumstances.

Taxation helps to mobilize needed resources, and it must be done in a painless manner to the relatively endowed persons and groups in such societies; they will bear heavier tax burden. The rich must be taxed, progressively and not regressively. Every expense must be subject to transparent supervision and auditing. Resources raised this way are used to deliver targeted social services to the advantage of the poor.

One of such services is education; it is universal, it gives mass coverage and it extends a lifeline for combatants, unemployed and younger ones. The school curriculum should include peace education both from secular and religious perspectives. It should be given international/regional flavor in terms of facilitators and study visits. There is a need to build on existing structures on the ground, that is: in times of fragility or conflict it is known that isolated delivery of education or health service was ongoing. Such persons must be sought and recruited, and integrated in the new framework in different roles or capacities. Let them be stakeholders so that they will not see the new educational system as competing or substituting what they used to do; but see the new as complementary and of higher quality. Services such persons offered during times of conflict were also their sources of livelihood, thus a new system must not erase but uplift their income and interests. Otherwise, they can scuttle any new plan brought by 'outsiders' in the post-conflict era.

Building or reform of public service gives a sense of ensuring a capable system of administering targeted social services. Units will be established to oversee areas of emphasis. Such units would be developed and managed in ways that they will become islands of excellence or pockets of effectiveness from which other success or social service delivery can radiate or be copied.

Mobilization of resources needs to be done simultaneously for delivering effective social services and determining and building capacity of who and how to deliver services effectively.

Erik Solheim, Chair of the OECD Development Assistance Committee

Norway, 04-03-2015

TARGETED POLICIES TO ERADICATE POVERTY

Economic growth is the main driver of poverty reduction. But the eradication of extreme poverty will require policies targeting the most vulnerable groups. Dutch development co-operation can help countries identify and implement effective policies such as conditional cash transfer programmes, microfinance initiatives, peace processes and industrial, educational and agricultural reform to assist the most vulnerable people.

Poverty has been halved in less than 25 years. The enormous global progress over the past few decades has been unprecedented in human history. This has mainly been a result of the rise of the South and rapid economic growth. China's economy grew by 10% over several decades and 600 million people were brought out of poverty as a result.

Economic growth in poor nations is crucial. But it will not be possible to end extreme poverty by 2030 through economic growth alone, even if South Asia and Africa manage to grow at 10% for the next 15 years. Poverty eradication will require specific policies targeting the poorest. Poverty is increasingly widespread among women, ethnic and religious minorities, indigenous peoples and the disabled. Poor people are increasingly living in the countryside and in countries in conflict. Policies that have worked in other parts of the world must target the remaining pockets of poverty.

There are many success stories to learn from. Rather than inventing the wheel again, let us scale up and make the success stories global. Here are my suggestions:

Brazil managed to grow rapidly while the incomes of the poor grew faster than the rich. Key to the success was the Bolsa Familia cash transfer program to poor families given in exchange for enrolling children in school and ensuring vaccinations. Similar conditional cash disbursements schemes have contributed to poverty reduction across Latin America. The challenge for governments in Africa and South Asia will be to mobilize the required resources and to put in place systems and safeguards to implement such cash transfer schemes. Can we think of a Bolsa Familia Global?

The microcredit revolution was started by Nobel Peace Prize winner Muhammad Yunus in Bangladesh. Microcredit has since spread across the world and given millions of poor, in particular women, the chance to start small businesses and get out of poverty. Bill Gates has made a bet that mobile banking will be the next big microfinance revolution to benefit the poor. The challenge will be to direct development assistance and private investments to scale up successful microfinance initiatives.

No country has reached a high state of development without industrialization. Rapid development and manufacturing have made young Koreans of today 390 times richer than their grandparents. Chinese people in Zhejiang industrial province are 200 times richer than their parents were. Chinese companies are now moving and investing in manufacturing in Ethiopia and Rwanda, helping provide some of the 1 million new jobs required every month across Africa. Development assistance can help mobilize more investments into manufacturing, industrial development and clean energy. Development aid is also successfully used to improve education and skills training to minorities and other vulnerable groups struggling to find work.

Most of the world's extremely poor people live in rural areas. Vietnam went from a big rice importer to the second biggest exporter in the world by implementing property rights, building roads to markets and introducing better rice varieties. Africa needs a similar agricultural revolution. Grow Africa is a coalition of companies, civil society, governments and aid donors coming together to green the agricultural systems, feed the planet and improve poor farmers yields and incomes. We need more such coalitions for action!

Soon half of the world's poor will live in fragile states and countries in conflict. Conflict can reverse national development by as much as 30 years. Minorities are often targeted and the poorest suffer the most in war. The international community must do more to prevent and stop conflicts. The key is to come behind a common strategy and use aid and political involvement to support peace processes.

Rapid sustainable economic growth combined with targeted policies for vulnerable groups will make it possible to eradicate extreme poverty by 2030. The challenge will firstly be to identify and implement the most effective policies. Secondly to mobilize enough aid, investments and domestic taxes to pay for it. And thirdly to mobilize the political will to just do it!

TOPICS: Poverty reduction

Kim Geesink, Policy officer at The Netherlands Ministry of Foreign Affairs, Sustainable Economic Development Department.

The Netherlands, 03-03-2015

HOW INNOVATION CAN CREATE NEW MARKETS & CONTRIBUTE TO LIVELIHOODS

In the new agenda for aid, trade and investments^[1] inclusive economic development is an important approach to promote inclusiveness. The policy for private sector development includes activities that encourage Dutch companies to do business in developing countries in a socially responsible way and strengthen local SME to do better and more business, for example through the Inclusive Business Accelerator. The aim is to make sure that economic growth benefits society as a whole; not only a few.

Innovation can be an effective tool to reach inclusiveness. Social innovations can reach millions of people living at the base of the pyramid who have limited access to basic services. During my temporary placement at the Philips Africa Innovation Hub in Nairobi I experienced how meaningful and relevant innovation can address key societal challenges and contribute to livelihoods.

The Ministry of Foreign Affairs encourages Dutch companies to look beyond European borders and invest in developing markets. The private sector is an important partner in development cooperation as businesses have the capacity to develop market-based solutions that are sustainable in the long run. With continuous economic growth, more and more companies are willing to set foot on African soil. But one can imagine that the low-income market in Africa differs heavily from the Western middle class market, making innovation and the need to be locally relevant a vital part of the strategy. For example, how can people buy the famous Philips light bulbs when they are not connected to the electricity grid? It is not about bringing old products to a new market. It is about entering a new market in a totally different way, with innovation at the heart of the business strategy.

However, innovating for low-income markets is easier said than done. For starters, doing business in developing societies is difficult because the business climate is challenging to say the least. Think about the lack of infrastructure, complex rules and regulations and a limited pool of skilled labour. Secondly, the process of innovation is complicated, especially for these inclusive innovations that are specifically meant for the BoP. It takes a lengthy process to turn an innovative idea into a commercial product or service because it takes time, money and a high tolerance for failure. Due to this, we see many well-meaning pilot projects on the continent that fail to reach scale after the pilot phase. But Philips appears to have found a solution for this with their Philips Africa Innovation Hub.

Philips is making the investment because the company believes opportunities lie in providing sustainable solutions for the nine billion people that will be living on our planet by 2050, which is reflected in the company's mission to improve people's lives through meaningful innovation with a target of 3 billion people by 2025. With Africa having an important share in this, it makes sense to establish an Innovation Hub in Kenya. The hub develops innovations "in Africa-for Africa" in the areas of healthcare, lighting and healthy living. Many of these innovations address societal challenges, while at the same time creating financial value for the company. Examples of these challenges are the lack of access to quality healthcare services for the majority of the population, and the lack of access to electricity. Products and services are being developed to have an impact on the livelihoods of the African people.

Not only are the innovations new, also the way of innovating and doing business has been renewed. It includes a different mindset – social impact and improving people's lives is not a side activity; it's a core element of the strategy. This new approach also brings the public and the private sector closer together. Philips has entered various strategic partnerships in order to develop holistic solutions they cannot provide on their own. By working together, innovative projects are developed that deliver on development goals, and create a new market at the same time. A win-win-win situation: for the consumer, the public sector and the private sector.

The agenda for aid, trade and investments supports creative and innovative solutions to promote inclusiveness. Inclusive economic development is one approach, but solutions can also be more politically or socially oriented.

This blog has been altered from the original that was published previously on [Ondernemen in Ontwikkelingslanden](#)

[1] A World to Gain: a new agenda for aid trade and investments, 2013, <http://www.government.nl/documents-and-publications/letters/2013/04/05/global-dividends-a-new-agenda-for-aid-trade-and-investment.html>

TOPICS: Private sector

Caroline Wildeman, senior project manager Hivos

The Netherlands, 03-03-2015

INVESTING IN WOMEN PAYS OFF: HOW TO PROMOTE INCLUSIVENESS IN THE DUTCH POLICY AGENDA FOR TRADE AND INTERNATIONAL COOPERATION?

How governments and private sector will gain from effective gender measures. Which include; the empowerment of women workers; protection and fulfillment of human rights of women to decent work, challenging gender discrimination in the labour market, ensuring a living wage and social protection.

Economic globalisation has drawn millions of women into employment in low- and middle-income countries. In farms and factories women are manufacturing products for our markets. Worldwide a growing number of women are forced into informal work – by outsourcing of production, subcontracting and casual work, to fulfil the needs of consumers in high income countries. At the beginning of these supply chains the vast majority of workers are women. Especially in agriculture and horticulture the unskilled, lowest paid and most flexible jobs are predominantly done by women. Although trade generally generates economic benefits for countries at large, women at the very start of these chains hardly benefit.

Internationally, state and non-state actors promote sustainable production chains. The Netherlands plays an important role in this. Horticulture is one of the top economic sectors for the Netherlands (50% of the world trade in flowers and 25% in fruits and vegetables) within which we see a shift of production to the low-income countries.

Corporate Social Responsibility (CSR) has grown rapidly across industries in the high-income countries such as garments, toys, forest products, agricultural products and electronics. Social standards are being promoted within value chains in an attempt to improve company performance with regard to labour standards (such as workers' rights, discrimination and child labour). This implies a system in which labour conditions at production sites are regulated to comply with those standards.

For a long time the environmental concerns were the primary focus of CSR. Nowadays we see an increasing attention to social conditions. The inferior and vulnerable position of women workers in low-income countries however still receives too little attention. Despite their barely visible role, women are vital links in international production chains. Yet, they are generally poorly paid and their rights are not protected.

Investing in women contributes to better business: more highly motivated staff; better quality products; higher production and less staff turnover. It also benefits the corporate image of the companies and delivers better opportunities in the market through conscious consumers. Ultimately it benefits the women workers.

Businesses and policy makers should take measures to protect women's labour rights, including for women working under informal conditions, by **adopting gender sensitive business plans and CSR policies**, meaning: adequate measures for equal treatment, equal pay, the right to decent working conditions and living wages. These specific gender equality measures include:

- health and safety measures for women;
- sexual harassment workplace policies;
- maternity leave and protection;
- training and education programs equally accessible for women;
- promotion of women's participation in workers committees, women's committee's and labour unions;
- quota for women in different layers of management.

The Dutch government plays an important role in the promotion of international agreements to protect labour rights of women vis-à-vis Southern governments and transnational businesses. Therefore all these stakeholders should promote, protect and fulfill the human rights of women to decent work, challenge any form of gender discrimination in the labour market and ensure living wages and social protection. They can do so by:

- ensuring that gender measures are part of the multi-stakeholder initiatives and covenants for sustainable production;
- supporting civil society initiatives to empower women workers to enable them to claim their rights.

Willem van de Put, Director, HealthNet TPO

The Netherlands, 03-03-2015

MOVING FORWARD IN INCLUSIVE DEVELOPMENT: COMBINING FINANCIAL AND SOCIAL INCLUSION

Exclusion and inequity are root problems of modern world. Including people in social networks with access to financial service can be done at very low cost. This increases security, connects diaspora's with home societies, builds trust and economic development. The Dutch Government can boost attention for real inclusion by supporting realistic initiatives that facilitate linking social inclusion to financial inclusion. Like providing ICT infrastructure that enables the use of remittances as a financial and social catalyst for rural development. Here we describe such a system that can be made available for all parties.

Problem: Exclusion and growing inequity are today's core problems: the best analysis comes from a combination of Thomas Piketty (capital) and Saskia Sassen (expulsion). Inequity and migration of undocumented people causes ever more tension. Uprooted, excluded people lack access to rights, services and livelihoods. ODA is losing relevance in relation to remittances: this flow is enormous, costs people far too much money, and currently does not help development in the 'home societies'.

What is needed: So-called 'unbankable' people (2,5 bn!) need to be included in the global network of information, social and financial services. Globalization endangers survival of remotely located farmers. They need access to networks of information, social action and practical business options. We need to close the growing gap in capability to participate in local, meaningful social life, as well as the ability to participate in the globalizing economy.

Solution: The combination of social and financial inclusion. Mutual interest needs to be uncovered and developed: eroded trust in fragile states can be restored, and is restored faster by closing the 'digital gap'. In Afghanistan, women organizations are effective in earning extra income and creating social change. In Burundi, sexual health is linked to economic initiative.

Social inclusion strengthens social bonds between people, which helps to create trust for financial inclusion. In sharing knowledge and resources people are given access to a digital platform – which also includes the possibility to transfer funds, locally or internationally, without costs per transaction. In this way small amounts can be applied directly to pay school fees, health care, and/or local business interests.

The CAPaz solution provides this platform – and can provide it to all parties in development. Digital exchange of ideas, remittances and partnerships is made possible by a software package developed at own cost of the initiators. This is provided:

- Community Activation Platforms (CAPAZ) for financial and social inclusion, provided with internet based software infrastructure to address issues in and across (fragile and immigration) states;
- Provision of a registration system that allows people to transfer money and ideas across countries and in-country, based on a membership fee of on average 1USD/month per family;
- Social and financial inclusion actions based on 25 years' experience in successful psychosocial programming;

- Linking remittances to development , by including education, health and livelihood programmes to a registered identity of users, allowing both lowest income groups and refugees and IDPs to access financial and social services.

Governments need to facilitate initiatives that combine private sector and civil society. Governments can build the legal framework that makes social inclusion a real option and can boost ideas in social enterprise. And governments need to maintain and enforce links between social and financial inclusion, e.g. by protecting the balance between economic and social perspectives. A good example is the continuous push for UN resolution 1325.

Security is better served when understood as human security: a system that helps people participate and function independently will always produce more safety than the effort to maintain state-security at all costs.

Han de Groot, Executive Director at UTZ Certified

The Netherlands, 03-03-2015

TRADE IS AID, AID IS TRADE: SCALING UP AID BY COLLABORATING WITH THE PRIVATE SECTOR

In development, the private sector has been undervalued for too long; without a market pull, initiatives will not achieve the reach and scale needed for effective development. In global agricultural supply chains, sustainability depends on the commitment and engagement of market parties. When recognized and rewarded by the global supply chain, sustainable farming can scale up and become the norm, including farmers around the world in a sector-wide movement towards sustainability.

In order to stimulate effective development cooperation, UTZ promotes a different approach to development cooperation, namely from a trade perspective. This approach has already been chosen by the business community, with multinational companies choosing to source sustainably. We must recognize that it is more productive to also see trade as a form of aid. This is why UTZ proposes that the quick and smart approach towards inclusive growth has two key elements: a scalable model based on trade and a sector-wide approach towards sustainability. Private sector parties play an important role in this.

For too long, it was taboo to recognize the role of self-interest in aid. Calvinism has left a strong mark on our culture. But only if we see the market not as an enemy but as a means to make good initiatives scalable, can we set real change in motion. A market pull by commitments and investments from the supply chain are the only way to scale up, and eventually connect the farmer, big or small, to global markets. This market pull does not only increase opportunities for farmers, but also provides an incentive for sustainable farming, which results in less dependency and more resilience.

Good agricultural practices and better farm management result in increased productivity and income. When recognized and rewarded by the global supply chain, sustainability can become the norm, including farmers worldwide into a sector-wide movement towards sustainability. This is something to which UTZ Certified, as the world's largest certification program for sustainable coffee and cocoa, is fully committed.

However, UTZ recognizes the challenge to reach marginalized farmers. Connecting efficient and well-managed cooperatives to global supply chains through certification is often not enough. Structural challenges at farm level, such as inclusiveness, cannot be solved at farm level alone and require a sector-wide approach, in which especially global supply chain actors take responsibility. This is why UTZ promotes a sector-wide and multi-stakeholder approach. By taking a vocal role at sector level and connecting the supply chain from farm to shelf, sustainable and inclusive growth can be promoted.

An example? In March 2010 a large number of parties in the cocoa sector signed an agreement, under the direction of the Dutch Sustainable Trade Initiative IDH, to make cocoa consumption fully sustainable by 2025. They needed to be half way to meeting this goal by 2015. This short time-frame is only feasible if market leaders work hand-in-hand. And this has been achieved, seeing as the signatories, alongside UTZ, are players like Unilever, the Dutch Food Retail Association CBL, Jamin, Mars, de Baronie, Hema and the Association of the Dutch Bakery and Confectionery Industry VBZ, and others. Agreements like this contribute to sustainable farming to come out of the niche and become the global norm, spreading benefits for big and small farmers.

Unlike at the start of Dutch development cooperation, we now can and must think and act globally. Since its formation UTZ Certified has been joining forces with the major players. Now, twelve years on, we run the largest sustainable cocoa and coffee programs in the world. In total 336,000 cocoa farmers (7% of the world total) work under the UTZ program, with more farmers joining every year. The UTZ name or logo is carried on cocoa products in 111 countries, and produced in a total of 16 countries. Since 2009 enough cocoa has been sold as UTZ certified to make more than 20 billion milk chocolate bars (of 100 grams). This is the ultimate proof that cooperation with the industry is effective. The Minister of Development Cooperation and International Trade has a huge potential impact if she focuses on the latter part of the portfolio. Dutch international trade accounts for about half of our National Product. The global footprint is very big, both in a positive as well as negative sense. After a long absence the government should take the stage again and regulate the environmental and social quality of our trade flows.

TOPICS: Private sector Agriculture

Hester Kuipers, Executive Director Europe, International AIDS Vaccine Initiative (IAVI)

The Netherlands, 03-03-2015

ENSURING INCLUSIVENESS IN THE DEVELOPMENT OF NEW HEALTH TECHNOLOGIES

The current Dutch policy for trade and international cooperation can strengthen inclusiveness in its response to health by further stimulating the development of new technologies – medicines, vaccines and other – to combat diseases that particularly affect the most marginalized populations. To accelerate the research, we recommend that policies further incentivize industry engagement and support public-private partnerships. To ensure that marginalized populations benefit most from the research and resulting innovations, policies should require necessary access commitments and local capacity building and promote the engagement of civil society and communities.

Sustained and increased investment in the development and roll-out of new health technologies to combat poverty-related and neglected diseases (PRND) is an essential component to achieving equity in health by 2035.[1] Governments continue to be the dominant investor in this effort. Private sector investments are limited due to lack of financial incentives and (sufficiently) profitable markets; their contribution to R&D for PRND globally is estimated at 12%, whereas governments provide 66%.[2] Governments therefore are a major stakeholder in shaping policies and direct financing towards R&D for PRND such that it is inclusive and benefits the most marginalized populations.

The Netherlands Ministry of Foreign Affairs contributes to an inclusive approach to improving global health, amongst others through support to non-profit product development partnerships (PDPs), including IAVI. PDPs develop health interventions (vaccines, medicines, diagnostics and other tools) that are accessible to and benefit vulnerable, marginalized and difficult-to-reach populations (e.g. women, children, sex workers, men-who-have-sex-with-men (MSM), fishing and mining communities). An essential component of this effort is the meaningful engagement with these communities to ensure that they benefit from both the conduct of the research and its resulting solutions and innovations. Local and international civil society organizations provide an important bridge between researchers and communities. For example, a preventive AIDS vaccine would be a powerful tool for coastal Kenya MSM communities,

who are 19 times more likely to be HIV positive than the general population in low- and middle income countries. To ensure their meaningful engagement in its research and facilitate access to prevention and treatment services, IAVI supported local partners with training hundreds of clinicians to provide better health services, raising the level of care and lowering barriers of fear and stigma.[3]

The Ministry of Foreign Affairs' experience with supporting PDPs can help to guide investments by other Ministries or instruments (such as the Top Sector Life Sciences & Health), to ensure that the Netherlands' contribution to R&D for new tools to combat PRNDs meet the needs of the most marginalized populations and ensures local civil society involvement.

Furthermore, within the policy for International Trade, the Ministry can ensure the necessary incentives for industry engagement in R&D for new health technologies. In return, it can require guarantees to ensure that this effort benefits marginalized populations, thus enhancing the positive impact on healthier lives, livelihoods and economies. The Dutch Government can leverage development aid resources and other economic instruments available to the private sector, e.g. pooling bilateral resources with industry financial investments into public-private-partnerships to further incentivise industry engagement. Monetary incentives should be accompanied by appropriate legal frameworks, including access commitments in intellectual property agreements to ensure that such initiatives are guided by the principle of global public goods, and will benefit marginalized populations. PDPs have shown that such agreements can be successfully achieved in partnerships that engage the private sector as well as the public sector (academia, research institutes). Additional policy considerations include ensuring collaboration with local governments to develop supportive policies for clinical research, regulatory review and ultimately access, and with the research and healthcare sectors to sustainably strengthen capacity for research and innovation and to support local ownership.

Collectively, these policies can help sustain and optimize inclusiveness in the development of new health technologies.

[1] <http://www.thelancet.com/commissions/global-health-2035>

[2] <http://www.policycures.org/gfinder.html>

[3] <http://www.iavi.org/publications/file/106-2013-annual-progress-report>

TOPICS: Private sector

Arjan de Haan, Program Leader, Supporting Inclusive Growth, International Development Research Centre (IDRC)

Canada, 03-03-2015

HOW CAN GROWTH BECOME MORE INCLUSIVE? WHAT SHOULD DEVELOPMENT POLICY DO?

A new aid paradigm is emerging. To ensure inclusion is central to this, this note argues, development policy should focus on poor people's *contributions to*, and not just *benefits of* growth. It should develop complementarity between social and economic policies, and innovate in approaches to inclusive business. This also calls for renewing the measurement of development results.

Against the political consensus on aid, and crucial global changes which have fundamentally altered development cooperation, the Netherlands' Ministry of Foreign Affairs' [A World to Gain. A New Agenda for Aid, Trade and Investment](#) sets out an important agenda. It argues for diversified approaches to countries with different development priorities or stages. Dutch international development cooperation will stress Dutch comparative advantage, highlighting the 'mutual benefit' in combining aid and trade.

Questions of marginalized groups and extreme poverty are discussed too, including for example the social protection floor, violence against women, security and law. But it is understandable that the question of inclusiveness of this aid paradigm has arisen. 'A World to Gain' does not specify how much of overall efforts will be dedicated to the most disadvantaged. The focus on the role of the private sector does not go beyond the argument that this is important for growth, to consider implications of 'inclusive growth'.

It is common, and 'A World to Gain' applies it as well, to question whether growth trickles down to a broad set of a population. This is important, [can be measured](#), but the phrase also limits our understanding of what growth is. In the definition of inclusive growth [at IDRC](#), we focus on access and opportunities to participate in economic growth, through decent jobs, and entrepreneurship. Our program on [women's economic empowerment](#) focuses on the obstacles that women face in contributing to, and not just benefiting from growth, and how [empowerment can promote](#) economic growth. The potentials to sustainably redistribute the gains from growth in developing contexts are limited, and we need to know more about how 'including the poor' can promote growth.

Development policy, particularly if it promotes mutual gain, should focus on such 'win-wins', and there is evidence this can be done. First, access to economic opportunities remains critically dependent on public policy. Basic education, health, and social protection are fundamental rights and have intrinsic value. But, as [UNRISD research on social policy](#) shows, basic public services also form critical preconditions for economic transformation. There is growing evidence how social policies support economic growth, including in [emerging economies](#): through the provision of an educated and healthy labour force, and for example building on successful cash transfer programs to [promote](#) economic opportunities.

Second, does the [growing role](#) of private sector actors, investment, and finance in development (promoted for example through the [Dutch Good Growth Fund](#)) lead to win-wins? This is a positive and unstoppable force, but critical questions for development policy and inclusiveness are emerging. The field of 'inclusive business' and motivations are diverse. Emerging evidence on new donor experiences is [mixed](#). For example, evaluation of the Danish Business Partnerships Programme concluded that the effect on job creation and sustainable growth in developing countries was insufficient, and the program was subsequently closed. There has been much and welcome enthusiasm for 'development entrepreneurship', such as Bottom of the Pyramid approaches; here too, there is limited evidence on impact ([one study](#) found that few of the initiatives had been able to go to scale).

This brings me to a third area, of measurement. There has been enormous progress in measuring development outcomes, and measuring impacts of specific policies, hence helping shape development policy. But measures need to go beyond the dominant outcome measures, and focus more on how 'the poor' participate in and contribute to growth. Vice versa, measurement of the impact of private sector initiatives, while a [growing field](#), needs to be strengthened.

TOPICS: Private sector

Marije Balt, Director, Springfactor Research & Consultancy

The Netherlands, 03-03-2015

THE CASE FOR PROMOTING YOUTH ENTREPRENEURSHIP IN FRAGILE SETTINGS

Youth are holding an important key to stability and peace in Africa and the Middle East, but are no specific priority for the Dutch government. Preventing them from becoming youth at risk requires focused policies. This brief argues that the Dutch government should specifically promote youth entrepreneurship, working together with NGOs to provide the right conditions and companies to help create business opportunities.

Half of Africa's population is under 18 years old, and their number will double by 2045; the Middle East is equally experiencing a youth bulge. This is a challenge as many of these youth are or will be unemployed, especially in the fragile and conflict affected regions. Unemployed youth not only has the potential to damage the social fabric, they provide a fertile breeding ground for crime, piracy, violent extremism and other symptoms of fragility and instability. Migration, or rather their attempts to migrate to Western countries, is one of the most visible and disquieting symptoms; a source of concern for many of our governments, requiring focused policies.

However addressing youth issues is no specific priority for the Dutch government's policies. This opinion brief is making the case for prioritising youth and specifically their entrepreneurship. Not only in so-called 'fragile states' but also in other developing countries with fragile regions or a turbulent past.

In a typical Nairobi slum, entrepreneurial activity is one of the most visible aspects of the local economy; buying and selling goods, offering services such as motorbike taxis or construction work. However these concern mainly short term survival strategies in the informal sector. These business hardly grow, are not sustainable and don't manage to innovate; and will not keep youth away from better paying alternatives offered by political, criminal or other groups.

What we can do about this is limited; creating the right conditions and opportunities. However, young aspiring entrepreneurs in fragile settings can greatly benefit from programmes or initiatives that are based specifically on their drivers and the obstacles they encounter. These obstacles usually come down to:

- lacking enabling environment
- lack of education and skills required for entrepreneurship
- lack of business opportunities

This brief recommends three interlinked policy measures to promote youth entrepreneurship:

To donors:

- ***lobby with government to address obstacles and push reforms***

Youth require favourable conditions to start and run a sustainable business, which many governments in fragile regions recognise on paper but do not implement. Major reforms fail to be implemented such as on rule of law, the banking sector (for access to finance) and anti-corruption. In many cases this is due to vested political economy interests, excluding newcomers such as youth. Progress on this type of reforms that benefit youth should be addressed by the Dutch government in political dialogues and directly linked to aid and trade programmes.

To service providers and NGOs:

- ***train youth's entrepreneurship skills***

Creating the right conditions for youth to start a business requires different skills, such as initiative and innovation. Coaching these skills can help diversify the economy, but in what sector should not be predetermined. Farming for example has become less popular as youth are attracted to cities. Supporting entrepreneurship requires a flexible approach geared to where the economic opportunities lie at that moment.

To (international) companies:

- ***Promote inclusive value chains and local sourcing***

Lack of business opportunities can prove to be a major obstacle for youth entrepreneurship, both due to the dominant political economy and general lack of economic dynamics. However recent empirical [research](#) demonstrates that

international companies – in this case Dutch – investing in fragile settings do promote sustainable work for young entrepreneurs, mainly through local sourcing. An example is Equator Products, a company creating thousands of jobs for local (young) entrepreneurs. NGO Solidaridad helps raise the quality standard of their supplies and services. International companies generally look for new markets and have an incentive to work with youth. The Dutch Good Growth Fund (DGGF) might prove useful to help companies operate in a responsible manner, and continue to create work for young entrepreneurs in their value chains.

Implementing these policy measures in isolation from one another will not serve young entrepreneurs. The above mentioned actors – governments, NGOs and companies – should work better together in locations and sectors where the economic opportunities lie and youth is keen to engage – in small steps with granular support. These kind of partnerships also help cope better with the occasional geopolitical shocks.

While promoting youth entrepreneurship is certainly not a silver bullet to address fragility and prevent instability, it can help transform ‘youth at risk’ towards ‘youth at work’, and mitigate problems emerging from the youth bulge in Africa and the Middle East.

TOPICS: Youth Small businesses Employment

Mohamed A. Salih, Professor Politics of Development at the International Institute of Social Studies in The Hague, and the Department of Political Science at the University of Leiden.

The Netherlands, 03-03-2015

FROM THE HAZARDS OF “INTERNATIONAL DEVELOPMENT “CHARITY” TO INCLUSIVE DEVELOPMENT

Conventional development practice which represents a form of charity is hazardous and no longer suited to the demands of inclusive development. Only through a paradigm shift from “international development as charity” to supporting growth through trade not aid to generate employment, productive safety nets and increase agricultural productivity and market access that the poor can be INCLUDED. As the Netherlands development experience in Ethiopia demonstrates, mobilizing and supporting the Dutch private sector to work together with the private and public sectors in the developing countries will lift more people out of poverty than the outdated “International Development as Charity” paradigm.

The title of this opinion expresses a criticisable contention not at least because development aid alludes to conventional development being dominantly informed by a set of activities of a charitable nature. Although it has done some good, it has produced problems that in the long-term made it a hazardous pursuit. “International Development as charity” is suitable for abating crises and emergencies that require urgency and immediacy by saving life, resuscitating the dying and assisting in reclaiming shattered livelihoods.

However, extending “development as charity” to social development sectors (which are the responsibility of the state) is not sustainable because it creates dependency and undermines the state’s legitimacy. This contention should not be misconstrued for advocating a “hands off” policy, but rather to use donor support strategically or as a catalyst to leveraging inclusive growth. There are three implications emanating from this:

1. **Scrap “International development as charity” in the form of development programmes** (education, health, water and other social amenities) as we know them. History has shown that donor successes and impacts in these field are meagre, not-sustainable, reinforce dependency and in most cases are not inclusive. Where necessary, support such programmes only within national strategies for structural transformation.

2. **Shift “International development as charity” from national governments to multilateral organizations** specialized in the activities mentioned above as part of the global public goods or for the prevention of the spread of epidemics and endemics at a global-scale.
3. **Leverage development policies and interventions capable of translating growth into inclusive and sustainable development.** This point makes the bulk of my opinion as expressed below, using the Netherlands current policies and interventions in Ethiopia as a case in point.

Best practices

In my opinion the Netherlands development programmes in Ethiopia fall well within point three with interventions and policy mix in the following sectors:

1. **From aid to trade:** with 100 Dutch companies active in agribusiness subsectors (flowers-, vegetables- and fruit sector, sesame and dairy production) bringing Dutch expertise, upgrading technology and local production techniques and creating **productive employment** for an estimated 50,000 Ethiopians.
2. **Increase agricultural productivity and market access** in surplus producing areas as part of the Agricultural Growth Program (AGP), and improve service providers and farmer organizations' capacity to scale up best practices in production and processing, with special attention for women and youth.
3. **Productive safety net programmes** (PSNPs), implemented by the government of Ethiopia, which lifted over 7 million Ethiopians out of poverty through engagement in public works activities (reforestation and soil and water conservation) that contribute environmental sustainability, asset building and increased market access.

These policies and interventions can be supplemented with **Dutch private sector partnership with developing countries private or public sector** in critical mega development intervention sectors, particularly energy and infrastructure. More than International development as charity, as incentives for creating productive employment, improving market access and integrating farmers and livestock keepers to the market – with immediate impact on (1) and (2) above.

From charity to empowerment

In sum, lessons of experience learned from the Netherlands international development policies interventions and interventions in Ethiopia shows that there is a great potential in shifting international development away from “international development as charity” to a new empowering paradigm. It should privilege the nexus between aid and trade, productive employment and sustainable and inclusive growth.

The private sector in the developing countries is interested in profit making and less in pro-poor interventions. The best way it can contribute to development is to make it adhere to corporate social responsibility by paying taxes as the greatest contribution to domestic resource mobilization.

TOPICS: Private sector Agriculture Empowerment

Jos Verbeek, Advisor, Office of the President's Special Envoy, World Bank

The United States, 03-03-2015

INCLUSIVE GROWTH: HUMAN CAPITAL, SAFETY NETS AND ENVIRONMENTAL SUSTAINABILITY

Growth is essential for development, but it is more effective in reducing poverty and promoting shared prosperity if it is inclusive. This requires greater investments in three key areas: human capital, social safety nets and environmental sustainability.

More work needs to be done to end poverty and close the gap in living standards between those in the bottom 40 percent and the top 60 percent of the population around the world. The World Bank Group through its twin goals of ending extreme poverty by 2030 and promoting shared prosperity, measured as income growth of the bottom 40 percent, wants to focus development on those efforts. More specifically it wants to end poverty in less than a generation, but realizes that it cannot finish the job unless we find ways to reduce inequality, which stubbornly persists all over the world. This vision of a more equal world means that one must find ways to spread wealth to the billions who have almost nothing.

Even though much success has been achieved in reducing extreme poverty – those living on less than a \$1.25 a day, the total number of poor people remains unacceptably high, at just above 1 billion people (14 percent of the world population) in 2011. Forecasts show that poverty will remain stubbornly high in the South Asia and Sub-Saharan Africa regions, where an estimated 377 million of the world's 412 million poor will likely reside in 2030. In 2011, the two regions were home to 814 million of the world's 1 billion poor.

In a new [database](#) on shared prosperity covering for now 86 countries, including 24 high-income countries, initial results show that incomes of the bottom 40 percent grew faster than the national average in many of them. Deeper analysis is needed to understand the success factors of these countries. However, in terms of living standards, the bottom 40 percent in the developing world are much worse off when it comes to access to education, health, and sanitation. For example, children in the poorest households are almost twice as likely to be malnourished than those in the top 60 percent.

A recent joint publication by the World Bank and the IMF, [The Global Monitoring Report 2014/15](#) reaffirms the centrality of growth for development but highlights that growth is more effective in reducing poverty and promoting shared prosperity if it is inclusive and sustainable. Three key elements are considered to be of particular importance: greater investment in human capital, judicious use of safety nets, and steps to ensure the environmental sustainability of development.

Priorities for investments in education differ across countries. Developing countries require more attention to early childhood development because poor nutrition at a young age has lifelong implications for educational attainment and the ability of the poor to get better paying jobs and, ultimately, break the intergenerational transmission of poverty. In high-income OECD economies, emphasis is needed on ensuring that children of disadvantaged groups attend pre-school as a means to improve their advancement in life.

Well-designed safety nets can play a pivotal role in fostering inclusive human development. In some middle and low-income countries, safety nets assist the poor and vulnerable, redistribute the gains from growth, and enhance the ability of the poor to benefit from economic development. In developed countries, social protection systems are inclusive and efficient if they operate in tandem with employment policies, in particular if they promote employment of young and older workers.

Ensuring environmental sustainability is vital and all countries face challenges from natural resource depletion, ecosystem degradation and pollution, and climate change. When carefully designed, green growth strategies can tackle these challenges by improving the management of natural resources, reducing pollution and emissions, increasing resource efficiency, and strengthening resilience.

These three elements of investment in human capital, safety nets, and environmental sustainability are at the core of any country's development strategy as well as fundamental to the achievement of the WBG twin goals, the MDGs, or the Sustainable Development Goals expected to succeed the MDGs.

TOPICS: Inequality

Partos, Working Group 'Leave no one behind'

The Netherlands, 02-03-2015

LEAVE NO ONE BEHIND

The post-2015 UN Development Agenda aims “to “end poverty in all its forms everywhere” by 2030. That requires economic development interventions to incorporate explicit policies and measures targeting the extreme poor.

The Partos Working Group 'Leave no one behind' brings together 8 development organizations[1] with the aim to improve the inclusiveness of economic development interventions. The group organized a series of seminars with inputs from practitioners, researchers, and private sector actors resulting in a number of important insights which will soon be published. A few highlights:

Combat stigma at all levels

Among the 1.2 billion people below the poverty line many are disabled, elderly, illiterate, displaced, or they belong to an ethnic minority, suffer from HIV/Aids or another disease. They own nothing and live from day to day without any social security. They are victim of stigmatization that leads to conscious or unconscious discrimination. Stigmatization does not only occur at community level but also within the government, civil society organizations, policy makers and in the private sector. Too quickly people jump to the conclusion that for various reasons people belonging to marginalized groups cannot participate in development interventions. Thinking inclusively requires focusing on what people can do and not on what they are not able to do. The cycle of exclusion can only be broken if the attitude of all involved is changed.

Include the extreme poor as active participants in economic development

[Research](#) shows that economic development interventions tend to target groups that are in between the poor and the middle class. The extreme poor are most often not reached. The same applies to [social safety nets](#). 870 Million people who live in extreme poverty remain uncovered especially in low-income and middle-income countries. Considering the limited capacity of these countries to raise domestic public revenues the effectiveness of social safety nets to eradicate poverty will remain limited. Measures are required to include the extreme poor as active participants in economic development through generating and increasing their own incomes. Several initiatives show that people belonging to marginalized groups can be equally productive if they are given a fair chance.

Innovate to achieve scale and inclusiveness

When working with marginalized groups the reflex is to start separate income generating projects targeting a specific marginalized group. As a result two segregated types of economic development approaches have emerged:

- Scalable mainstream economic development interventions most of which do not yet distinguish or target the various segments of poverty. The outreach to the extreme poor remains limited.
- Interventions that focus on a specific marginalized group. Though successful in reaching out to the extreme poor these project are often limited in scalability.

Innovative approaches are required to integrate these approaches in order to achieve scale and inclusiveness. [The graduation approach](#) might offer a way to connect these approaches.

Roles of various stakeholders

Inclusiveness is a joint responsibility. National governments are primarily responsible for putting in place policies for inclusive development. Civil society organizations can adopt several roles including:

- Strengthening demand for inclusive development through amplifying the voice of the extreme poor and influencing development policies
- Pioneering innovative solutions for including the marginalized people in development and bringing multiple stakeholders together to test new models and scale up promising solutions.

Donors need to ensure that inclusion of marginalized groups is anchored in their financing policies. At this moment NGOs feel the pressure from donors to reach out to large numbers of beneficiaries at the lowest possible cost per beneficiary and are reluctant to invest in groups that are more difficult to reach.

[1] [The Partos Working Group 'Leave no one behind'](#) includes:

[Light for the World](#). (initiator) the [Dutch Coalition for Disability and Development](#), [Karuna Foundation](#), [World Granny](#), [Woord en Daad](#), [ICCO](#), [Stop Aids Now](#), [Netherlands Leprosy Relief](#) and the [Liliane Foundation](#), [MCNV](#). In cooperation with the [African Studies Centre in Leiden](#)

Comments

Paulien Bruijn 2015-03-12 14:03

I Fully agree with The message mentioned above! I would like to add that inclusion of marginalized groups will not happen automatically. It will only happen if we deliberately plan for it: inclusion of the most marginalized should explicitly be mentioned in policies, mission statements, strategies and funding frameworks. In programs inclusion has to be made practical. The identification phase is crucial in this regard. Marginalized people are often not visible and will not participate in consultations. Specific measures need to be taken to give marginalized people a voice in this process. In the planning of project activities specific attention is needed for the attitudinal, institutional & infrastructural (physical & communication) barriers that block participation of people belonging to marginalized groups. It is also my experience that the attitudinal barriers are the strongest!

Global Head of Government Affairs B2G, Global Government and Public Affairs Department, Philips

The Netherlands, 02-03-2015

INCLUSIVE DEVELOPMENT – THE ROLE OF THE PRIVATE SECTOR

Recipient countries should own and finance their development ambitions, supported by new innovative financing instrument from donors and other financiers. The private sector should innovate for inclusive development and partner with NGOs to deliver impact at scale in communities that need it most.

Why does a company like Philips care about inclusive development, and what does it have to offer? After all, the poor and underserved are difficult to reach and hardly have any money to spend. There are a number of reasons why we care, both morally and economically!

Philips has a mission to improve the lives of 3 Billion people per year by 2025 through meaningful innovations that make the world healthier and more sustainable. We are increasingly focusing on the disadvantaged and underserved population in the world, in particular in Africa and Asia. We have innovation and venturing centers in Kenya and India dedicated to the Base of the Pyramid to support inclusive growth.

With our healthcare innovations we are reaching mothers & children in rural areas and poor urban areas. Africa has 80,000 clinics of which 50% have no electricity. The WHO estimates Africa needs 200,000 electrified clinics to offer the most basic care. That's an opportunity! With our solar LED innovations we are lighting up rural villages and slums thus fighting light poverty that affects 1.3 Billion people. With clean cook stoves we are reducing the estimated 1.5 million people that die annually of fires and lung disease due to indoor pollution.

Can this be profitable? Yes it can. We just need to figure out how to make it work at scale. I will illustrate this with a few examples. An average family in Africa spends 50 US\$ per year on kerosene to light up their homes. An LED solar lantern costs 20 US\$. However, people cannot afford that in one purchase. So we need to develop business models that enable people to pay for the lantern differently, preferably for 1.3 billion customers! Another example is on healthcare, where families can spend up to 30% of their (potential) household budget on caring for a chronically ill patient (e.g. heart patient, diabetes, mentally handicapped). Annually, 100 million people fall back into poverty because they need to care for a chronically ill member of the family. Universal Health Coverage makes healthcare accessible, prevents disease, and makes people healthy again and grows the economy. Using technologies, like digital IT platforms or handheld ultrasounds, can make healthcare more accessible, also for the poor.

So what needs to be done to transform the markets and reach those mothers, children, rural communities, chronically ill, and underserved community suffering from light poverty or poor access to healthcare?

Recipient governments need to recognize access to healthcare and electricity/light as a basic human right and a source of economic growth. That will make the case to allocate more domestic resources to invest in the policies their citizens deserve. We are seeing that many recipients' countries are now willing to do so. Donors need to move away from grants and encourage blending of financial sources, including private sector participation, to reach scale. Money is increasingly available, looking for investable projects. The time of pilot as an end in itself is over. Implement at massive scale, and replicate for impact! Private sector will need to innovate with and for underserved communities, team up with NGOs to reach communities, and develop supply chains and business models which ensure sustainable business and service can be delivered. If we combine the renewed willingness of recipient countries, the encouraging transformation of the financial/donor community and the partnerships between private sector and NGOs, we can deliver impact at scale for those who need it most!

TOPICS: Private sector

Joseph Mumba, Chief Consultant in Management, University in Arusha

Tanzania, 02-03-2015

HOW TO PROMOTE INCLUSIVENESS IN AFRICA

Successful inclusive business models require a well-established and coordinated supportive ecosystem within which various stakeholders can play important roles in developing it. The Royal Netherlands Government can play a key role in helping to develop the capacities of local stakeholders including local communities, knowledge institutions, government institutions and civil society organizations. Support to government institutions should focus on policy and law/regulatory reforms and the reform of mindsets of the bureaucracy in order to enable inclusiveness.

- 1. What policies and interventions have proved to contribute most successfully to the translation of growth into benefits for the poor? Is there a best policy mix?**

Policies that force foreign businesses to employ a certain number of locals in their companies. Across Africa we see Chinese companies bringing in Chinese workers to do even the lowest jobs that local people can easily do.

Policies that give incentives to foreign and local investors to source supplies from local suppliers. This will ensure that local people are integrated into business value chains, hence improving their livelihoods and welfare in a sustainable manner.

Policies that give leverage to businesses to go outside their fences to deliver services to the local poor, e.g. building schools and healthcare units. But these must be investments that their own expatriates can also obtain quality services from. We see in Africa many multinational companies sending their employees to other countries to seek better health services, and their children sent abroad for better quality education. Again this will work if the services can be made affordable to the local communities.

Developing pro-poor policies in all sectors of the economy: energy, health, urban development, environment, water, land, education, etc.

2. Are specific and additional economic, political and/or social measures required to reach the most excluded and disadvantaged groups?

There is need to strengthen pro-poor policies and regulatory frameworks that include and not exclude poor or less qualified people to participate in the business value-chains. For instance, in India the law did not allow people with low-level medical skills to serve in hospitals. The policies and the laws have to change.

3. Policies and outcomes for inclusive development are the primary responsibility of national governments. How and in which specific areas can donors contribute to inclusive development? What role can civil society play?

Successful inclusive business models require a well-established and coordinated supportive ecosystem within which various stakeholders can play important roles in developing it.

Donors, both public and private, as well as private foundations, can stimulate the creation of currently lacking local support institutions. Donors can finance the documentation and analyses of best practices, share insights and facilitate public-private dialogues. Donors can also promote the inclusive business approach as they provide assistance to governments and support the development of enabling laws, policies and human capacities.

Civil society organizations can help local entrepreneurs set up inclusive businesses. Since they already have excellent working relationships with local and rural communities, they can facilitate access for enterprises to low-income communities, act as watchdogs for the interests of low-income communities, and support the development of inclusive businesses, above all through awareness raising and capacity-building.

4. How can the private sector in developing countries take the interests of the poor and marginalized more into account? Which are best practices? How can we further promote this in our cooperation with and support for the private sector?

Private sector companies and entrepreneurs can pioneer inclusive strategies by investing in new business approaches, conducting market research, testing the delivery of innovative services and products at affordable prices, building technical skills, implementing strategies for integrating low-income communities into value chains, and providing logistical and other services that support other local companies. They can also innovate by purchasing goods or services from informal enterprises owned by people in low-income communities, and by increasing the locally sourced content of raw materials and other supplies.

Some best practices can be seen in Tanzania where one Dutch company has empowered the rural Maasai community to venture into making quality dairy products such as cheese using milk from their own cows. In the cut-

flower industry, many Dutch companies have set up farms in northern Tanzania, and some local entrepreneurs have invested in the industry through learning from the foreign companies by sharing ideas and best practices through a local association.

5. Which additional policy measures and approaches are required to address (horizontal) inequalities in fragile and conflict-affected areas, and to include marginalized groups in interventions that promote stability, security and justice?

There is need to support emerging governments in conflict regions such as Somalia, South Sudan, Darfur, and DR Congo in building working public services, and in re-establishing requisite policies and legal and regulatory frameworks, and building capacities for implementation and enforcement. The involvement of marginalized communities in policy development, implementation and monitoring will be key in promoting stability, security and social justice in these conflict countries. Donors can play an important role in supporting peace-building initiatives, and supporting the formation of functioning institutions, poverty reduction policies that engender inclusive business entrepreneurship.

TOPICS: Private sector

Marco Gerritsen, Senior Health /Development Expert Ministry of Foreign Affairs

The Netherlands, 02-03-2015

BASIC MOBILE TECHNOLOGY TO ENABLE PEOPLE AT THE BASE OF PYRAMID TO PARTICIPATE IN GROWTH.

SMS-based mobile technology provides an eco-system that enables development programmes to engage interactively with actors at the Base of the Pyramid whilst creating opportunities to combine these programmes with real economic value and empowerment for the poorest people. Herewith insights and larger scale are created that potentially contribute to community fueled accountability mechanisms such as taxation and deep learning from big data. All with better quality and greater scale.

Sexual Reproductive Health and Rights, including hiv/aids (SRHR+) as an important element of Health in general, has a longstanding expertise and knowledge-base (insights) at community level. Be it in urban or rural areas SRHR+ has been struggling to reach large scale at the Base of the Pyramid (BoP): how to influence people towards more healthy behavior by changing attitudes and improving effective access and use of knowledge, products and services, especially at the BoP?

Much of what SRHR+ has on offer is not particularly popular and requires quite a bit of convincing in competition with products like cigarettes and alcohol. The private-for-profit segment of the market for SRHR+ products and services is therefore rather small with limited coverage. The not-for-profit segments are covered by Social Marketing (SM) and free distribution.

Free Distribution (FD) is the classical ODA channel: governments, UN-agencies and NGO's have seriously inefficient S&D channels (expensive warehouse space, costly investment in trucks/transporters etc. with struggling management leading to frequent out-of-stocks and expired products.)

SM basically uses private sector supply & distribution (S&D) channels to provide access to products and services (P&S) within communities. These P&S are heavily subsidized and the consumer basically only pays for the use of the private sector S&D channel: this compensates cost and rewards the movement from warehouse to retailer. For the BoP poor even these heavily subsidized P&S are often still too expensive.

Liquidity (cash in the pocket) is a serious problem when you only have access to 1,25 USD or less per day. For every dime you get, you cover your first and foremost priorities and you can only afford stuff that doesn't require a lot of money: a cup of rice, a teaspoon of salt, a cigarette etc.. Similarly retailers prefer fast moving products: stuff on the shelves does not earn you money for your next trip to buy stock.

In this context the poverty trap is remarkable: poor people pay more for their daily necessities than rich people, because they can't afford to buy larger amounts: no money, no transportation, no storage space, too much risk of loss (theft, fire etc.).

The same retailers will be reluctant to stock SRHR+ products (condoms, micro-nutrients, etc.) if the same products are also offered for free at schools and health centres.

Mobile technology offers us opportunities to provide access for free to SRHR+ P&S from for-profit retailers (market, corner-shop, pharmacy etc.) using electronic vouchers. This involves micro-entrepreneurs who do promotion (previously hired educators) and/or cover the last mile (creaming off part of the S&D margin). Call centres verify in local language the recall rate of messaging, adding quality insight to our education efforts. These micro-entrepreneurs and the retailers are paid per transaction. These transactions are enabled by virtual rewards (real value: partly redeemable into cash, partly in kind (P&S) for sale or consumption). This virtual reward (kind of air mile) does not only enable transactions, but also provides opportunities to encourage desired behavior: text (SMS) the daily changing code at the Ante Natal Clinic consultation room as evidence that you were there and you'll receive a bonus voucher for a free ride to the same facility next time.

Thus it becomes possible to join the informal BoP market, address its imperfections (asymmetry of information, access to credit, free-entry, price taking, S&D inefficiencies etc.) and work from within to enhance opportunities for inclusive development. Such a mobile platform/eco-system could power Community Health Worker schemes, peer-educator programmes, Social Marketing, cash/in-kind transfer programmes, insurance schemes, social protection packages, reverse supply chains for recycling (i.e. empty phone batteries) and maintenance (i.e. broken Philipsave) etc., most importantly: MUCH BETTER INSIGHTS AND SCALABLE!

Such more formal markets with protected dedicated transactions also provide opportunities to capture remittances: in Utrecht I could purchase a voucher for a school uniform for my niece in Nampula, Mozambique or a health insurance card for my grandmother in Nakuru Kenya.

More formal and less imperfect markets provide opportunities for taxation, improved regulation (access to rights: ILO, P&S quality, what you is what you see (i.e. @ pharmacies)), greater efficiencies, improved insights (big data & deep learning) etc.: inclusive development powered by built-in accountability mechanisms from within communities.

Conclusion

Mobile phone technology provides opportunities to reach out to the poorest of the poor and provide them with support and opportunities to participate in growth and improved accountability as development programmes become better at greater scale and BoP markets become less imperfect and formalize.

PROMOTING INCLUSION IN DEVELOPMENT POLICIES

Marginalisation is a complex phenomenon that is not susceptible to simple answers or single approaches. There is not one form of inclusion or one form of a good life; this is why the starting point should always be to explore with marginalized people how they view their own inclusion in society. It is frequently counter-productive to enter a situation viewing the marginalized as victims; prejudice often works 'both ways' and, in any case, blaming tends to harden positions.

The Complexity of Marginalisation

Any efforts to reach the marginalized need to take into account the complexity of social exclusion. This complexity is **always specific** to the society and group concerned but a number of core features of social exclusion can be noted:

The first is that prejudice and socio-economic disadvantage 'intersect' and reinforce one another. This is why marginalized groups are so often the poorest of the poor. This means that **efforts to tackle discrimination without also addressing socio-economic disadvantages are likely to lead only to hollow victories rather than sustainable improvements.**

The second is that disadvantage is plural. This means that disadvantage in one area, such as an individual's health, is likely to have deleterious effects in other areas, such as the ability to work and thus to maintain good living conditions. **Policies that address only one area of disadvantage will not succeed in tackling societal exclusion and the associated poverty.**

Disadvantages have a tendency to cluster,[1] making the marginalized more susceptible to risk than the well-connected or better off. Not only are disadvantaged people more likely to be forced to take risks, but the risks they take also compound their disadvantage in a variety of ways. One of the most common side-effects of the uncertainty in which many marginalized people are forced to live their lives is so-called 'planning blight', which in its most extreme form leads to a decision-making paralysis. Important decisions are delayed and there is a failure to plan, even where this failure makes people worse off. Poor decision-making – as a result of exhaustion, hopelessness or the misery that extreme uncertainty creates – is a common result of this greater exposure to risk. **Efforts to tackle marginalisation need also to address the higher exposure to risk that is one of the consequences of socio-economic marginalisation.**

Taking account of difference

Where a group is marginalized because of particular differences (horizontal identities), this difference needs to be factored into policy-making. It is not simply that such difference may demand protection but that difference from the majority may entail different socio-economic preferences i.e. what is an acceptable form of inclusion for a marginalized group may not be intuitive to the majority (or to donors). It cannot be over-stressed how important it is to ask members of such groups how they envisage their inclusion in society i.e. what good participation means to them. While it may be the case that certain 'capabilities' or needs are largely universal, individuals within different groups are likely to rank their needs and the accompanying priorities differently. **So many policy reforms that have attempted to promote inclusion have failed because they have not taken into account how marginalized groups view both society and their place in it.**

Entering with an open mind

Fragile societies are likely to be in flux: this can be positive in that it provides opportunities to enhance inclusion, but it also contains the risk that societal positions harden in response to the greater uncertainty. Entering into such scenarios with a clear normative standpoint can backfire and make exclusion more pronounced. For example, making one's starting point that a marginalized group are the victims of prejudice, or that minority protection or indigenous status is desirable. To minimize this risk, it is important to allow all strategic actors to explain their position in relation to the exclusion of a particular group. It is also important to be aware that **prejudice often works 'both ways'**.

[1] Wolff and de-Shalit, *Disadvantage* (OUP, 2007)

TOPICS: Inequality

Nurit Hashimshony-Yaffe, PhD, School of Government and Society Academic College of Tel Aviv-Yaffo

Israel, 02-03-2015

'BOTTOM-TO-TOP' INCLUSIVENESS

As an expert on African Politics and civil society I will concentrate on the role civil society can play contributing to inclusive development, and the aid donors direct towards civil society action to inclusive sustainable development.

How to promote inclusiveness in the Dutch policy agenda for trade and international cooperation?

- o **Embedded in civil society organizations is the capacity to include rather than to exclude.**
- o **External aid might be a helping hand but not a substitute to local organizing, it may offer: financing social organizations capacity building, promoting cooperation between civil societies and assistance to create different social coalitions within societies by offering and creating the platform for cooperation .**
- o **External aid to civil society may improve its viability and promote inclusiveness.**

Civil society as an open public sphere of action, offers arena for accumulating of interests and freedom of expression. This enables social organizing around specific interests, local as well as global issues, and reflects diversity within societies. Strong and viable civil society will be heterogeneous in nature; will include different kinds of organizations (women organizations, youth organizations, students, workers and others), from different geographical locations (some based in rural areas while others in the big cities), different sizes (small community based organizations as self-help ones as well as umbrella organizations) and with different capabilities. The formal and informal networking between different organizations is highly important as it creates civic common identity. It is not national, regional, and ethnic or religious identity (as so often seen in African countries) and it was not created or influenced by the state. It is based on people participation in social activity. As compared to other identities it is more civic and therefore not alienating but unifying in nature.

Embedded in civil society is its capacity to include rather than to exclude. This civil society capability, sometimes forgotten, is its importance while asking for inclusiveness.

Civil society enhancement may offer sustainable growth in a path that is productive for vulnerable communities and disadvantaged groups. Civil society organizations as promoting different human rights issues may assist in the redistribution of services (health, education etc.). As a non- governmental way of action it is bottom to top, and more community oriented (or even grass roots organizing) than government agencies and policies. The bottom-to-top nature contributes to a more inclusive action (rather than narrow interest based action).

Accepting the role of civil society in promoting inclusive development, one may agree that civil society enhancement is highly important. Strengthening civil society can be done in different ways, but I would like to emphasize the sensitive care that must be taken into account while done by external donors (whether states or private donors). The importance of civil society lies in its social nature (bottom –to-top and community based).

External aid is needed but must not interfere in inner relations, local priorities and ways of action chosen by social organizations, as long as the local organizations are acting in an inclusive manner respecting freedom of expression, and with no human rights abuse.

This implies that foreign policy may include assistance to civil societies; financing and implementing social organizations' capacity building (assisted by Dutch or other capacity building organizations), promoting cooperation between civil societies (within a region and across regions), assistance to create different social coalitions within societies by offering and creating the platform for cooperation.

These will aid the viability of civil society without violating its bottom to top character, and without violating the delicate interrelationships between state and society. Hence, by supporting civil society, it is possible to promote inclusiveness.

Rens Willems, Research Fellow at the University for Peace (UPEACE) Centre The Hague

The Netherlands, 02-03-2015

INVESTING IN BROADER RISK ASSESSMENTS: INCLUDING NON-COMMERCIAL RISKS

Dutch policy should promote and support the broadening of risk assessments conducted by businesses investing in fragile and conflict-affected areas. Such broader risk assessments should then also include non-commercial risks, such as risks related to social and economic inequalities, human rights issues, etc.

Much focus has been on investment and trade as a way of development cooperation. This includes funds for businesses investing in fragile contexts, which are by definition high risk. This includes high risks for businesses, which may lose their investments. But the risks for people in fragile contexts where interventions take place are even higher; they may lose the investment, but also opportunities for peace and development. Risk assessments are an important aspect of businesses' choices to invest, and how to invest. Such assessments, however, tend to be focused on commercial risks. The risks in fragile contexts are much broader, and also these broader risks may affect the investing business. Think of the (unintentionally) stimulating conflict due to business activities. This may relate to (horizontal) inequalities, human rights issues, labour conditions, governmental risks, environmental risks. Business investments should therefore include a broader risk assessment, and include a focus on how the business activities could have a harmful or a mitigating effect on issues related to conflict and inequalities. Choices regarding investments should be made accordingly. In the end, aversion of conflict risks is beneficial for both the fragile context and the investing businesses. The fact that few of such broader assessments are done, is both due to a lack of awareness of the influence business activities can have on issues of conflict and fragility, and due to a lack of capacity and knowledge.

One way to stimulate such broader risk assessments is by making them mandatory for all investments undertaken with support of loans and subsidies from the Dutch government.

A second – complementary – way is for the Dutch policy instruments for trade and development to provide businesses with support in conducting such broader risk assessments. Knowledge institutions could support this policy; with 'pilot light agreements' certain institutions and experts could be on call for when knowledge on a certain

topic and/or region is required. By starting off with a particular region or a small set of countries, this approach can be further developed and fine-tuned.

Jane Mariara, Director, School of Economics University of Nairobi

Kenya, 02-03-2015

PRO-POOR GROWTH POLICIES

In many poor countries, growth does not always translate to poverty reduction. Evidence from Kenya for instance suggests a growth-poverty paradox, with falling poverty incidence accompanied by growth in the number of poor persons. At the same time, considerable economic growth between 1994 and 2006 was realized without corresponding improvements in socioeconomic outcomes such as child mortality and nutritional status. Research findings and best practices suggest that to address poverty, inequality and enhance growth, a number of policies are critical. Such policies ensure affordability and access to the following services:

(i) **Water:** A significant proportion of households in poor countries lack access to safe drinking water. Managing water scarcity in developing countries is a challenge due to high population growth, unstructured urban development, the need for irrigation and livestock water due to frequent droughts and falling surface water levels, and high costs of acquiring new water supplies such as boreholes. Policies that ensure access, management and utilization of water by the poor are important.

(ii) **Education:** Education remains unaffordable to the poorest of the poor in many low income countries: Policies should include:

1. Free primary education – this should go beyond tuition waiver to ensure that basic learning infrastructure is available so that quality is not compromised.
2. Subsidized tertiary education.
3. Support for early childhood education (ECE) – in many low income countries, ECE is not supported by the government, yet, good quality ECE is the foundation for quality education in later years.
4. Informal schooling, targeting mostly informal settlements and children with special needs. Informal schooling should be combined with empowerment programmes for the households in which the poor children live.

(iii) **Health:** Access to basic preventive and curative care is essential in low income countries. Many health services are outside the reach of the poor due to cost of care, while distance to care facilities remains a hindrance to utilization. Such countries continue to witness low child immunization rates, high child morbidity and mortality rates as well as high maternal mortality ratios. These can be addressed if health care services are made more accessible and affordable.

(iv) **Fuel:** The poor rely on fuels which are unclean and environmentally unfriendly. Fuelwood, charcoal and kerosene are not only a health hazard, often associated with pollution and upper respiratory infections, but wood based fuels also lead to deforestation and environmental degradation. Policies to ensure access to and affordability of fuel include market-based instruments such as subsidies, and control policies. Subsidies and zero-rating of cleaner fuels such as cooking gas could help reduce the environmental impact of using wood and charcoal. Afforestation and agro-forestry in rural areas that facilitate easier access to fuels would free women's time for fuel search and thus release labour for productive activities.

(v) **Markets:** Many poor farmers lack proper marketing channels for their produce, while poor roads make it impossible to get fresh produce to the market on time. Improving market access would have important implications for

the livelihood of poor farmers. Investment in infrastructure is a must in many low income countries if households are to escape from poverty traps.

(vi) **Safety and security:** Safety and security are necessary for socioeconomic development. High levels of crime, civil strife and global threat from terrorism have negative consequences for productivity, growth and poverty reduction. Policies should include scaling up community policing and core interventions to increase security and reduce chronic crime. Cooperation of governments globally in the fight against terrorism is a must.

A combination of all these policies together with others can ensure that growth translates into poverty reduction.

All the above policies can help reach the most excluded and disadvantaged groups. In addition, social protection policies are particularly important as they can ensure that the most vulnerable groups access basic social services and also support their livelihoods.

*Part of this discussion is drawn from Kabubo-Mariara J., D. Mwabu and G. Ndenge (2013). Inequality, Poverty, Growth and Institutions: Understanding the Linkages in Kenya. Report for the AERC Collaborative Research Project on Understanding the Links between Growth and Poverty in Africa.

Jane Mariara is Director of the [School of Economics University of Nairobi](#)

TOPICS: Inequality Poverty reduction

Comments

Mohammed Bashir Umar

2019-06-16 22:06

As a matter of fact, these should be pursued but, the will and sincerity of purpose from both within and without is our major problem. What we need is complete orientation, sensitisation and education especially in countries like Nigeria. Also, poverty is like the proverbial beauty is in the eyes of the beholder, because right from the definition and measurement of the concept there are a lot of ambiguities. For instance the \$1 dollar/day earning as a measure is not only erroneous but, misleading. I stand to be corrected. Thanks

Kasper Vrolijk, PhD Candidate International Development and Economics School of Oriental and African Studies

London , 02-03-2015

INCLUSIVENESS OF THE POOR THROUGH EMPLOYMENT: THE ROLE FOR THE DUTCH PRIVATE SECTOR AND GOVERNMENT

The primary means to include the poor in development is to provide employment opportunities that allow for gradual upgrading of personal capacities. The role of the Dutch government is to incentivise Dutch firms to strategically plan how technical and organizational knowledge can be transferred to (and adapted by) local employees and firms *in accordance* with the developing country's needs.

The most straightforward solution to lifting people out of poverty is the provision of decent jobs that allow them to increase spending, particularly in capacities that provide long-term benefits. However, there is a “chicken and egg” problem for the poor: they need income to increase personal capacities, but simultaneously require certain capacities

to be productive and to be absorbed by the formal economy. This piece considers the opportunities that the private sector has to improve capacities of the poor and suggests what role the Dutch government could take.

Providing employment opportunities for the poor is a vital first step for inclusive growth. However, one should also consider the quality (e.g. wages) and the conditions of work (e.g. annual leave, safety) that are provided. Availability of jobs provides only a temporary opportunity for the poor. What matters in the long run is the gradual development of skills. For the poor to acquire skills and capacities, employment should offer mechanisms that allow them to gradually acquire knowledge and upgrade towards higher quality jobs that subsequently provide better opportunities.

But what does this mean in practice for Dutch firms that operate in developing countries? In brief, firms should consider ways in which they can establish a reciprocal relationship with developing countries. This can occur through two means. First, Dutch firms can integrate local employees and establish mechanisms that allow for knowledge transfer. Secondly, Dutch firms can establish linkages with local firms, buyers, and suppliers in order to share know-how. It is essential to point out that this process is highly complex, that it is something that happens gradually, and that it does not happen automatically.

The way in which know-how from Dutch firms can be beneficial for the poor is based on two notions: transfer and adaptation. Transfer refers to the way in which Dutch firms transfer knowledge to local people and firms. Firms should have in place strategic plans that state which knowledge is transferred and how this can be done. The notion of adaptation refers to the idea that knowledge from Dutch firms cannot directly be applied in local contexts. Dutch firms should define how they support local employees and firms in this adaptation process. This interaction is one of learning and gradual adaptation: Dutch firms and local firms need to follow a “trial-and-error” process of finding out what benefits the poor most.

What is the role of the Dutch government in this process? It is one of coordination. First, the Dutch government should coordinate efforts of the private sector to establish and execute knowledge transfer and adaptation to the poor. Possibly, the government could incentivise Dutch firms to strategically plan their cooperation and state how firm activities in developing countries can allow the poor to upgrade their skills and knowledge. Second, the government should coordinate the “chicken and egg” problem. That is, in close cooperation with the local government, Dutch policy makers should identify how Dutch firms can provide knowledge to the poor in accordance with current levels of development in the developing country, future aspirations of that country and contemporary efforts of the Dutch government in the developing country to improve public services. Only when the Dutch government can identify the way in which knowledge of Dutch firms can be useful in the local context Dutch firms can actually improve the capacities and conditions of the poor.

TOPICS: Private sector

Vivina Berla and Linda Jones, Senior Partner, Sarona Asset Management Europe BV and Director SME/Investments, MEDA (Canada)

The Netherlands, 02-03-2015

WHEN ECONOMIC GROWTH IS NOT ENOUGH TO HELP THOSE WHO NEED IT MOST

To make growth more inclusive, policies can be designed to improve the business environment and make it easier for SMEs to access growth capital in an investor friendly manner. Blended finance can be an effective tool to encourage investments into targeted SMEs by transforming the risk-return profile for investors. There are reasons to focus additional support towards the most disadvantaged groups such as women and youth. In the long term they are likely to provide the most significant contribution to a more equitable society.

Financial inclusion, access to training and education, engagement into agricultural value chains have proven to be effective strategies if executed and measured appropriately.

Economic growth is commonly considered to be a necessary ingredient for poverty reduction, but is not sufficient to guarantee equal benefits for the poor. In fact, the higher the existing disparity in a given country, the less likely it is that benefits of growth will accrue to the low-income communities. The World Bank reports that while a 1% increase in the most equal countries produces a 4.3% lessening in poverty, in the most unequal countries, the same 1% results in a paltry 0.6% reduction.

Researchers report that interventions to improve the business environment strongly correlate with poverty reduction and allow for growth in the small to medium enterprise sector which is key for job creation. Such an environment is dependent on enabling policies, progressive private sector leadership, solid environmental, social and governance (ESG) standards, and methods for enforcement. SME growth can be accelerated by blended finance – capital (loans, equity investment, trade finance) and donor grants – that offers opportunities for equitable, sustainable and ethical growth. UNCTAD reports that financing of SMEs is more effective when business services improve the capacity of SMEs to grow and repay loans. Conversely, well operating SMEs (exhibiting strong ESG standards) are better able to attract the needed investment for growth.

The most disadvantaged groups require additional measures to benefit from economic growth, and this is an area where donors can be especially proactive. For example, on a macro level, donors can support governments to fight corruption, increase transparency, and strengthen the judiciary. At the program level, donors can also insist on targets and budgeting that promote inclusion in the development initiatives that they fund. Recently, for example, AusAID (DFAT) has mandated that all development programs must allocate 80% of their budgets to activities that are primarily or secondarily gender focused. This means that programs are accelerating their capacity and innovations in the area of women's economic empowerment in order to maintain their ability to attract programming dollars. Civil society can support such efforts with their knowledge of local communities and the disadvantaged amongst them, their networks, their ability to negotiate socio-cultural barriers and so on.

Market development (MD) programs promote private sector development for poverty reduction and inclusion of the poor and marginalized. Through the identification of incentives for private businesses, such MD programs have seen significant gains. For example, agriculture provides incomes to 70% of the world's poor, and agricultural value chains (domestic, regional and international) require more raw materials from farming enterprises. By enabling poor farmers to deliver increased volumes of raw materials, with consistent delivery and higher quality outputs, there is the potential to integrate smallholders into sectors that are commercial and sustainable. On the other hand, private sector delivery of affordable and appropriate products (e.g., smaller seed packets or laundry detergent sachets) enables households at the bottom of the pyramid to satisfy their consumption needs

Horizontal inequalities in fragile and conflict-affected regions represent a particularly egregious and challenging problem faced by marginalized groups (and may have been a significant factor in escalating conflict in the first place). Evidence suggests that while improvements can be realized in some areas, these can easily be offset by other factors relating to group inequality or ineffective reforms. Policies to correct economic, social and political horizontal inequalities need to be prioritized in order to redress imbalances and avoid the return to conflict – for example, policies that aim to reduce discrimination, increase participation and promote socio-economic advancement for all. Moreover, the stronger the economy, the greater likelihood of job creation and equal hiring practices that can in turn promote the reduction of horizontal inequalities and the resulting tensions/conflicts.

TOPICS: Poverty reduction Private sector

Ireen Dubel, Senior Advisor Women's Rights, Hivos

The Netherlands, 02-03-2015

GENDER JUSTICE FOR ALL

Policies and outcomes for inclusive, gender just, development require the political will of governments and donors to invest in contentious engagement with citizens and civil society actors. Past decades have shown that women's autonomous organizing in civil society is critical for progressive gender just change, by ensuring that "words become deeds." [1] The drivers of change need the democratic space and resources to demand inclusion and non-discrimination, transparency and accountability, and the rule of law.

Despite legal and policy reform inequalities persist

Nowhere in the world do women and men enjoy equal opportunities, rights and outcomes. The balance is in favour of men, though not in all contexts and not for all dimensions of human life. Neither are women a universal category. Gender inequalities are intertwined with other grounds of exclusion based on age, class, caste, ethnicity, location, disability, religion, sexual orientation and gender identity. Ample evidence for gender-biased development is found in academic literature and studies by the [World Bank](#), [OECD](#) and [UN agencies](#). Qualitative analysis is enriched with an increasing body of quantitative data in the form of national gender statistics and indexes. [2]

We face a paradox of transformation in women's legal rights, yet for most of the world's women the laws on paper do not achieve gender equality and justice. The two most far-reaching global normative gender equality frameworks, the UN Women's Convention ([CEDAW](#)) and the [Beijing Platform for Action](#), face numerous barriers in domestic codification and implementation. Matters of the family, marriage, sexuality and bodily integrity remain the most contested sites of gender justice. Resource allocation is far from adequate.

Key challenges

The democratic space for civil society is under threat with the recent rise of legislative or other restrictions on citizens' ability to organize and operate. Women's rights activists risk imprisonment, harassment, torture, and even death to defend human rights, including their own. This is the case for women active in [uprisings](#) in the Middle East and North Africa, in [pro-abortion work](#) in Central America and [livelihood struggles](#) in Latin America.

As women's rights activists speak out against discrimination, violence and exclusion, they challenge social norms, deeply entrenched beliefs, attitudes and practices.

These activists play a triple role in:

- Agenda setting of gender justice;
- Demanding transparency and accountability from governments and corporations;
- Piloting new, innovative approaches that address contentious rights violations, discrimination and exclusion.

Hivos collaborates with gender justice frontrunners that advocate for [constitutional reforms](#) and [sexual violence](#) laws; that shift norms to stop [child labour](#) and [female genital mutilation](#); that provide online access to [safe medical abortion](#); for compliance with decent work for [women workers](#).

What's next

Upholding the democratic space for civil society and citizens to organize and operate is first and foremost the duty of the state. Donors should use diplomacy in their aid and trade relationships with countries to support that critical space

in civil society for dialogue and dissent. Donors should also use all diplomatic means to support gender justice activists at risk.

Governments are no monolithic entities. Neither do women's rights organizations and activists have a monopoly on advocacy for the rights of women. Gender justice advocates are everywhere, within government, private sector including trade unions, civil society and among citizens at large. Governments and donors should encourage nationally grounded coalitions for gender justice. Dialogue and engagement with civil society requires transparent rules for communication, engagement and decision-making, including timely and accurate provision of information. At the same time, government and donors should expand the sphere of influence for gender justice organizations and activists to all sectors of aid, trade and investment. Adequate resources for citizen engagement is a prerequisite.

[1] Mala Hunt and S. Laurel Weldon (2012), 'The Civic Origins of Progressive Policy Change: Combating Violence against Women in Global Perspective, 1975-2005', in *American Political Science Review*, Vol. 106, Issue 03, pp 564.

[2] This includes the following global gender indexes:

Gender Equality Index (ISS, Erasmus University Rotterdam), covers 184 countries since 2010.

Gender Inequality Index (UNDP), covers 138 countries since 2010, replacing the former UNDP Gender Development Index and Gender Empowerment Measure that was introduced at the time of Fourth World Conference on Women, in Beijing 1995.

Social Institutions and Gender Index (OECD), covers 101 countries since 2010.

The Global Gender Gap Index (World Economic Forum), covers 134 countries since 2010.

The Women's Economic Opportunities Index (Economic Intelligence Unit), covers 184 countries since 2010.