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WORKING WITH THE GRAIN TO CHANGE THE GRAIN:
Moving beyond the Millennium Development Goals

Phil Vernon and Deborrah Baksh

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Table of Contents

List of Acronyms

BOND	British Overseas NGOs for Development
CGD	Center for Global Development
CONCORD	European Confederation of Relief and Development NGOs
CSP	Center for Systemic Peace
DFID	UK Department for International Development
DRC	Democratic Republic of Congo
EC	European Commission
EU	European Union
G8	Group of Eight Leading Industrialised Countries
GDP	Gross Domestic Product
GNI	Gross National Income
HIPC	Heavily Indebted Poor Countries
IGO	Intergovernmental organisation
INCAF	International Network on Conflict and Fragility
IMF	International Monetary Fund
NGO	Non-governmental organisation
MD	Millennium Declaration
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD Development Assistance Committee
PPP	Purchasing power parity
PRSP	Poverty Reduction Strategy Paper
SIPRI	Stockholm International Peace Research Institute
UN	United Nations
UNDP	United Nations Development Programme
WB	The World Bank

Executive Summary

The Millennium Development Goals (MDGs) will not be achieved by 2015. Progress is especially slow in fragile contexts, where institutions are weak and there is a risk of violent conflict. But a closer examination shows that the MDGs are inadequate measures of development progress, and as such they represent an international development paradigm that is tired and confused. It is time to review what we mean by development, i.e. the very idea of human progress.

A more useful way to consider human progress is to consider a "developed society" as one with a defined set of characteristics, and to create from these a vision for change. Building on work by others, we propose a generic vision comprising six key characteristics:

1. Equal access to political voice, and the legitimate and accountable use of power.
2. Equal participation in a vibrant and sustainable economy.
3. Equal access to justice, and equality before the law.
4. Freedom from insecurity.
5. The ability of people to maintain their mental and physical well-being, to have aspirations and make progress towards them.
6. The self-reinforcing presence of institutions and values that support and enable equitable progress and peace.

While these characteristics provide a *vision* of human progress, they do not provide guidance on how to get there. This has to be defined at a local, rather than a global level, and in figuring out how to do this, we need to learn lessons from history. History shows us that societies that have made substantial progress have done so by:

- Opening up access to political and economic opportunities, and developing an increasingly dynamic civil society.
- Establishing states accountable to and with a strong sense of membership by the people, and which adopt "developmental" goals and policies.
- Establishing, gradually extending, and eventually universalising the rule of law.
- Evolving from personal to impersonal forms of participation in the economy, politics and civil society – e.g. from personal to shareholder ownership of companies, and from "big man" political leadership to the idea of "political office".
- Achieving sustained and shared economic growth.
- Developing a culture which supports the exercise of initiative and encourages creativity.
- Transferring control of organised violence from the hands of powerful individuals or factions, to the accountable state.
- Adopting increasingly democratic or representative and broadly accountable forms of government.

These changes have historically come about through a combination of circumstances, leadership, negotiation, effective relationships, and when incentives for those in power were aligned with the direction of change. The task of those aiming to achieve and support human progress in fragile contexts is to lead, promote, harness and catalyse processes that produce comparable changes. To do so, they need to figure out how to *work with the grain, to change the grain*; i.e. work within the power dynamics of the political economy, while promoting changes to it. This is a much better way to conceptualise "development" and "development assistance" than the MDGs which tend to gloss over the political dimension.

With this framework in mind, we can see that some progress has been made since the millennium: for example the number of extremely fragile states has reduced, and this is influenced – partly positively and partly negatively – by a number of global trends. Because of the fluidity and mixed consequences of these global influences, and the challenges inherent in endogenous processes of change, there are good reasons to question whether the reductions in fragility so far achieved are sustainable, and whether people in other fragile contexts can make such improvements. The challenges remain immense. It is critical for the international community to adopt effective approaches to support development in fragile contexts. But despite the good ideas they often produce, international development institutions are failing to rise to this challenge, not least because of their own inertia and resistance to change.

We identify three broad areas for action:

1. The need for the development discourse to be reframed in ways which help create a better understanding of what constitutes development, and how change happens. Because of the inertia in the aid system, this will require good leadership from within the sector, and from politicians and in the media.

2. The need to create a new development narrative to replace the MDGs, based on a global vision for change, in which development is recognised as a local, endogenous process while the role of international agencies is to promote, catalyse and nudge change, based on a sophisticated understanding of the political economy.

3. The need to make international development institutions more fit for their purpose. This means first of all being clearer about their purpose, which we argue should be based on the vision-based approach outlined in our report. Organisational arrangements, staffing, incentives etc. will need to be aligned with the purpose. This will mean a radical change in the way many of the international institutions operate.

1. Introduction

In 2000 the Member States of the United Nations signed up to the Millennium Declaration. Through this, they expressed their individual and joint commitment to a better world, which they defined in terms of values, peace and security, the eradication of poverty, protection of the vulnerable, protection of the environment, and respect for human rights (Table 1).

Table 1: Key elements of the United Nations Millennium Declaration 2000

I	**Values and principles** Promote dignity, freedom, equality, equity, solidarity, tolerance, respect for nature, shared responsibility and the sovereignty of nations.
II	**Peace, security and disarmament** Be more effective in maintaining peace and security by providing the resources and means necessary for conflict prevention, dispute resolution, peacekeeping, post-conflict reconstruction, peacebuilding and disarmament.
III	**Development and poverty eradication** Promote and create global and national environments conducive to development and to the eradication of poverty, and make sufficient resources available.
IV	**Protecting our common environment** Promote the principles of sustainable development.
V	**Human rights, democracy and good governance** Support countries to implement democracy, promote respect for human rights and fight all forms of discrimination and violence against women.
VI	**Protecting the vulnerable** Ensure the protection of civilians in emergency situations and strengthen international cooperation and coordination of humanitarian assistance.
VII	**Meeting the special needs of Africa** Assist Africans to bring about poverty eradication, sustainable development and lasting peace, through debt cancellation, better market access, enhanced aid, and increased foreign direct investment.
VIII	**Strengthening the United Nations** Increase the effectiveness of the UN to fight poverty, disease, injustice, violence, terror and encourage development for all people.

In September 2010, a decade later, the heads of state are returning to review progress on the development and poverty eradication goals at a UN High Level Plenary Meeting of the General Assembly on the Millennium Development Goals ("MDG Summit"). The UN has been tracking progress towards the MDGs (Table 2), which were adopted as a mechanism for measuring impact.

The UN Secretary-General's 2005 report, *Keeping the Promise*,[1] acknowledged that while progress had been made, it was 'uneven and, without additional efforts, several of the Millennium Development Goals are likely to be missed in many countries'. Although progress was made towards eradicating extreme poverty and hunger initially, improvements in China account for the lion's share of the decrease in extreme poverty at the global level, and the report states that 'the number of people living in extreme poverty actually went up between 1990 and 2005 by about 36 million.

Table 2: The Millennium Development Goals - Official List of MDG Indicators

Goals and Targets	Indicators for Monitoring Progress
Goal 1: Eradicate extreme poverty and hunger	
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	• Proportion of population below $1 (PPP) per day • Poverty gap ratio • Share of poorest quintile in national consumption
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people	• Growth rate of GDP per person employed • Employment-to-population ratio • Proportion of employed people living below $1 (PPP) per day • Proportion of own-account and contributing family workers in total employment
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	• Prevalence of underweight children under five years of age • Proportion of population below minimum level of dietary energy consumption
Goal 2: Achieve universal primary education	
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	• Net enrolment ratio in primary education • Proportion of pupils starting grade 1 who reach last grade of primary • Literacy rate of 15-24 year-olds, women and men
Goal 3: Promote gender equality and empower women	
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	• Ratios of girls to boys in primary, secondary and tertiary education • Share of women in wage employment in the non-agricultural sector • Proportion of seats held by women in national parliament
Goal 4: Reduce child mortality	
Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	• Under-five mortality rate • Infant mortality rate • Proportion of 1 year-old children immunised against measles
Goal 5: Improve maternal health	
Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	• Maternal mortality ratio • Proportion of births attended by skilled health personnel
Target 5.B: Achieve, by 2015, universal access to reproductive health	• Contraceptive prevalence rate • Adolescent birth rate • Antenatal care coverage (at least one visit and at least four visits) • Unmet need for family planning
Goal 6: Combat HIV/AIDS, malaria and other diseases	
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	• HIV prevalence among population aged 15-24 years • Condom use at last high-risk sex • Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS • Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years
Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it	• Proportion of population with advanced HIV infection with access to antiretroviral drugs
Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	• Incidence and death rates associated with malaria • Proportion of children under 5 sleeping under insecticide-treated bednets • Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs • Incidence, prevalence and death rates associated with tuberculosis • Proportion of tuberculosis cases detected and cured under directly observed treatment short course

Goal 7: Ensure environmental sustainability	
Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources **Target 7.B:** Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	• Proportion of land area covered by forest • CO2 emissions, total, per capita and per $1 GDP (PPP) • Consumption of ozone-depleting substances • Proportion of fish stocks within safe biological limits • Proportion of total water resources used • Proportion of terrestrial and marine areas protected • Proportion of species threatened with extinction
Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	• Proportion of population using an improved drinking water source • Proportion of population using an improved sanitation facility
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	• Proportion of urban population living in slums
Goal 8: Develop a global partnership for development	
Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system Includes a commitment to good governance, development and poverty reduction – both nationally and internationally **Target 8.B:** Address the special needs of the least developed countries Includes: tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction **Target 8.C:** Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly) **Target 8.D:** Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	*Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked developing countries and small island developing States.* **Official development assistance (ODA)** • Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income • Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation) • Proportion of bilateral official development assistance of OECD/DAC donors that is untied • ODA received in landlocked developing countries as a proportion of their gross national incomes • ODA received in small island developing States as a proportion of their gross national incomes **Market access** • Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty • Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries • Agricultural support estimate for OECD countries as a percentage of their gross domestic product • Proportion of ODA provided to help build trade capacity **Debt sustainability** • Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative) • Debt relief committed under HIPC and MDRI Initiatives • Debt service as a percentage of exports of goods and services
Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries	• Proportion of population with access to affordable essential drugs on a sustainable basis
Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications	• Telephone lines per 100 population • Cellular subscribers per 100 population • Internet users per 100 population

In sub-Saharan Africa and parts of Asia, poverty and hunger remain stubbornly high'. This was not the only MDG that was off track. According to the same report, MDG number 3 was also lagging behind, with gender disparity widening in some regions: 'In sub-Saharan Africa, the percentage of enrolment of girls compared with boys in secondary education fell from 82 per cent in 1999 to 79 per cent in 2007. Only 53 of the 171 countries with available data had achieved gender parity in both primary and secondary education'. In regards to MDG number 5, 'Deliveries attended by skilled health workers in developing regions have increased since 1990, from 53 per cent in 1990 to 61 per cent in 2007, but there has been little progress in reducing maternal deaths; maternal mortality declined only marginally, from 480 deaths per 100,000 live births in 1990 to 450 in 2005. At this rate, the target of 120 deaths per 100,000 live births by 2015 cannot be achieved'.

It is clear from these examples and other UN reports that while progress has been made, it falls far short of what was agreed in 2000, and the 2015 targets will not be met. In other words, the international community has failed in its intent.

One of the loudest messages being presented in the run-up to the MDG Summit – by NGOs, UN agencies and governments alike – is for more development funding to accelerate progress, in the belief that a greater commitment of funds will make the MDGs attainable by 2015. The European Commission (EC), for example, backs this commitment, urging EU Member States to increase their official aid budgets.[2]

Likewise, CONCORD – the large and influential collective of European overseas development NGOs – is pressing for the EU to adopt an "MDG rescue plan", under which all Member States would commit to spending 0.7% of GNI as aid by 2015, and enshrine this as a legally binding target.[3] Many others in their public advocacy are making the same kinds of arguments about the need to increase aid budgets. Even though such voices are also arguing for better quality aid, and the need for non-aid approaches such as further reducing trade barriers, the budget issue tends to come across loudest, thus implying a simple correlation between the volume of aid funding and its impact. But failing to meet the MDGs should not be interpreted to mean we should simply spend even more money in the same way. This seems to go against the maxim: avoid reinforcing failure.

There is a nagging sense among the development community that it has got this wrong. Only a few years ago, there was a tangible sense of optimism about development progress, fuelled by the global economic boom, the possibilities created by the end of the Cold War, the excitement generated by the Millennium Declaration, by a cadre of promising new leaders in developing countries, by a genuine commitment to progress among voters in the West, and by increasing flows of aid. This mood was exemplified by the 2005 Gleneagles Agreement between the G8 countries, and by the Make Poverty History campaign in the UK. There was a sense of confidence that we had learned from some of the failures of the past.

A 2005 Overseas Development Institute paper captured this mood well. It celebrated the replacement of the Washington Consensus – and its heavy focus on one-size-fits-all structural reform – by a new and broadly accepted "meta-narrative", based on a more holistic approach to development.[4] While welcoming this new meta-narrative, the paper also argued that the definition of development being used (as represented for example by the MDGs) was too narrow, and that it failed to take into account local context and the critical importance of institutions in society. The paper also questioned the effectiveness of the prevailing international approach to development in poor countries. These are very substantial, fundamental criticisms, with which we agree. And yet – perhaps because of the optimism of those times – we would argue that the report's recommendations were incommensurate with its own analysis, and that the report could have made more fundamental recommendations than it did.

In 2010, the mood is more subdued. The global recession has reduced the rate of economic growth in some developing countries, and has led voters and politicians in richer countries to question aid budgets at a time when their own domestic programmes are being squeezed for funds.

Fragile states and contexts

Development progress is especially hard to achieve in so-called fragile states or contexts,[*] where the political, social and economic institutions do not provide reasonable opportunities for people to feel secure, or to engage in the political, social and economic activities necessary for prosperity and progress. These places also tend to be prone to violent conflict. In 2008, the IMF and World Bank reviewed MDG data and found that the fragile states were significantly behind others in meeting the MDGs.[5]

Various formal lists of fragile contexts or situations have been drawn up, and membership of these lists is not surprisingly controversial: few countries like to be categorised in this way as it implies a sense of failure. Different lists use different definitions of fragility, and there is a great deal of literature available on this issue. For this report, rather than dwell on detailed and technical definitions, we provide three short examples of different fragile contexts in Box 1 to illustrate the idea of fragility. These contexts are fragile because they lack resilience and are vulnerable to internal and external stresses and shocks. Fragility should be seen as a continuum, along which movement takes place. One of the most important aspects of development is to understand and galvanise the process through which societies move along the continuum and become less fragile and more resilient.

Whichever list of fragile contexts one turns to, it is clear that a large proportion of the world's poor people live in such places. At least 25% of ODA is provided to fragile contexts.[6]

Aid and development institutions

A rich debate has been generated about how development can be achieved in fragile contexts. As so often happens in the development sector, the policy discussion has been thoughtful and well-informed. DFID's 2009 White Paper clearly states that one of the major aims of the UK's overseas aid programme is to help build peaceful states and societies based on inclusive political settlements;[7] and the OECD-DAC's International Network on Conflict and Fragility (INCAF) is examining how donor countries can best contribute to a combined programme of statebuilding and peacebuilding in fragile contexts.[8]

Debates over how best to implement development aid are a constant and important feature of the sector. At their best, they raise difficult and intelligent questions in a sophisticated way. They frequently reach hard-hitting conclusions about lessons learned, and recommend – or at least imply the need for – significant changes in the way aid is conceived and delivered. But such debates are all-too-often constrained by the limits inherent in the aid institutions themselves. As a result, however far-reaching the implications of these debates, they tend to result in little more than a tweaking of the system, rather than fundamental change.

The international aid institutions are fine as they are if their purpose is limited to transferring funds and a certain amount of expertise from wealthy to poorer parts of the world. But if their purpose is the more ambitious one of helping people in developing countries create and take advantage of an enabling environment for development (as per the Millennium Declaration), then

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[*]   In this paper we generally use terms such as "fragile contexts" or "fragile situations" rather than "fragile states", to reinforce the idea that people's enabling environment for development is defined by many elements in the context in which they live, and not only by the state. However, when referring to specific policies that use the term fragile state, we also do so.

Box 1: Three illustrations of fragility

The Democratic Republic of Congo (DRC) grew out of a Belgian colony which was itself the successor to a private Belgian commercial venture in the late nineteenth century. During the colonial period, no Congolese governance institutions were built, and indigenous institutions were undermined. A coup occurred shortly after independence, followed by three decades of misrule by President Mobuto, who used patronage – funded by aid and mineral exports, and facilitated by his support for the West during the Cold War – to hold together a large and unwieldy country in which few of the modern institutions of economic or political governance actually fulfilled the normative functions assigned to them. Mobuto's declining power in the 1990s led to years of civil war, and despite presidential and legislative elections in 2006 and a massive aid and UN peacekeeping programme, the country remains beset by insecurity. Civil war continues in the east. Despite appearances, there is virtually no state, which therefore provides very few services. Many of the trappings of the state – government departments, security services, etc. – are occupied by factions associated with those in power, but they do not in any real sense represent state "institutions", and are not as such accountable to Congolese people. Therefore, despite the existence of genuinely committed public servants in some civil service positions, many others abuse the position they are in and provide little or no real service to the public. The state institutions available to Congolese people seem inadequate to bring peace or development in the near future.

Ghana is one of Africa's success stories. Despite a succession of coups following its first post-independence government, it has held four general elections since 1992, and power has twice changed hands peacefully from the incumbent party to the opposition. The economy has grown by almost 6% per year since 2003, more than double the rate of demographic growth. But the country still faces many challenges. Many people in the dry, poorer north feel excluded from modern Ghana, and the country faces a challenge of governance and identity – it includes many ethnic groups who retain some of their traditional governance systems and allegiances, which fit uneasily with the systems and institutions of the modern state. Disputes over land are frequently perceived as ethnic disputes, and many lie unresolved for years and trigger episodes of violence. Oil and climate change are new factors that may exacerbate existing conflicts. When the 2008 presidential election was won by a very small margin, the country teetered on the edge of violence while party leaders argued over the result. Civil society intervened *ad hoc* to negotiate a peaceful transition of power, in the absence of formal institutions mandated or able to do so. They succeeded, resulting in a peaceful handover of power, but it was a tense and uncertain period. Ghana has made great progress, as indicated by the peaceful resolution of this impasse. But the context remains fragile yet.

Unresolved conflicts in the **Caucasus**, masked by the communist system during the life of the USSR, produced a wave of violence in the region after the end of the Cold War. Twenty years on, these conflicts remain unresolved though with new dynamics, as a result of external interventions which brought an end to the fighting but not to the grievances behind the fighting. Meanwhile, the political systems in the recognised and unrecognised entities of the region are an outcome of ethnicity and other conflict issues, the patronage political culture of the old USSR which linked political and economic opportunity, and external geopolitical relationships. Political systems with such characteristics tend to be populist, but not democratic in the sense of responding to the broad set of needs of the population and providing a developmental and peaceful vision. The fact that they were designed around unresolved conflicts means it is very difficult for those conflicts to be addressed and resolved in a non-violent way. The Caucasus is thus a fragile region, vulnerable to shocks – a familiar characteristic of other post-imperial situations.

a long, hard look is needed at the way they are organised, and the goals and achievements for which they are held accountable, to ensure they are fit for this ambitious purpose.

This report argues that aid is in need of a fundamental rethink. We use the problems inherent in the MDGs to make our argument, since they have become such an important symbol and measure of development, but the question we aim to address is a far deeper one: what is development and how can it be better promoted?

It has been an interesting process for Alert to research and make the arguments in this paper, and one with inherent risks. We are acutely conscious of the long and rich history of thinking on development issues, which we are unable to address fully in a short paper such as this. We therefore risk appearing to reinvent the wheel, and failing to acknowledge others' work. Millions of people are working locally, nationally and internationally to improve their lives and those of others, and we risk causing them offence by our criticism of the institutions within which many of them work. A third risk is that extreme aid sceptics might seize on this report as ammunition for their own argument to abolish aid. Finally, as a medium-sized peacebuilding NGO which largely depends on development funds to do our work, we risk alienating the very institutions we depend on for goodwill and funds.

But our instinct is that now is the right time to raise these issues. Difficult questions are already being raised about the value of aid – by OECD taxpayers in the current economic climate, but also within developing countries. It is better to try and fix the system from within than to have fixes thrust upon it. In discussing these ideas with others involved in the sector, we have been struck by the number of people who have welcomed and encouraged our approach, even if they have not agreed with every element of our thesis. This implies that there is an untapped wellspring within the development sector sympathetic to our arguments, and with the capacity to improve them, build on them and to initiate change accordingly. We certainly do not claim to have all the answers – or even all the right questions – but simply aim to make a contribution to the process, which we regard as overdue, of redefining the underlying narrative and institutions of development and aid.

The report is organised in five main sections, the first of which explains the inadequacies of the MDGs. The second asks what constitutes human progress, and thus what kind of development assistance will best support and enable such progress. The third section presents a snapshot of how the world is doing in the light of this broader measure of progress, and identifies some relevant global trends. In the subsequent section, we examine the development institutions. Finally, we draw conclusions and make broad recommendations about how the development institutions could be more effective.

2. The MDGs as measures of human progress

The MDGs were developed in 2001, building on attempts to identify and agree on global development targets during the previous decade, when it had become widely accepted that the more simplistic notion of economic growth as a measure of progress was insufficient. While they are often presented as though they represent a comprehensive measure of progress, the selection of MDGs was limited by the need to choose measures for which indicators and data already existed and would continue to be available. The targets were based on the assumption that existing trends would continue, e.g. that the under-five mortality rate would continue to decline as in previous years. This explains the apparent differences in the ambition of the different targets, for example 100% enrolment in primary education as compared to a two-thirds reduction in the under-five mortality rate: these were based on extrapolations to 2015 of trends that had been observed in the last decades of the twentieth century.[9]

The MDGs have served a useful purpose as an inspirational and aspirational tool around which political leaders can unite. They are a strange blend of the political and technical, because although mostly technical in nature, this is at least partly due to politics; i.e. it was thought that many heads of state would only sign up to what were presented as politically neutral goals. Indeed, 'while they are commonly presented as deriving from technical and empirical analysis, they are the product of intense political negotiation informed by analytical work'.[10] They thus avoid the more politically difficult aspects of development, such as good governance and the geopolitics of security. They provided a "big tent" within which the leaders of UN Member States could agree. Part of their legitimacy came from the implicit idea that supporting development is a moral imperative. Development assistance could be seen as being, in that moral sense, just like humanitarian aid – a human claim on all of us, in which the only issue is to work out the best, most technically sound way of delivering aid, whether for long-term development or recovery from disaster.

Politics thus shaped the apolitical nature of the MDGs, which accordingly provided a simple communication device – a set of slogans – through which donor governments could explain overseas development aid to their electorates, NGOs could generate support from donor governments and a generous public, and developing country governments could limit the degree to which progress was a potential threat to their own power.

Therein, however, lies a problem, because the MDGs are not being used simply as an aspirational and inspirational tool. Ironically, a set of goals chosen partly based on the data that were available, and partly based on what would be acceptable to heads of state with very diverse political views and interests, has by default become the main international public definition of development, which it was never intended to be.

Part of the explanation for this problem is that the idea of "development" has become increasingly vague, and the word itself has become so imprecise as to be almost meaningless unless constantly qualified and explained. This is why in the present document we have at times opted to use the phrase "human progress", which carries slightly less baggage in this context. There are five main problems with the MDGs as measures of human progress.

The choice of goals

Faced with the task of choosing a relatively small universal set of measures of progress, and with the technical and political challenges noted above, the drafters of the MDGs opted for a narrow series

of proxy measures. They chose income, access to food, employment, primary education, child and maternal health, protection from major diseases, gender parity, environmental sustainability, and sanitation (see Table 2). And they also included measures of progress towards more effective international relationships: such as a fairer trading system, higher aid flows, freer access to drugs and other technologies, and a reduction in poor countries' debt.

At first reading, this makes sense. It seems obvious that people living in a country with higher scores against MDGs 1-7 and reduced debts, and operating in a fairer world trading system, are better off than those in a country with lower scores, saddled with debt, and operating in an unfair world trading system. But these measures fail to capture many critical aspects of human progress. Because the MDGs are largely *technocratic* in nature, they miss the essentially *political* and *societal* nature of the development process. They fail to capture many other important indicators of human progress such as the development of political and societal institutions, inclusion, human rights, empowerment, etc. The concepts of equity and equality are largely absent. Of the wide-ranging aspects of progress contained in the Millennium Declaration, only poverty and the environment are explicitly covered by the MDGs. So the MDGs are overly technocratic, and even when taken as a whole, comprise an incomplete measure of human progress, and as such are liable to distort our view of progress.

Strategy

The second problem with the MDGs is that they are being used in ways that confuse ends with means. Goals 1-7 were conceived as outcomes, or ends to be achieved. But they are too often being confused with the strategies needed to achieve them. We can illustrate this point using MDG Target 1C: Halving the proportion of people who suffer from hunger. While a society which ensures its people are not hungry is certainly "more developed" than one which does not, it does not necessarily follow that the best *route* to development – given scarce resources in complex situations – is to reduce the number of people who are hungry. Feeding the hungry should in the short term be seen as an important *humanitarian* measure, but it does not equate to development. Progress towards this long-term target should instead be measured in terms of progress in the specific strategy, designed for a specific location, which aims to build the capacity in society to ensure that its members are fed. This would likely address both the availability of and access to food. It could, for example, focus on a mixture of policies and interventions on issues as diverse as agriculture, welfare systems, intra-household gender roles, and the involvement of both men and women in a sustainable and thriving economy.

Scope and scale

The problem is further complicated because the MDGs were defined and designed as global or universal goals, when implementation strategies in fact need to be mainly national and local, and context-specific. Thus, there is a real danger in using the *global* MDGs to define and measure *local* progress.

The OECD-DAC's guidelines for operating in fragile contexts quite rightly enshrines the principle: *take the context as the starting point*. In other words, define your goals according to the realities of the political economy.[11] Therefore, while it is useful to have a guide to what successful development looks like, this should not automatically be translated into the content and goals of specific country programmes. Jan Vandemoortele, the Director of the Poverty Group at UNDP from 2001-05, and one of the MDG designers, claims that they were never intended to be used to measure progress at a local or national level. Nevertheless, this is what is happening.[12]

Ambition

 'Achieving [the MDGs] would mean that during the lifespan of this generation, we would achieve gender equality; halve the proportion of people suffering from hunger; guarantee that all children complete primary school; reduce by two-thirds a child's risk of dying before age five; cut by three-quarters a mother's risk of dying from pregnancy-related causes; and halve the proportion of people without access to safe drinking water'.[13] As implied by this comment, the degree of progress made on most of the goals so far shows that they were highly unrealistic when set. There are sometimes advantages in setting overly ambitious aspirations – perhaps in this case it was designed to convince donors to give more money. But the lack of realism inherent in the MDGs – especially when the rhetoric around them has treated them as achievable – has created a large amount of cynicism and thus has been partly counter-productive. The huge challenge represented by the targets has pushed policy-makers towards overly simplistic solutions based merely on budget increases and technical programmes.

Perverse incentives

We have identified four fundamental problems with the MDGs: they are too narrow and superficial; they confuse ends with means; they are "universal", while development is more local; and they are unrealistic. These contribute to a fifth problem, which is that the MDGs distort planning and resource allocation because they have become perverse incentives.

Choosing targets and indicators for social and economic policy represents a challenge, because such policies deal with complex problems and complex solutions. From economics, Goodhart's Law explains that 'any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes'. This was simplified and generalised apparently by Professor Marilyn Strathern as 'when a measure becomes a target it ceases to be a good measure'. Put simply in relation to the MDGs: the problem is that the target is chosen because it is felt to represent a certain set of outcomes, but because it does so imperfectly, it *inevitably* skews planning towards achievement of the proxy rather than the complete set of outcomes. If the chosen targets are too narrow; if they confuse ends with means; if they are universal while the actual change process is local – then Goodhart's Law applies perfectly. Skewed incentives matter somewhat when the scale of the project is modest: but they matter enormously when the scale is global.

These are not just theoretical problems of interest to statistics students. Nor can they be brushed aside by those who say that the MDGs are simply aspirations. The MDGs *are* being used as planning tools, and *are* influencing resource allocation. Bilateral and multilateral donors, as well as recipient country governments, are planning and being held to account based on the MDGs. For example DFID, the UK government's overseas development arm, is held to account by the UK parliament for its contributions to the MDGs, and UNDP and other UN agencies likewise use the MDGs to explain progress. UNDP assists individual countries to produce MDG progress reports, and publishes the results. The 2010 peer review of DFID conducted by OECD-DAC expressed its concern that DFID is losing sight of the MDGs and recommended that 'DFID should prioritise clearly its policy goals and streamline further its policies and strategic guidance around core priorities linked to the MDGs'.[14] Meanwhile the EU's 2010 review of progress towards the MDGs has resulted in a drive to achieve them before 2015. This means that, for the next five years, the world's largest collective aid donor (the European Commission combined with the EU Member States, representing 60% of global ODA) will have *an overriding focus* on the MDGs and therefore risk ignoring local realities in the push to achieve them. This has potentially worrying consequences in fragile states, where conflict-insensitive aid – i.e. aid conceived and delivered without sufficient understanding of the way it will interact with conflicts in the context – can cause serious problems.

The obvious way in which perverse incentives play out in the context of the MDGs is that developing country governments and donors focus on maximising impact on the global targets, and ignore the political, human or other local societal elements. When added to other perverse incentives acting on donor staff – such as being judged on the level of spending, rather than the level of impact – this can have a pernicious effect. Thus, for example, investing in the most stable places, where impact will be easiest to achieve – the so-called low-hanging fruit – rather than in the places with the greatest need and complexity. This happened in Uganda until relatively recently, where government and donors focused on national policies for health and education which had little relevance to the people living in the north of the country and suffering the effects of civil war, and thus exacerbated the sense of exclusion among northerners which had itself contributed to the war.

There are frequently tensions between governments and donors regarding development priorities, for example in education. The Ghanaian and Rwandan governments have found it difficult to convince donors that investing in secondary and higher education is imperative to create a skilled population needed to boost much-needed economic growth and other aspects of national development. While donors recognised the governments' priorities, they have had difficulties in supporting these other aspects of education because of the orientation of their institutional policies towards the MDGs. Thus, the host governments have come under pressure to rethink their priorities and direct much more attention to basic education, in line with the priorities of most of their donors.[15]

Poverty Reduction Strategy Papers (PRSPs) also illustrate this problem. PRSPs and similar instruments have become practically ubiquitous in countries receiving aid, as tools for defining key policies. They frequently come to dominate the formal policy landscape in such countries. While they claim to represent a model of partnership between donors and the recipient government, they are in fact a tool with which donors promote their insistence on an MDG-led view of human progress, with poverty reduction as the overarching policy aim. But why should poverty reduction always be the overarching aim of government policy in a developing country? Is it not possible that – while reducing poverty is a critical humanitarian need – there are other equally pressing policy goals such as nation-building, economic growth or even defence, which should in certain circumstances take precedence as overarching policy goals, and steps on the road to development? Did the US, Japan or Korea have poverty reduction as their overarching policy goals throughout their key development years?

We do not mean to imply by this analysis that those concerned with development or human progress are blind to issues not captured by the MDGs. Far from it: there are plentiful examples of policies and programmes that go far beyond the simplistic purview represented by the MDGs. Nevertheless, because the problem of perverse incentives operates at the most fundamental level, it is inevitably skewing the choices made by aid and development institutions.

Even development actors – in donor agencies, governments and civil society – who profoundly distrust and disagree with the MDGs find themselves locked into using them to define strategy and success because they work within political and financial structures that do so. Even development NGOs – an especially important group whose non-governmental approach is needed as a counter-balance to the statist policies of many donors – are using the MDGs to plan and report on progress.

If the MDGs are inadequate measures or worse, one of the challenges for an international community keen to invest in supporting human progress in fragile contexts is what to use instead. To address this, we first need to explore what we mean by development, or human progress.

3. An alternative narrative of human progress

The challenge for people in fragile contexts is not so much how they can achieve the MDGs, but how to make their environments less fragile and more resilient. This gives rise to three large questions, in increasing order of difficulty: what does a more resilient context look like; how does this reduction in fragility happen; and how can this process be catalysed, supported and assisted, including by external agencies?

These are massive, complex philosophical questions on which a vast amount of research and debate exists, and in which certainty will always elude us. Nevertheless, not least because the development institutions have historically shied away from asking – much less answering – such big questions comprehensively in their formal policies and practices, we explore them and propose some answers here.

We note at the outset that our answers are heavily influenced by International Alert's values, as expressed in our Programming Framework – the document which outlines our approach to peacebuilding and our underlying philosophy.[16] Because these chime well with the values expressed in the Millennium Declaration, we do not feel this disqualifies us from the task at hand.

In this section, we are proposing a simple model based on the three questions outlined above, to define development, and to help determine how to promote it. We use a vision-based approach, as we believe that this presents a better alternative to the problematising approach so often used in the development sector. That is, it avoids focusing on issues such as the "underlying causes of poverty", which are by definition very hard if not impossible to shift. Instead, it facilitates a more positive-thinking approach, allowing the identification of "opportunities for change" in line with the vision.

Using a vision-based approach should not imply that all societies are inexorably heading in a certain direction, towards the "end of history", in Francis Fukuyama's famous phrase.[17] Ours is not a teleological view. But we do believe that societies with certain characteristics – and no society has yet achieved these sufficiently – have the best chance of providing for the needs, interests and aspirations of their members, of living in peace, and of allowing their neighbours to do so.

The vision: what do developed societies look like?

What does a "developed", i.e. a less fragile, more resilient context look like? In other words, what should our vision of progress be? This is the easiest of the three questions, and part of the answer is provided or at least hinted at by the Millennium Declaration. It is a context in which people are able to resolve their differences without violence, while continuing to make equitable social and economic progress, and without lessening the opportunities for their neighbours or future generations to do the same. Such a context is enabled by, and can be recognised by a number of elements or factors: we have grouped them here into six categories, summarised below and in Figure 1.

Voice, and the legitimate and accountable use of power
Men and women from all parts of society are able freely to voice their concerns and ideas, and to participate in and contribute fully to the social, political and economic sphere. Power is exercised in the interests of all sections of society, and leaders at all levels are responsive to the ideas expressed by, and are held to account by those they lead.

Participation in a vibrant and sustainable economy

Men and women from all parts of society have access to opportunities to earn a decent living in a decent way, whether as employees, employers or self-employed; and to accumulate social and economic capital in order to increase their opportunities and resilience, and reduce their vulnerability. Economic opportunities are exploited with due consideration for their environmental impact. Diversity of economic opportunity is important not only in encouraging competition and innovation, but also in ensuring interdependence and thus cooperation.

Access to justice and equality before the law

Laws – whether formal or informal, "modern" or "traditional" – are designed to protect human rights and reduce the ability or need of individuals or groups to use violence or provoke violence by others. Mechanisms exist and are being used to enforce laws fairly, applying them as equally as possible to all, and minimising the possibility of impunity. These mechanisms focus on prevention, protection and punishment, and enable justice not only to be done, but to be seen to be done.

Freedom from insecurity

Men, women and children are able to live their lives in security, without fear of physical or psychological threat – whether from others or from the environment, natural disasters, and the like. The state has a monopoly on violence and is held accountable by citizens for using this monopoly wisely. Police and other security forces, and others with the power and responsibility to provide security services, have the trust of the people they are supposed to protect, and the skills and capacity to do so, in line with the principles of human rights.

People are able to maintain their mental and physical well-being, and to have aspirations and make progress towards them

This means, for example, equitable access for men, women and children to shelter, nutrition, education, health and clean water. It means that services are provided at a decent level, as a minimum allowing everyone the chance to live in dignity, in a decent living environment and with access to stimulation and leisure. By well-being, we do not mean to imply only the lower levels of Maslow's hierarchy of needs (i.e. the basic physiological needs), but also the higher levels (such as relationships, esteem and self-actualisation).[18]

The self-reinforcing presence of institutions and values that support and enable equitable progress and peace

Institutions are not just the *organisations* created within societies (governments, intergovernmental organisations, firms, NGOs, churches, mosques and temples, etc.), but also in their anthropological sense, the rules of the game – i.e. the often unwritten rules that govern what is acceptable behaviour. In our vision, the institutions are underpinned by social capital and by values such as tolerance, equality, individual freedom, and the obligations and entitlements associated with human rights and representative governance; and the institutions in their turn underpin the factors listed in the five preceding paragraphs. Education is provided both formally and informally in ways that reinforce the values and institutions. People live as *citizens*, under a social contract among themselves and with the state, and which defines the way they participate in local and national politics. Such institutions are not only internal to the country concerned, but are also a feature of international relationships.

The preceding paragraphs depict the kind of society that is implied by the Millennium Declaration, and in which the MDGs would be expected to be met. Obviously it would be ludicrous to set a target of achieving such a world within 15 years. Nevertheless, it is important to have a clear long-term vision in order to guide the development of shorter-term goals. It is worth noting that despite some overlap, the MDGs categorically fail to represent this complete set of factors, meaning that many aspects of this vision of development are likely to be ignored in the drive towards achievement of the MDGs by 2015.

Figure 1: The characteristics of a "developed" society

Voice and legitimate leadership

Well-being and aspiration

Institutions and values that underpin peace and enable human progress

Economic opportunity

Freedom from insecurity

Access to justice, equality before the law
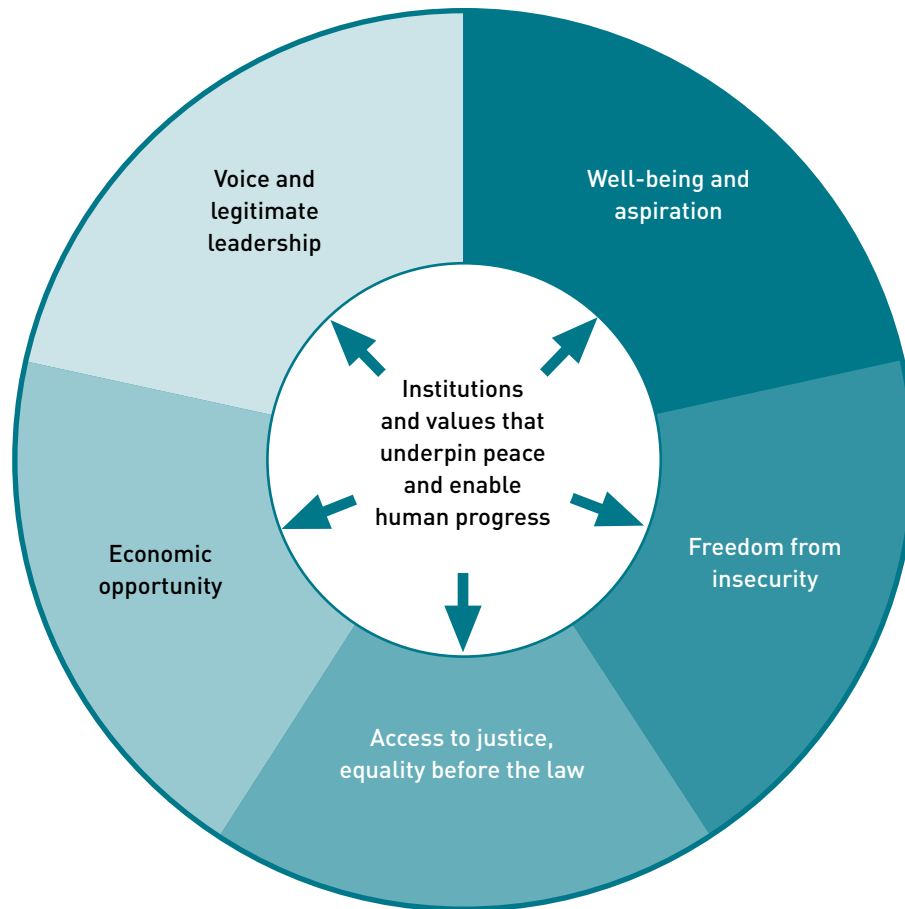
Pathways towards the vision: how do societies evolve?

Development – making progress towards the vision – happens through a collection of essentially endogenous changes, taking place *within* the country or polity, even though they are certainly influenced by changes taking place in the wider regional or global context. How *do* societies change from being unfair, elite-run societies in which human rights are not respected, there is inequality before the law, and high levels of insecurity, to ones that reflect the characteristics of the vision outlined above?

There are as many answers to this question as people who have tried to answer it, which makes it likely that a blend of different views is appropriate. What's important to get right first of all is the tense in which the question is asked. So often, the question we ask is: how *could* fragile societies become less fragile, more resilient? – which is essentially speculative. Equally important questions are: how *have* countries evolved? And how *are* countries evolving?

The objective of studying history is not to try and replicate the events of the past. We are not proposing that everywhere should become like Western Europe or the US, much less that they should follow the same pathway. However, Western European and other OECD countries have made the most progress towards the vision we have outlined, therefore it does make sense to consider how they have done so. Just as many parts of Africa have "leapfrogged copper" and

gone directly to wireless telecommunications in the past decade, so it must be possible to leapfrog some of the less appealing elements in the social, economic and political history of the wealthier nations. Parliaments emerged in Western Europe out of warfare: out of the desire of the barons to limit military expenditure and control the king's ability to go to war. Thus, while we may recommend some version of parliamentary democracy, we would not encourage countries to wage war as a path to development! Similarly, the Western economic model has relied heavily on some form of capital expropriation – for example through colonisation in the case of Western Europe, or pioneer expansion in North America – and on slavery at a certain stage. Clearly these are not models we would recommend. Nevertheless, an understanding of development pathways already trodden can provide us with interesting lessons and stimulate thinking about pathways yet to be followed.

There are many uncertainties in the trajectory of a country's development. Nonetheless, we believe it is useful to identify the kinds of changes that have taken place in societies which seem to have made the most progress towards the vision we outline. These are interrelated and mutually influencing dynamic processes, none of which stands alone:

- Opening up access to political and economic opportunities, and developing an increasingly dynamic civil society.
- Establishing states accountable to and with a strong sense of membership by the people, and which adopt "developmental" goals and policies.
- Establishing, gradually extending, and eventually universalising the rule of law.
- Evolving from personal to impersonal forms of participation in the economy, politics and civil society – e.g. from personal to shareholder ownership of companies, and from "big man" political leadership to the idea of "political office".
- Achieving sustained and shared economic growth.
- Developing a culture that supports the exercise of initiative and encourages creativity.
- Transferring control of organised violence from the hands of powerful individuals or factions, to the accountable state.
- Adopting increasingly democratic or representative and broadly accountable forms of government.

We summarise these changes in the following paragraphs:

Opening up access to political and economic opportunities, and developing an increasingly dynamic civil society

Important openings for development have occurred when ruling elites have relaxed their exclusive hold on political and economic opportunities, and progressively allowed others to participate. This seems to have happened when it was *in the elite's own interests* to allow greater access to others (see Box 2). This process has generally entailed – and has been partly the result of – a restructuring of the economy, for example changes in land tenure, the commercialisation of agriculture, or industrialisation. Changes in the economy were then reflected in changes in politics, and vice versa. This was also accompanied by the growth and increasing dynamism of civil society: i.e. people from across society acting together in pursuit of what they saw as shared interests, which was an important factor in opening up political institutions.

Establishing states accountable to and with a strong sense of membership by the people, and whose governments adopt "developmental" goals and policies

Societies that have historically been most successful in making sustainable human progress have established some version of the nation-state, i.e. a well defined polity with clear boundaries and citizenship, and with a large part of its population committed to membership of the nation as its primary identity (equal to or above other identities such as ethnicity, religion, etc.), and an accountable state with authority to act. This means that issues of identity have been resolved or are being managed in a way which prevents them from being obstacles to progress.

Box 2: Development as measured by evolution from limited to open access

Douglass C. North, John Joseph Wallis and Barry R. Weingast have developed a new conceptual framework to explain human progress in their book *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* (Cambridge University Press, 2009). Their analysis is based on five key interlocking premises.

- Economic and political progress are intimately intertwined, and cannot be considered separately if they are to be understood.
- Violence is endemic to human society. Ruling elites have a strong incentive to retain control of violence, so they can control access to resources, ensuring sufficient peace and stability to allow them and their allies to benefit from such access, and using violence to disrupt access by others.
- Access to economic and political opportunities becomes increasingly open as societies develop. In early stages of development, opportunities are restricted to and bargained and fought over by the elite(s), but then become more open to others. Only when access became more open has sustainable progress occurred.
- Understanding organisations, institutions (i.e. the rules of the game), beliefs, values and culture is critical to understanding how society is organised and evolves.
- One of the critical changes taking place as societies develop is from the *personal* exercise of economic and political opportunity and power (e.g. "big man" politics, landownership linked to the capacity for organised violence) to the *impersonal* (e.g. shareholder-owned corporations, freehold land, and offices of state).

North and his colleagues identify a process of transition from what they term a limited access order to an open access order. In a **limited access order**, political and economic opportunities are limited to the elites. The characteristics of such polities are vulnerability to shocks, arbitrary legal processes, personal insecurity, small governments accountable only to the elite, and patronage-based systems of governance. **Open access** is characterised by greater personal security, larger and more decentralised government, participatory citizen-based governance, the rule of law, and a more resilient political economy.

While considerable evolution and back-and-forth variation is possible within these broad parameters, a fairly rapid step-change towards open access has occurred when three so-called "doorstep conditions" have been met:

- The establishment of rule of law for the elites;
- The existence of "perpetually lived" (i.e. institutionalised) forms of public and private elite organisations, including the state itself; and
- Consolidated control by the state of the military and other forces of security.

Once these conditions are established for the elite, circumstances can lead them to be extended to include other members of society, and a broadening of access to political and economic opportunities can occur quite quickly. This step-change is reckoned to have happened for example in the UK and the US around the end of the eighteenth century. North and his co-authors claim that most societies – and certainly all those known as fragile contexts – have yet to make this step-change from limited to open access order.

Like North *et al.*, we believe there are many lessons from history that can guide people today. Given that their recent work breaks new ground of relevance to this report, we have included this summary here. Some of the ideas contained in this section of the document are drawn from and inspired by their work.

Governments in such cases have focused, among other things, on purposeful national economic policies. These have differed according to ideology and context, including for example protectionism, industrial planning, free trade, empire-building, etc. The point is not the particular policy choice – which depends on internal and external circumstances – but the idea that purposeful policy choices in the perceived interests of the country were made and purposefully implemented. Another important factor is that different polities – and states – have found ways to co-exist cooperatively out of self interest.

Establishing, gradually extending and eventually universalising the rule of law

Another change was to extend the rule of law to more and more people, allowing them to participate in the economy with the confidence that they would be treated fairly. This extension of rights from the elites to others seems to have happened because it was in the interests of those who had initially established such rights for themselves – the elites – to do so, i.e. because it suited their own economic interests to allow others to participate. The sale of land by elites, for example, became a great deal more profitable when the potential pool of customers was widened because more people were deemed to have legal rights protecting their ownership of land.

This went hand-in-hand with the evolution of civil society, as it became increasingly permissible and useful for people to combine outside their gender, caste, kinship and patronage circles, in pursuit of shared economic, social or political aims – and therefore to need the protection of law instead of patronage and kinship loyalty in so doing.

Evolution from personal to impersonal forms of participation in the economy, politics and civil society

A critical aspect of development was the move from leadership based on personal strength and patronage to leadership by legitimate temporary occupants of the permanent or semi-permanent offices and institutions of state. The same kind of move happened from personal buccaneering to shareholder corporations, from factions to political parties, and from kinship to other forms of association. This entailed the institutionalisation of governance and the creation of organisations – in government, the economy, security, and civil society, and went hand-in-hand with an increase in the liberty of association.

Achieving sustained, shared economic growth

Sustained shared economic growth per capita was essential for the growth of political and economic opportunity. This happened when capital was freed up: for example, through the development of a market in freehold land, allowing the possibility of mortgage and sale to realise capital for investment; and the establishment of corporations, partnerships and shareholder companies. A critical aspect of this was also the progressive de-linking of political power from economic power, as the rules-based economy gave increasing confidence to investors that their interests would be protected under the impersonal rule of law.

Developing a culture that increasingly supports the exercise of initiative and encourages creativity

Cultures have been shaped by, and in their turn have shaped, the historical development of societies and regions. Important elements in this have been, for example, the extent to which cultures have supported and encouraged individual or collective enterprise and initiative, and progressively greater freedom of expression and action.

Transferring control of organised violence from the hands of powerful individuals or factions, to the accountable state

The control of violence, and especially of organised violence, is a critical aspect of the control of access to resources. As states developed and became accountable to those they served, so they also took over the control of organised violence, and limited the capacity of others to use it for their own ends.

Adopting increasingly democratic, or representative and accountable forms of government

The changes described above were accompanied by an increase in the extent to which the governed were able to choose and hold to account their governors. While confined initially to the elite, this gradually became more open, as the institutional rules of the game were strengthened, and access to the economy widened to include more and more people whose interests became critical to success and thus needed a legitimate voice in politics. *Local* democracy within a decentralised polity has been a critical feature of successful democratisation.

The above list does not aim to be comprehensive. But it summarises some of the most important development processes from history. Looking within them, we can identify four common features of how they have happened:

- *Negotiation.* Most of these changes have come about largely through a process of negotiation. This includes members of the elite negotiating among themselves and thus creating systems for the effective management of resources, and members of the elite negotiating with non-elites about the latter's access to privileges and rights.
- *Relationships*. Effective relationships are critical to progress. These include relationships among the elites, between the state and civil society, and within civil society.
- *Incentives*. Changes have happened when it was in the interests of those with the most power to make those changes.
- *Leadership*. As Machiavelli wrote, 'There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of new order of things'. Progress happens when a number of factors come together; some of these are circumstantial, but human agency and therefore leadership are critical. By leadership we mean the ability and willingness to take risks, provide inspiration for change, and navigate politically towards change.

This summary of development processes – depicted in Figure 2 – is necessarily short, incomplete and lacking in detail. We recognise that it is open to disagreement. Nevertheless, much within it is common sense and although different ideologies interpret history differently, many of the processes summarised above are relatively uncontroversial. It is striking therefore that the picture it paints of the "development process" is very poorly reflected in the development orthodoxy and the MDGs, thus reinforcing our contention that a different development paradigm is needed.

Working with the grain to change the grain

Our model has three main elements: the vision, an understanding of how progress towards the vision is made, and ways to promote, enable and catalyse progress. This section concerns the third of these, and is about using the model to identify progressive strategies for transformation.

The implication of the model is that the focus of development efforts, while keeping the long-term vision in mind, should be on the processes of transformation in society. This means that we need to understand how to catalyse such processes as nation-building, statebuilding, the fostering of creativity, initiative and enterprise, the impersonalisation of politics and the economy, democratisation, the extension of the rule of law, the exclusive control of armed violence by an accountable state, and an increasingly open access to opportunity. Some of these themes are familiar from mainstream development practice, but not all; and none are evident from the MDGs.

The choice of strategy obviously depends on the nature of the people or institutions doing the strategising. We noted earlier that development is an endogenous process. Local and national governments, businesses, individuals and civil society organisations from within a particular country have differing degrees of legitimacy and capacity to promote progressive change there.

Figure 2: A model of human progress

DEVELOPMENT PROCESSES

Opening up access to political and economic opportunity, and developing an increasingly dynamic civil society

Establishing states with a strong sense of membership by and accountable to the people, and whose governments adopt developmental goals and policies

Establishing, gradually extending and eventually universalising the rule of law

Evolving from personal to impersonal forms of participation in the economy, politics and civil society

Achieving sustained, shared economic growth

Developing a culture that encourages initiative and supports creativity

Transferring control of organised violence from the hands of powerful individuals or factions, to the accountable state

Adopting increasingly democratic, or representative and broadly accountable forms of government

Strengthened institutions and values which underpin peace and enable human progress, characterised by effective leadership, relationships, and negotiation

THE VISION

Access to justice, equality before the law

Voice and legitimate leadership

Freedom from insecurity

Economic opportunity

Well-being and aspiration

The path of progress towards a vision in which people are able to resolve their differences without violence, while continuing to make equitable social and economic progress, and without lessening the opportunities for their neighbours or future generations to do the same. Key processes which contribute to and build on the institutions and values which enable development are shown on the left of this model; these lead eventually towards the vision of progress represented by the factors on the right of the diagram. While the vision provides a guide, it is elements such as those on the left that need to be led, catalysed or supported by those seeking to promote human progress.

At times, some will take personal risks that will provoke a reaction – sometimes a repressive or violent one, even if they themselves stick to peaceful action. But at least they all share the basic legitimacy conferred by belonging. The role of external agencies is necessarily more limited by virtue of their outsider status. Nevertheless, if they pick their approach with care, outsiders can have a legitimate role in catalysing and supporting change.

Both insiders and outsiders share a core challenge, which is that they have to work within the political economy that they intend to change. Woodcarvers and carpenters are familiar with the idea of "working with the grain" of the wood. This means cutting and shaping the wood in ways which respect its inherent properties, because this makes the work easier and results in a strong and aesthetically pleasing product. Adapting this idea, we call our approach *working with the grain, to change the grain*. This means, for example, working towards democratisation under an unaccountable government, promoting the empowerment of women, girls or a particular caste in communities which habitually marginalise them, or working within an elite-run political economy to catalyse change which will open up political and economic opportunities to others, without destabilising the interests of those that most benefit currently.

The problem is that working with the grain can all too easily mean working to support the status quo, whatever one's intentions. Structural change – changing the grain – is by definition very hard to achieve, and requires a combination of excellent leadership and analysis, deft political manoeuvre, flexibility and continued, concerted effort. These features – while common in successful politicians – are not always available in the right measure in the institutions promoting change.

Working with the grain involves a great deal of political compromise. Politicians have to accept a watering-down of their goals in order to have them agreed on; international development agencies (UN, donors, NGOs) and local civil servants and civil society have to couch their strategies and goals in politically acceptable language in order to win the approval of those with power. This means that, just as the choice of MDGs was influenced by what the UN Member States would sign up to, the choice of local and national development strategies also becomes distorted by what those in power will accept. This may be an acceptable compromise provided the agreed goals are treated as broad aspirations. But the problem is when these politically skewed agreements become the accountability framework for local action, and are treated as analytically sound frameworks, rather than a political compromise between those seeking change and those seeking to maintain the status quo. This is why PRSPs and donor country strategies are liable to become apolitical, focused on the technical and avoiding upsetting the applecart of the political economy. They all too frequently work with the grain without changing it.

A second fundamental problem is that, despite being able to examine from history how development has happened in certain circumstances – how humans have made progress – we still do not *know* how to make it happen in other circumstances; and yet we need to try. One implication of this is the need for humility. Even though we need to maintain our focus on a grand vision for transformation, we also need to limit the scale and ambition of our short-term goals.

Because of these problems, we need the maximum of rigour in our context analysis and the development of strategies for change. The core elements and shape of a robust and rigorous strategy, based on a robust and rigorous analysis, in the hands of politically adept operators, can survive being clouded by politics. But an analysis and a strategy that are distorted by political factors from the start, and in the hands of technocrats, are likely to be ineffective in promoting change: they will reflect too much of the shape of the grain to be able to make any changes to it.

The approach suggested by our model is to look for ways – working with the grain – to promote the kinds of processes outlined in the left-hand column of Figure 2, which appear to have resulted in progress in the past. Strategies must be conceived and planned based on analysis of the actual local context. There is no one-size-fits-all. Nevertheless, to illustrate our model, we have included

in Table 3 several generic illustrations of strategy which have been devised using this approach. In our choice of examples, we have tried to show the wide diversity of mutually reinforcing interventions which can contribute to human progress. Where possible, these strategies should aim to strengthen the institutions and values that reinforce human progress, and enable effective relationships, negotiation and leadership.

It is also critical that strategies and approaches are "conflict-sensitive". This means they need to be devised and implemented based on a thorough understanding of latent and actual conflicts, and of ways in which the proposed intervention will interact with these. Development – progress – almost always causes new conflicts, and it is important that these are anticipated, managed and resolved non-violently.

Finally, we can identify a number of principles of good development practice. These are not intended to supplant the many principles and "best practice" guidelines that already exist. The list we include here represents the principles most critical to effective development strategies in the light of our model.

1. Development or human progress happens in ways we don't understand well, but it takes a long time and seems to happen largely through evolution, though there are step-changes from time to time. Those promoting development need to know their limits – there is no *deus ex machina* available – and focus on nudging, stimulating and incentivising changes.
2. Strategies for change need to be rooted in an analysis of the political economy, and to be clear about how they will work with the grain to change to the grain, and especially in the ways they will interact with conflicts in the context – i.e. they need to be conflict-sensitive.
3. Strategies need to be implemented with plenty of flexibility, so those involved can react and respond as the situation changes and their understanding improves.
4. Strategies should seek to strengthen values and institutions in line with the attributes of the long-term vision ("the rules of the game") and promote leadership, improved relationships and opportunities for the renegotiation of roles.

Table 3: Generic illustrations of approaches designed to catalyse human progress within a vision-based model

The left-hand column refers to processes which contribute to human progress as summarised in Figure 2. The right-hand column gives examples of strategies designed to promote similar changes, as explained by the assumptions shown in the central column.

Process	Assumptions	Approaches
Opening up access to political and economic opportunities, and developing an increasingly dynamic civil society	When it is in the perceived interest of members of the elite to open up access to others, they will do so. Therefore the need to identify or create, and seize such opportunities. Service-delivery civil society organisations, while relatively unthreatening to the elites, present thoughtful citizens with an understanding of how policy affects the environment for effective services. This creates – in some – an interest in policy change.	International companies operating long-term in fragile contexts – whose revenue helps keep the elite in power – invest in local small and medium enterprise development, using a third party to coach and build the capacity of local enterprises, so that local enterprises can win contracts for the supply of services. The companies also engage a consultant – a fourth party – to monitor the impact of such projects and adapt them as needed, to verify if they do have an impact on the opening up of opportunity rather than simply falling into the hands of the usual suspects. Use the opportunity provided by processes such as opening up international trade opportunities, reform of land tenure, or the liberalisation of monopolies on commodities such as coffee, to allow people into new economic roles: as commercial farmers, entrepreneurs, etc. This implies changes in the way such reforms are conducted – the process itself needs to emphasise public communication, and the design of new rules/laws to be done in a way that encourages new entrants to the sector. Donors fund a wide variety of local and national service-delivery civil society organisations with a view to "fertilising" the seedbed of political activism.
Establishing states with a strong sense of membership by the people, and whose governments adopt developmental goals and policies	The creation of a sense of nation among diverse groups within the country is at least partly the result of leadership and a cleverly crafted narrative. The promise of future grants and cheap loans will persuade governments to adopt and implement developmental policies.	National leaders in politics and/or civil society create and invest in a narrative of the "nation" which is designed to build a sense of belonging; and a definition of the nation which embraces gender and other aspects of diversity. This can include many approaches, but is likely to highlight public art (music, statues, etc.), history-telling, private and public dialogue, and the identification of common causes such as adaptation to climate change. Care is taken to avoid building a national identity based on enmity towards neighbouring countries. Conditionality is used by donors to incentivise developmental policies by rewarding *successes actually achieved*. The dialogue between government and donors is broadened to include civil society (including business leaders), who thus have a voice and an ear in the process.
Establishing, gradually extending and eventually universalising the rule of law	If the rule of law becomes an essential tool for the operation of businesses, and thus is established as a norm, it can then be extended to other areas of society and apply to the wider population.	Focus rule-of-law work on the establishment and implementation of legal systems for commercial and business interests, including land. If this approach succeeds, it will become normal for business contracts to be enforced through objective legal process; this principle can then be extended to embrace other aspects of the law.

Process	Assumptions	Approaches
Evolving from personal to impersonal forms of participation in the economy, politics and civil society	Impersonal civil society relationships develop when people connect and work together outside their more limited affinity- or identity-based networks, and when they are required to account for their decisions and actions by diverse stakeholders to whom they are not bound by other affinities.	Stimulate impersonal civil society relationships through the allocation of public funds (including donor funds) to service delivery by civil society organisations and thus incentivise the professionalisation of civil society, leading people to work outside their own affinity group and, in the case of larger organisations, to adopt genuine member- or board-based governance with diverse representation. Shape policies that encourage and assist students from different ethnic groups/castes to attend secondary and tertiary education together.
Achieving sustained, shared economic growth	Sustained per capita economic growth increases consumer demand, creates surplus for financial, economic and human investment, and creates a need for civil society action to improve the business operating environment, including the rule of law.	Combine targeted investment in infrastructure with high quality higher education for men and women focused on science and management, along with financial/career incentives for graduates to remain in the country or return (if they were educated abroad). Alongside this, liberalise banking to provide access to credit, and simplify rules that constrain business start-up and growth. In post-conflict recovery scenarios, take time to analyse ways in which different economic development opportunities will play out, and invest in ways which combine economic growth with social outcomes, such as equity between different social groups, and which maximise the opportunities for collaboration and peaceful coexistence.
Developing a culture that increasingly supports the exercise of initiative and encourages creativity	A culture that constrains social, economic, and intellectual enterprise and ideas can be transformed, over time, through education and leadership.	Promote public discussion – through dialogue, radio, etc. – of this issue, highlighting ways in which changes in the culture can empower people, and the trade-offs that such changes imply. Based on this, identify the political will to implement changes in the primary education system using child-centred exploratory learning, focusing on improved quality of education instead of mass education for an initial period. Provide numerous opportunities for the exposure of talented individuals to alternative cultural contexts, through travel, education, exchanges, etc.
Transferring control of organised violence from the hands of powerful individuals or factions to the accountable state	Acquisition of the monopoly of violence by the state is one of the most critical elements in the genuine creation of the "state", and is more important than democratic governance.	Vigorous, long-term presence of a UN peacekeeping force with a Chapter VII-type mandate in support of the establishment of a professional armed services under state control, and staffed initially by international senior officers with the full capacity to enforce loyalty to the state.
Adopting increasingly democratic, or representative and broadly accountable forms of government	Democratisation is a long-term process, and is built as much on local experiences of representative and responsive governance as on large-scale voter exercises for national elections.	In anocracies – countries that are neither autocratic nor democratic, most of which are making the risky transition between autocracy and democracy – pay as much attention to local democracy as national democracy. Support genuinely member-owned civil society organisations (e.g. parent-teacher associations, women's groups, business associations, associations of people living with HIV/AIDS), as such interest groups are by nature most likely to be internally democratic, and thus to *internalise* the concepts of governance which are needed if democratic governance is to work in local and national government.

4. Making progress

The previous section explored a vision-based model of development. In this section of the report, we present a snapshot of global trends, followed by a review of progress so far made in fragile contexts. We also illustrate some of the challenges of development in fragile contexts through a series of short case studies distributed in boxes through this section.

The global context

The world is changing, with important implications for the ability of people in fragile contexts to make progress. We highlight four trends: increased international cooperation, the emergence of a new world order, climate change, and the growth of the global middle class.

International cooperation

There has been an appreciable improvement in international cooperation over the past two decades. This is partly a dividend of the end of the Cold War, and it has contributed to a reduction in the number of peace agreements that slide back into war, for example through sustained peacekeeping efforts as in East Timor, Liberia and Sierra Leone, and proactive collaboration to negotiate a non-violent political solution to the impasse in the Republic of Guinea in 2009-10. There is also increasing recognition that a fairer international trade system is one of the keys to development in poor countries.

Much progress still remains to be made, and the UN remains an imperfect institution reflecting the imperfections of the world it represents. At least 20 countries experienced internal armed conflicts in 2009. Resolving long-running conflicts like those in Darfur and the Occupied Palestinian Territories seems beyond the reach of the international community. According to the Stockholm International Peace Research Institute, internal conflicts are increasingly one-sided conflicts against civilians.[19] The concept of Responsibility to Protect sits uneasily with the ownership of the UN by its Member States – a feature of international politics which also militates against a more honest discussion of development, including the role of some Member States in obstructing progress. Agreement on climate change and world trade rules has proven elusive. The aspirations contained in the Millennium Declaration are not yet reflected in the capacity of the available institutions: they lack the ability – and often the will or mandate – to tackle the broad institutional transformation needed in poor countries, or the transformation needed elsewhere to enable poorer countries to develop. While the UN and some regional intergovernmental institutions have embraced the *idea* of peacebuilding, their mandates, structures, systems, and the conceptual frameworks and guidelines at their disposal are still a long way from being fully fit for that purpose.

Changes in the world order

Alongside this still-improving international cooperation, the world order is shifting. The post-Cold War hegemony of the US-dominated West is gradually being eroded by the emergence of regional and global powers such as China, India, Brazil, Nigeria, South Africa, and a re-emergent Russia, as well as an enlarged EU with aspirations of global power. These changes represent a great opportunity: new trading partners for poorer countries, and potentially a much wider sense of global ownership of international institutions. But they also bring the risk of derailing or at least slowing some of the positive elements of international cooperation, for example by making it harder to turn the Responsibility to Protect from a principle into a universally accepted doctrine. Ironically, the increased international engagement in discussions about trade and climate has held up agreement on those areas – when in the past it might have been easier for the West or the

Box 3: Uganda – Strengthening a hollow state

Uganda's recent history has been characterised by conflict. Until the cessation of armed violence in northern Uganda around five years ago, the country had been subject to one rebellion or another in virtually every year since independence. It is quintessentially fragile. Nevertheless, since the military victory of rebel forces under Yoweri Museveni in 1986, his governments have made great progress – with substantial international help – putting in place the formal elements of the modern state. Under a new constitution promulgated in 1995, the country has held three democratic general elections, and has established a new decentralised system of governance with several layers of elected assemblies from the local community up to the national parliament. Much of the apparatus of the state has been established and reinforced, and is performing well from a technical perspective. Great improvements have been made in terms of the social and economic indicators used in the MDGs, for example, between 2000 and 2005 the percentage of people living in income poverty reduced from 34% to 31%, while maternal mortality and infant mortality were both reduced by 14%. GDP has grown consistently at an average 5.5% for the past six years. Has Uganda in the meantime become less fragile? Has it made genuine progress on the more broadly defined path of development?

Uganda's apparently promising steps towards the MDGs mask a number of underlying issues which risk undermining progress. The drive to strengthen the apparatus of the state has not been matched by an equivalent impetus for nation building; nor have the *institutional* elements kept pace with the development of the *organisations*. Donor funding provides around 50% of annual government budgets, meaning that the government is accountable to outsiders rather than to Ugandans, which seems counter-productive given the interest of donors in democratisation. This skewed accountability is reinforced by a government planning, budgeting and monitoring process overly focused on the Poverty Eradication Action Plan – the multi-year agreement made between the donors and the government, rather than between the government and the people. This, taken with the inherently patronage-based political system, itself an obstacle to participatory democratic governance, means that despite the trappings of a modernising democratic polity, Uganda does not yet appear to be making the transformation to becoming a developmental nation-state. Many Ugandans' sense of identity is still very much based on their ethnic, religious or other affiliations, rather than towards Uganda the nation, and political and economic opportunities remain – or are at the least perceived as being – linked to such affiliations. Despite regular elections, the government remains dominated by the political party which came to power by force in 1986. There is much public discussion of corruption, and widespread recognition that those with access to public funds, or to rent-seeking opportunities, continue to abuse them. There is no evidence that this is reducing in scale or scope, and there have been very few successful prosecutions for corruption. While an average GDP growth of 5.5% is good, it falls short of the 7% minimum which would be needed to create widely distributed benefits in a context where demographic growth is 3.2%.

Thus, looking at the indicators of progress towards peaceful development we identified in Section 3, Uganda has made less progress than might have been hoped in opening up political and economic opportunities; the rule of law is far from established; the state remains distant and often divorced from people's lives; the nation and mutual trust between Ugandans from different regions has yet to be built; and despite the presence of the organisations needed for development, the equivalent *institutions* have not yet been established.

This is not to argue that Ugandans are not making progress. Clearly they are. But those with an interest in Uganda's future, and those actively involved in shaping that future, need to ensure that their planning, implementation and monitoring are articulated in terms of human progress as discussed in this report – rather than in terms of the more simplistic measures so often used. This means not just the government itself, but also Ugandan political and civil society and businesses, and also the international community including those providing aid.

Permanent Five members of the UN Security Council to push through their own cosy agreements. These changes in the balance of power may also slow or reverse the trends – tentatively supported so far by Western governments – towards more principled behaviour by international companies in fragile contexts. Western-based companies which have begun to take a more enlightened view than in the past now find themselves in competition with companies from China and other countries where human rights and public accountability are lower down the list of priorities. This seems likely to mean that the often invidious compact between international companies – especially extractive companies whose role in the expanded world economy is growing ever more important – and governments will remain an obstacle to improving governance in fragile contexts.

Climate change

Third, climate change is one of the critical features of our time threatening human progress. Finding an agreed global mitigation policy pits the old economies against the emerging economies, creating conflicts within the global institutions and making it harder to work together effectively on other issues. Meanwhile, the effects of climate change will exert new stresses on people in developing countries and on their already vulnerable political economies, potentially increasing fragility. And they also add new dimensions which will stretch the already flawed aid sector, possibly to breaking point. These include new goals, new terms and conditions for grants and loans, a complex entanglement of contradictory humanitarian and adaptation goals, and, most worryingly, a new stream of funds which may reinforce the patronage and clientilism that so often impedes development. On a more positive note, while the impacts of climate change on human progress seem overwhelmingly negative, they do also provide potential opportunities for progress, as countries may be forced to restructure their economies, and find new and peaceful accommodations around the co-management of shared natural resources such as river basins.

The expanding middle class

Finally, we are witnessing an expansion of the international middle class. The World Bank estimated in 2007 that the ranks of what it calls the middle classes in low- and middle-income countries will swell from 400 million to 1.2 billion people between 2005 and 2030 – i.e. from 7% to 15% of the world's population.[20] This means a geographical shift in the distribution of the middle-class population, with a greater proportion residing in developing countries.

The expansion of the middle class can be one of the key drivers and indicators of progress, since this is the group of people that straddles the boundary between the elites and the excluded – a boundary which must be porous and dynamic, flexing to allow increasing numbers of people access to economic and political opportunity if human progress is to happen.

The World Bank has said of this growing middle class that 'They are more likely to demand transparency in political and corporate governance, certainty of contracts, and property rights'. On the plus side, therefore, this growing group – effectively new members of an expanded elite – can act as a local and international network through which to disseminate and reinforce a growing and widespread belief in liberal concepts of governance and society, and thus help bring about a reduction in fragility.

However, this group may perversely also block progress. In fragile states where the institutions are not strong or resilient enough to provide confidence, the middle classes may consider access to opportunities as a zero sum game, i.e., they may feel the need to protect their interests by excluding others. This is one interpretation of the reaction of a large segment of the Thai middle classes to the pro-poor policies of their government, and of their support for the 2006 coup.[21] Inequality between the elite and others may therefore increase, at least in the short term.

In fragile states, where power is patronage-based, local elites strengthen their position locally and globally by renting out internationally valuable goods or services: e.g. oil, defence against terrorism, or providing staging posts for narcotics. This means that local elites are maintained

in power partly through the patronage of their fellow *global* elite members, often at the expense of the excluded in their own country and at the expense of local democracy. Conflict *among* the local elite is to a degree explained by a struggle for these international patronage opportunities, and such conflicts can also be instrumentalised by external actors to replace their local clients. This phenomenon is becoming increasingly complex as the emerging world order becomes more complex.

Globally, therefore, we see a mixed picture: improved international cooperation marred by flawed international institutions and organisations, and complicated by changes in the international power balance which will further stress international systems; the mainly negative impact of climate change; and the development of a much larger middle class which potentially creates a force for liberal democratic change, but may also perpetuate the exclusion of others. The following section reviews progress at country level.

Development progress at country level

There are many lists, indices and databases of fragile contexts. Each list has its own logic but they are all based on more or less the same concept of fragility, i.e. where the inadequacy of political, social and economic institutions means people lack security and are unable to engage in the political, social and economic activities necessary to sustain and grow their livelihoods and make progress. Fragile contexts are also prone to violent conflict.

The Fragile States Index developed by the Center for Systemic Peace (CSP) tracks fragility data by country going back to 1995 and thus provides an opportunity for trend analysis within the period covered by the MDGs. By including scores for both Effectiveness and Legitimacy across each of four dimensions – Social, Political, Economic and Security – the index is designed to reflect not just state fragility but also societal elements – what the compilers refer to as systemic fragility.[22]

The report (Table 4) shows that 59 countries (36%) have fragility scores for 2008 which are at or higher than the median score, and which place them in the categories Extremely, Highly or Seriously Fragile. (For illustration of these categories: Extremely Fragile in 2008 included Somalia and Sierra Leone; Highly Fragile included Burundi and Zimbabwe; Seriously Fragile included East Timor and Tanzania). Out of 162 countries, 113 or 71% became less fragile between 1995 and 2008; while only 16 (10%) became more fragile.

Table 4: Number of countries in different categories of fragility

	1995	2008
Extremely Fragile	20	9
Highly Fragile	26	20
Seriously Fragile	33	30
Moderately Fragile	30	31
Low Fragility	19	29
Little or no fragility	32	43
Total	160	162

Sources: Center for Systemic Peace, 2009 (2008 data), and personal communication from the CSP, 2010 (1995 data).

According to the CSP, these decreases in fragility were overwhelmingly due to improved *effectiveness*, rather than *legitimacy* – meaning that they reflect a stronger *state*, rather than a more resilient *society*. This raises questions about their sustainability. For example the "legitimacy" score for security is based on indicators of state repression, and has improved far less than the "effectiveness" score, which is a measure of reduced armed conflict. The "economic legitimacy" score has barely changed at all, reflecting the rigidity of barriers to economic inclusion, which

Box 4: Nepal – Stability or progress?

Nepal has been a beneficiary of large amounts of international donor assistance over the past 50 years, yet it is the twelfth-poorest country in the world by per capita income, and Nepalis remain frustrated by the lack of progress. This frustration contributed to the long-running Maoist insurgency, which ended in a peace agreement in 2006. There have been many difficulties in implementing this agreement, leading to the Maoists quitting the government in 2009; and meanwhile the end of the Maoist rebellion has given rise to or revealed the existence of scores of other armed militant groups. Exclusion of youth, certain castes, women, and people from remote areas is one of the key underlying factors driving conflict and preventing progress in Nepal – indeed, income inequality has increased over the past decade. The country is at something of a crossroads, and its future can be considered using three broad scenarios.

   a) Full steam ahead: Steady progress towards a peaceful Nepal, with improved wealth and services and opportunities for Nepalis of all ethnic groups, castes, gender and generations.

   b) Collapse: An acute deterioration in the situation, with a resurgence of armed violence which may become entrenched as the primary mechanism for determining political and economic access, and thus leading to years of armed violence.

   c) Stability: A focus on avoiding the risks of Collapse inadvertently cements in place the status quo, with all its problems of exclusion and poverty – storing up problems for the future.

Despite an understandable desire to push ahead with Full Steam Ahead, the perceived risk of Collapse is likely to lead to the third scenario, Stability. But the problem with the Stability scenario is that while seemingly attractive in the short-term, its focus on avoidance of risk and short-term improvements may obscure the need for a purposeful strategy for building the institutions necessary for development. This highlights one of the central challenges of development in fragile contexts: that the inadequacy of political institutions to allow for the resolution of differences non-violently leads to a short-termist approach which itself tends to reinforce those very inadequacies in a Gordian knot.

The challenge facing those wishing to promote development in Nepal is to chart a course towards a fourth scenario – let us call it "Working with the grain, to change the grain" – in which they identify potential opportunities to transform the institutions governing access to political and economic power, while working within the institutions that need to be transformed.

indicates a continuation – in the terms used in Section 3 above – of a "limited access order" in fragile contexts. The CSP draws the conclusion that much of the improvement is due to external circumstances – such as the peace dividend of the end of the Cold War, improved international cooperation, a long period of global economic growth – and may therefore be unsustainable. This is perhaps borne out by Freedom House's report that its measure of "global freedom" has declined for the past four years – the longest period of decline in four decades.[23]

It is a potentially tragic irony that the sustainability of increased resilience is threatened by the very improvements taking place in fragile contexts. These changes are themselves likely to create tensions and potentially engender violent conflicts. The international community's recent success in formally ending violent conflicts but without resolving the tensions which caused them means there are a large number of unresolved conflicts lying dormant, often in situations where the systems are inadequate to manage or resolve them peacefully. In Uganda (Box 3), the government has been much praised for the advances it has brought about in the economy and social sectors – but it was unable to bring the slow-burning civil war in the north to an end for 20 years. In Sierra Leone, the social, economic and political marginalisation of young men was one of the

causes of the civil war, yet since the peace agreement very little has changed for young men, who remain marginalised. Throughout the world in conflict-affected contexts, inequality between men and women contributes to a culture of power which entrenches violence as a way to deal with differences. In Nepal (Box 4), the peace deal negotiated between the Maoists and the previous government enabled an end to the armed stand-off between them, but their ability to work together in government since has proven elusive, and the ending of the Maoist conflict has revealed other exclusion-based grievances which threaten to become violent.

Since the end of the Cold War, the number of "anocracies" – countries that are neither autocratic nor democratic, most of which are making the risky transition between autocracy and democracy – has increased substantially, and according to the CSP has stayed fairly stable since 1990 at over 40 countries – rising from around 20 in the previous two decades. Anocracy is not surprisingly the least resilient political system to short-term shocks: it creates the promise but not yet the actuality of an inclusive and effective political economy, and threatens members of the established elite; and is therefore very vulnerable to disruption and armed violence.

Making human progress in fragile contexts, and helping people in fragile contexts to do so remains extremely challenging, and entails the international community not only "keeping the promise" it made in 2000, but also reviewing the nature of what that promise entails. The trends reviewed in this section indicate a need to focus on interventions and actions in fragile states, and on how to leverage development through better management of global trends.

Box 5: Shifting the balance of power in Liberia

Among the factors at stake in the 14-year civil war in Liberia was access to power. Settlement by freed slaves in the 19th century created a sharp division between settler families and the indigenous people, who were excluded from many of the benefits and opportunities of development for years. Important economic and political decisions were made on the more developed coast, where the settler families mostly lived, even regarding the allocation of land to foreign companies for huge rubber plantations in the interior. The governance and justice systems were confused and confusing, with traditional systems sitting uneasily alongside modern systems imported and adapted from elsewhere. Corruption became endemic. Systems of power were inadequate to allow the expression and resolution of grievances. Young people were marginalised within society, so they were easy to manipulate by those in search of power, and the war offered them – especially young men – a chance to wield a certain amount of power themselves through the gun. Leaders in neighbouring countries manipulated Liberians' grievances to enlist them to wage war on their behalf. The war was brutal, women and girls were raped, and most Liberians were displaced for several years. The way the war was conducted reinforced – and created – differences, mistrust and enmity between tribes, as well as between the Liberians descended from the indigenous population and those descended from the settlers.

Since the war ended in 2003, there has been a huge investment in peace, security and development in Liberia. This process has been marked by ambitious initiatives to create a "new Liberia" and thus limit the likelihood of another outbreak of war. It is early days yet, but Liberia has made considerable progress. An election in 2005 brought Africa's first woman president Ellen Johnson Sirleaf to office. The UN mission to Liberia maintains large international military and police contingents to this day, and provides a great deal of civilian support as the Liberian state is re-established.

The economy is being reinvigorated, roads are being built, the army is being reorganised and professionally trained, and the President is playing an important leadership role in sending out the message of national unity – a message which the restored network of local community radio stations is reinforcing. There is a major focus on the empowerment and liberation of women – long excluded and marginalised in society. There is a drive to end impunity, especially for sexual violence. A key priority

is to minimise misuse or theft of public funds. The leaders of Liberia and its three neighbours are cooperating at the regional level to avoid a recurrence of the mutual destabilisation practices of some of their predecessors.

These improvements and other major efforts take place in the same Liberia which gave rise to civil war. While it is relatively easy to identify the causes of war, it is hard to ensure that the political culture and systems are in place to manage such issues in the future, and avoid a recurrence. This needs a *transformation* of the way power is held and wielded in society, which takes time and needs to be purposefully planned and led. Despite the progress mentioned above, young men remain disempowered in Liberia's economy and culture, but now have far less respect for their elders and thus patience with their lot – and even where economic opportunities exist, are often underqualified to seize them. The capacity of the security and justice systems and services remains inadequate, and impunity remains an issue. Stories abound of men who are accused of rape being freed without due legal process. Men who are said to have behaved brutally during the civil war are not only unpunished, but some are visibly active in business and politics, driving expensive cars and living in big houses. Meanwhile, economic regeneration is being driven largely by foreign investments in rubber, timber and mineral extraction. Despite new systems for the involvement of local communities in the concession of land for such purposes, there is at least a perception that some of these decisions are being renegotiated behind closed doors, as before.

Many of the factors behind the civil war are unresolved, and the systems to manage and resolve them peacefully are still inadequate. This is despite a massive and expensive international peacekeeping and peacebuilding programme, and a huge effort on the part of the government and by many in civil society. Many in the international community, along with many Liberians, are beginning to question the pace of change in Liberia, and there is a risk that support will wane. But the purposeful attempt to transform Liberia and provide Liberians with access to power and a political voice is a project that needs to continue for many more years yet. It is a challenge that would be hard to recognise within the narrative implied by the MDGs.

5. Development institutions

We have made the case that the orthodox view of development and aid as represented by the MDGs is fundamentally out of touch. Most people involved in the sector know this. There is a great deal of ongoing good, creative and analytical thinking and action. In this section, we draw attention very briefly to some of the ideas being developed and applied, before examining why the development institutions do not seem to be adapting sufficiently to take them on board.

Evolution in development thinking

Despite the predominance of the MDGs in public debate and in political pronouncements, people involved in the sector recognise that development is a complex phenomenon; that aid funding is only a part of the solution, and that it needs to be programmed thoughtfully and carefully. They also recognise that non-aid factors, especially economic and security interests, are usually more influential than aid, and thus need to be better tuned to enable development.

Despite the public focus on levels of development funding, development assistance is about much more than just funds. *How* assistance is provided is arguably more important than *how much* is provided, and there are no easy answers to this: every model of delivery is flawed by the attempt to balance competing priorities such as cost, ownership, quality, sustainability and the urgency of basic needs. International Alert has been raising concerns for some time that these priorities have been unbalanced by the drive to spend ever larger amounts of aid money as quickly – and paradoxically as cheaply – as possible, in pursuit of externally defined goals such as the MDGs.[24]

It is widely accepted – though not at all obvious in the MDGs – that development assistance needs to be focused on much more than just social services and economic programmes. Paul Collier has popularised his idea that the poorest countries – where his "bottom billion" live – should be helped with technical and political assistance rather than just funds. He identifies priorities for this as peacekeeping, security, governance and trade – rather than just the social sectors.[25] Concepts such as livelihood security and human security are well known and provide analytical frameworks far broader than the MDGs. Meanwhile, there is an enormous body of literature justifying the idea that a fairer global trading system is necessary to enable economic development in poor countries – with advocates broadly split between those that favour a level playing field with the bare minimum of tariffs and exclusions, and those that would allow poorer countries to retain the power and ability to protect their economies while they are still vulnerable – as South Korea did for example.

Some recent and refreshing policy thinking on development aid acknowledges the need to make what DFID calls a "step-change" in approach. This thinking is reflected in the work which has been done over the past five years or so on fragility, and most recently under the joint heading of Peacebuilding and Statebuilding. DFID's 2009 White Paper recognises the need to stop working 'around conflict and fragility' and that the purpose of the UK's development assistance includes 'building peaceful states and societies, working more politically to achieve that end'.

This is a radical change of emphasis and is reflected quite widely in recent thinking within the sector – for example at the OECD-DAC INCAF and the International Dialogue on Peacebuilding and Statebuilding. The latter organisation brings together donor and developing countries; it recently produced the following statement which sums up quite neatly the direction in which this line of thinking is headed:[26]

'Our collective vision is to end and prevent conflict and to contribute to the development of capable, accountable states which respond to the expectations and needs of their populations, in particular the needs of vulnerable and excluded groups, women, youth and children. We recognize the centrality of state-society relations in supporting the development of capable, accountable and responsive states. This will require sustained efforts by all stakeholders to improve governance, strengthen economic and social development, and promote peace and security.

In order to translate this vision into reality and to guide our collective engagement, we identify the following ... goals, as stepping stones to achieve progress on development:

- *Foster inclusive political settlements and processes, and inclusive political dialogue.*
- *Establish and strengthen basic safety and security.*
- *Achieve peaceful resolution of conflicts and access to justice.*
- *Develop effective and accountable government institutions to facilitate service delivery.*
- *Create the foundations for inclusive economic development, including sustainable livelihoods, employment and effective management of natural resources.*
- *Develop social capacities for reconciliation and peaceful coexistence.*
- *Foster regional stability and co-operation.*

We recognize that priorities to achieve these goals will be different in each country. They should be set at country level through a process that engages all stakeholders, especially women and civil society'.

Ashraf Ghani and Clare Lockhart of the Institute of State Effectiveness have proposed using statebuilding as the overarching framework for international cooperation within fragile contexts (and by implication replacing other models such as poverty reduction and the MDGs). In their approach, multiple partnerships of substance – "compacts" – would be created in which different parties (the government, donors, civil society, UN agencies, businesses, academia, etc.) become accountable – internationally and to the people of the country concerned – for delivering different aspects of a country strategy, based on rigorous analysis.[27]

Meanwhile, in addition to all this grand thinking about how to support human progress, a vast amount of work is going on – often at a small scale and a local level – exploring human progress in a very practical way. The work of NGOs and other institutions, often operating at the margins, bears a great deal of scrutiny and offers opportunities for replication and scaling up. It is able to focus much more easily on relationships, leadership and institutions, and is lighter-footed in the minefield of politics. An example of this is the way in which civil society leaders in some fragile contexts are becoming increasingly bold and sophisticated in holding the government publicly to account, often supported by international NGOs, etc. The Uganda Debt Network and Burundian NGO *Observatoire de L'Action Gouvernementale* have both pioneered this approach in their respective environments, for example.

Adopting new ways of working

DFID's recent guidance paper on peacebuilding and statebuilding sets out some of the challenges of this new way of thinking,[28] which will require DFID to operate much more politically than in the past. It will have an impact on operational aspects of DFID, and on how it envisages and reports on results. Other donors and multilateral organisations are also exploring the implications of such changes, which if implemented would require a radical change for them all.

It will not be easy for rich country governments or for multilateral organisations to adopt the new ways of working, because their institutions and approaches have been built up over many years around a different set of assumptions about the nature of development and their role within it. It

takes time and a great deal of effort to correct and change patterns of behaviour already ingrained within institutions, especially large institutions which are being held publicly accountable for a simpler – earlier – idea of their role in the development process. At a time when there is going to be a clarion call for faster action in pursuit of the MDGs (the "MDG rescue plan"), it will be particularly difficult to operationalise these radical new ideas about aid, which fit so poorly into the existing paradigm.

The focus on MDGs is a symptom of an overly narrow view of human progress. The aid and development institutions were built and their operating procedures laid down long before the MDGs came on the scene. But in recent years, the MDGs have assumed such importance that the institutions seem virtually fully committed to serving them. Even when there are reservations, they are normally excluded from formal and public communications. Many people in these institutions seem to fear that letting their reservations get out into the open will undermine the legitimacy of the whole development enterprise.

The MDGs are also based on the assumption that development aid can be provided in a way which is mainly financial and technical (as implied by terms such as capacity-building, training and best practice), when in fact development is largely political in nature. They therefore feed the assumption that development is best achieved through a uniform approach among agencies, and fairly rigid partnerships between the agencies and the host government. This limits the scope for creative approaches and for non-governmental initiatives.

The consequences of these assumptions include an over-reliance on mechanisms such as conditional loans, budget support and sector-wide approaches. Donor funds are increasingly co-mingled with recipient governments' own funds within an agreed poverty reduction schedule. All too often, such arrangements can be counterproductive. While they often promote shared local ownership between donors and hosts at the technical level, they fail to do so at the political level, and because funds are provided to the government, they artificially increase its legitimacy. A somewhat artificial construct of partnership and "ownership" between donors and recipient governments has been created to justify these arrangements, and endorsed by the Paris Declaration and Accra Agenda for Action – international agreements that when applied to fragile contexts, are based on the contestable assumption that fragile state governments effectively represent the wishes and interests of their people.

Inertia in development institutions

The picture is clouded still further by a number of elements which conspire to reinforce the status quo and resist change. These include a lack of clarity and rigour; the questionable fitness-for-purpose of the aid institutions; a mutually reinforcing web of vested interests; and the genuine difficulty of getting agreement among diverse stakeholders with different interests.

Despite what one might expect of a sector worth billions of dollars per year, there is no clear and proven theory of change supporting aid policies and practices. One problem is therefore that, despite reams of new policies over the years, the aims and objectives of aid remain imprecise, so the sector lacks both clarity and rigour. Aid as a sector serves many different purposes: poverty eradication, poverty reduction, "development", attaining the MDGs, improving governance, reducing conflict, reducing immigration to OECD countries, improving national security in the West, providing markets for donor-country goods and services, to name but a few. While there is overlap, they are not all the same thing. In any case, despite years of debate and discussion, and despite the clarity which the MDGs are supposed to provide, the underlying theories of change as subscribed to by different stakeholders are usually vague, and often at odds. Overall, the problem is that a single "sector" comprises a variety of different aims, leading to a laziness of language and a confused approach to impact evaluation.

The aid institutions employ excellent staff, but taken as a whole, do not apply an intellectual framework that is clear and coherent enough to meet the challenges implied by their mission. The implicit endeavour of international aid institutions is to support and promote societal transformation in other people's countries, and in so doing to promote changes, some of which are bound to go against the interests of those currently in power, both locally and nationally. But there is no successful historical example yet from which to learn how best to do this, excepting cases in which people have been conquered or subdued in war. As we have already seen, the MDGs fail to fill this conceptual and empirical vacuum. We need to be much clearer about the purpose and the theories of change.

Given the vagueness of the purpose, it is difficult to argue conclusively that aid institutions are either fit or unfit for purpose. But if the purpose is – as we would argue – to help facilitate human progress as we have defined it here, then it follows that aid institutions should be designed for and evaluated against an ability to promote transformation. This means, for example, that they need to be set up in a way that supports locally tailored approaches and promotes the fundamental societal and political changes that are needed. They must take account of and address these issues both in the rich and poor worlds. They must reach beyond merely "delivering aid", e.g. to include trade and other aspects of international relations. Currently, they remain far too focused on delivering technical changes, and are not set up to deal with the politics of aid.

Taken as a whole, the institutions of the aid sector are in some ways redolent of the old "military-industrial complex" of the Cold War, with vested interests resisting changes in the analysis which might lead to their exclusion from opportunities. From the donor side, this includes the overseas development ministries, the vast UN system, the World Bank and other intergovernmental bureaucracies, some political leaders and celebrity cheerleaders, some academics, NGOs and the businesses that benefit from ODA funds. In developing countries, this includes politicians and bureaucrats and their clients, as well as NGOs and all others benefiting directly or indirectly from the current system. This web of vested interests creates a massive inertia, preventing those within it from seeing things clearly and devising more appropriate approaches.

Meanwhile, many political compromises are needed to come up with a development aid discourse that is acceptable to all the stakeholders. Development is not the only foreign policy aim of donor countries, so compromises have to be achieved among competing ministries. Compromises are also necessary to reconcile the diverse interests and approaches of different countries within the "donor community", and among the member states of the UN. Nor do all recipient countries necessarily agree on how aid should be delivered, necessitating further compromises when they come together to sign international agreements and declarations concerning aid. All these compromises are further complicated by the shadows cast by history and geopolitics, because the donor countries were and are responsible by their actions for some of the structural causes which keep people in underdeveloped countries poor. The result of all this compromise is that negotiations and agreements tend to focus on the "technical" aspects of aid, on which agreement is most likely to be reached, and shy away from the politics of what is, nevertheless, a highly political sector. The 2005 Paris Declaration and the 2008 Accra Agenda for Action – sets of very broad and overly technical "principles" about aid, agreed on by the OECD and developing country governments – are two examples of this. On the face of it, they address important aspects of aid – but they fail to deal with the kinds of issues we are raising.[29]

As a result, development aid as currently implemented all too often focuses on an overly narrow view of change as represented by the MDGs. It also tends to reinforce and entrench the culture and systems of power (globally and locally) that keep poor people poor, potentially storing up significant political resentment that ends up being repressed and/or being expressed through instability and violence. And it shies away from promoting societal changes with the potential to bring about real progress and development.

In 2007, the OECD developed a set of Principles for Good International Engagement in Fragile States and Situations,[30] and recently released a baseline report on the extent to which donors operating in six fragile contexts have been respecting the principles.[31] The challenges faced by international agencies working in fragile contexts guided by perverse incentives such as the MDGs are perhaps most simply illustrated by the finding that even Principle 1, Take Context as the Starting Point – surely the most basic of advice – was found to be not yet being routinely met.

This reinforces our concern that international institutions will have great difficulty in adapting to the kinds of changes implied by their own new thinking. They are themselves in the forefront of designing new concepts and policies for development aid. But there is a real danger that they will be unable to adapt sufficiently to adopt them, unless they *fundamentally* reassess their mission and role, and are therefore willing to question the model of development and development assistance represented by the MDGs. If not, they will be able to do little more than tweak their current approaches and wrap 'old approaches ... in the language of state building without fundamental changes in skills, designs or practices' (Lockhart & Ghani, 2007). In other words, they risk not being fit for the purpose they set themselves.

6. Conclusions and recommendations

A great deal of noise is being generated in 2010 about development issues, piggy-backing on the 10th anniversary of the Millennium Declaration and targeting the MDG Summit in September. Special interest groups of all kinds are taking this opportunity to push their message. It is critically important that the heads of state attending the summit hear the *right* message, and thus have the opportunity to consider the best way for the international community to support the complex and difficult process of making sustainable human progress in poorer countries, and especially in fragile contexts.

The MDGs have been used for the past decade as a tool for guiding and measuring progress. Not only has progress been found wanting, but the MDGs themselves are also wanting. They represent the wrong view of change, they are being routinely misused in a way which confuses the ends with the means, they are highly unrealistic, and they are set at a global level when development happens much more locally. Because of these flaws, they act as perverse incentives, even obstructing the development process they are supposed to galvanise.

The problem is not just the MDGs, but the ill-adapted development discourse that they represent. The prevailing development discourse tends to pull analysis, policy and action away from the political, institutional and societal towards the technical. This is partly because technical issues are simpler and less contentious. But it is also because the idea of "development" – which is after all an intellectual and political construct – has become hugely confused. The mix of different ideas about human progress is dynamic, constantly being added to, and there are limits to the amount that can be added to a construct of this nature before it cracks and breaks under its own weight.

The development construct is now cracking under the weight of issues such as governance, human rights, gender, livelihoods, poverty eradication, poverty reduction, exclusion, social access orders, international trade, human security, conflict-sensitivity, peacebuilding, climate adaptation, fragility, statebuilding, etc. (And this is before geo-political issues like anti-terrorism are added to increase complexity still further.) Because the development discourse accommodates them poorly, these complex ideas of human progress become distorted and mixed up together incoherently. A combination of politics and institutional constraints has turned this into an oversimplified development paradigm, as represented by the MDGs, which are a poor map with which to navigate, much less catalyse, the processes that constitute human progress.

This matters enormously, because of the vast scale of human underdevelopment, and especially in the fragile contexts, which are most resistant to progressive change. If those involved in the development sector are using the wrong map, then poor decisions are being made and inadequate or harmful actions taken. It is therefore tremendously important to review and update our understanding of the way human progress happens, and how it can be catalysed and supported. Politically, now is the right time to do this, because a growing public scepticism at a time of economic belt-tightening is raising well-founded questions about the impact of development aid, which need more convincing answers than have hitherto been given if public support is not to leach away. Meanwhile, other changes taking place in the world mean that this process is overdue: the global power dynamic is shifting; there are a growing number of incomplete peace processes with the challenges they bring; the process of development itself produces additional stresses in fragile contexts; and meanwhile climate change is generating another layer of stresses to which people will have to adapt.

The overall conclusion of this report is that there is a need to change the way the international community understands and promotes development *at a fundamental level*, particularly in

fragile contexts. Because our report and its conclusions are dealing with the ideas and practice of development writ large, we are not making detailed recommendations. But within our main conclusion we identify three broad areas for action, around the need to:

1. Reframe the development discourse about human progress;
2. Create a new narrative to replace the MDGs; and
3. Make development institutions more fit for their purpose.

Each of these elements can be taken forward in a way which contributes to and reinforces the others, as shown in Figure 3. Each of the three elements is addressed in turn in the remainder of this section.

Figure 3: Mutually reinforcing change

A reframed discourse contributes to a new development narrative,and thus to institutions that are more fit for purpose; as each element is taken forward it contributes to the other two.
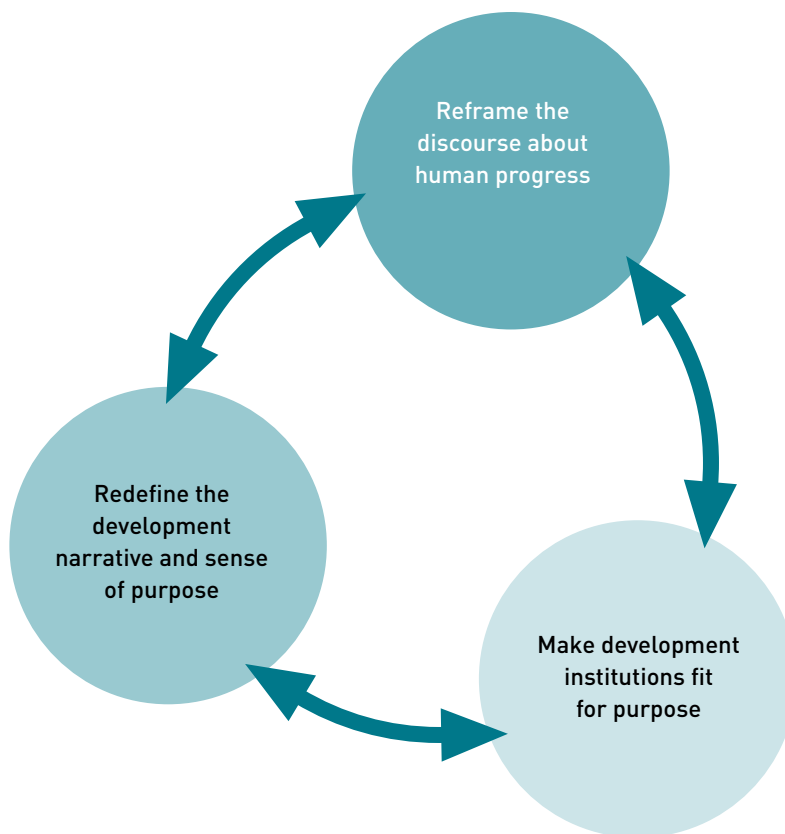
Reframing the discourse about human progress

There is no lack of creative thinking in the development sector. Plenty of ideas are being proposed and tested, and the sector is alive with discussions about better ways to work. The problem is that for institutional reasons such ideas tend to be pushed to the margins. We need to harness these ideas and discussions better in order to improve our understanding of human progress, and enable more appropriate policies and actions to be developed and put into practice. This means we need a sustained, open and honest discussion about human progress and the role of development institutions.

Many people working in development are sceptical about the prevailing development paradigm, but self-censor their views and ideas because the room for change seems limited. Such people need to be encouraged and empowered to be more forthcoming. There are numerous opportunities for this at every level, in the development of policies, strategies, and international agreements. These processes include the High Level Summit in September 2010, the High Level Forum on Aid Effectiveness in Seoul in 2011; the INCAF process; and the International Dialogue on Peacebuilding and Statebuilding. The EU is in the process of reconfiguring its external relations architecture. The new External Action Service will play a role in the EU's overseas development assistance, and discussions about this should be informed by new thinking about human progress rather than simply adopting the paradigms on which the EC has based its overseas development in the past. Meanwhile, new development policies and strategies are constantly being prepared in developing and donor countries, in partnerships between them, and in multilateral organisations, and all such processes provide opportunities for a fresh look at what constitutes development, and how it happens.

Seizing such opportunities for honest and comprehensive conversations will depend on leadership, and on the way questions are framed. As noted earlier, leadership combines risk-taking and inspiration, as well as an ability to navigate politically. Good leadership will be needed to create space for a more honest conversation about development; and this will entail reframing the questions to enable and encourage a deeper and more wide-ranging conversation. The fundamental question to be asked is, 'What do developed societies look like, how do they become like that, and how can such changes be catalysed?'

One way to get at this deeper question is by taking care to frame the debate appropriately when opportunities arise. At the High Level Forum in September 2010, the main question being asked is 'How can we achieve the MDGs by 2015?' It would be impossible to change this now, but the Forum can be used as an opportunity to *begin* changing the nature of the debate, for example, by establishing a process to identify what will replace the MDGs in 2015. The terms of reference for this process can be framed in a way which allows the conversation to question the MDGs themselves, rather than simply why they will not have been met.

If this is matched at other levels of planning and review – in the development of new country strategies and PRSPs, for example, and in the political debate in fragile countries themselves – the nature of the discourse will start to change, and an informal dialogue will be created which will contribute to a much richer narrative about human progress. The discussion needs to incorporate a mixture of perspectives from rich and poorer countries, different political cultures, established and emerging powers, governmental and non-governmental backgrounds, big business and small business, different civil society groupings, diverse geographic and cultural perspectives, different gender and age groups, the media, and academics from different disciplines such as economics, history, anthropology, and the arts.

The media and politicians have a particularly important role to play, as it is they that ultimately set the terms of the public discourse within which aid and development institutions are guided and held accountable. For example, they can help move the public debate away from the binary discussion about the pros and cons of aid, be willing to examine the complexity and nuances of the issue, what works and what does not work, and find new ways of conveying these to the general public.

Ultimately, if the terms of the development discourse are to be renewed as we believe necessary, it will be because the many people working within the sector who *know* that the current paradigm is inadequate, take the initiative within their sphere of influence to alter the nature of the debate, and together create a kind of movement for change.

A redefined development narrative and sense of purpose

As part of the changing discourse, we need to create a new narrative of development – of human progress – which should be used to create a new global framework to replace the MDGs when they expire in 2015. This will tell the story of how human societies have developed, are developing and can develop further in the future. To avoid repeating the problems associated with the MDGs, it is important that this narrative achieves a better balance between political expediency and analytical rigour. The first step must be to create an analytically rigorous model. Once this is established, it can be used as the basis for a more political framework, but there should be no confusion between the two. This new framework can then be used by governments, NGOs, intergovernmental bodies and others, in line with the OECD's exhortation to take the context as the starting point, to inspire local, national, regional and where appropriate, global goals and measures of progress.

We have suggested a framework for this new narrative in our model of human progress in Section 3, based on a vision of a world in which people can resolve their differences without violence, while continuing to make equitable social and economic progress, and without lessening the opportunities for their neighbours or future generations to do the same. This vision will be both enabled and recognisable by five core factors, underpinned by a self-reinforcing set of values and institutions; and we suggest how societies have in the past made the transition towards this vision, giving clues as to how others may do so, and how such processes can be catalysed and helped.

We make no claim to have found the best definition of development, only to have asked some of the important questions and made a contribution to the debate. We expect and welcome comment and criticism, in recognition of the fact that not enough is yet understood about how development happens, and we all therefore have a responsibility to learn more. More, honest debate is what is needed and there must be room for diverse, even contradictory perspectives. Indeed, the narrative must take account of ideas drawn from a combination of disciplines, including history, economics, business sectors, political science, sociology and anthropology. But it is important to create a common framework within which different perspectives can be compared, and which can be used to inspire progress and hold development actors accountable for their actions and progress. This common framework should have certain minimum characteristics, such as that it should fulfil the following:

- Be vision-based, i.e. contain a comprehensive idea of what developed societies look like.
- Describe how societies *have* transformed and *can* transform – i.e., make progress towards the vision.
- Explain the role of values and institutions in the process of change and in the vision itself.
- Be analytically sound.
- Be true to the idea of *enabling* change as contained in the Millennium Declaration: i.e. 'promote and create global and national environments conducive to development and to the eradication of poverty'. This is in recognition that development is a mainly endogenous process of change happening at multiple inter-related levels within society, requiring leadership and effective relationships and negotiation; and one that can be influenced, but not wrought, by external forces and an external enabling environment.
- Acknowledge the fundamental importance of subsidiarity, i.e. that decisions and actions are taken at the lowest appropriate level, within a framework which is set at the highest appropriate level; i.e. be expected to take context as the starting point.
- Make clear the difference between the vision, and the means or strategies needed to get there. This means, for example, disentangling humanitarian from development outcomes and processes – i.e. make clear the difference between humanitarian outcomes such as providing basic services to people in fragile contexts, and true development milestones that are the markers of progress towards the vision.
- Recognise the complexities and nuanced nature of development, and find ways to communicate these publicly as simply as possible.

This new framework needs to be substantially completed by 2014, in time to replace the MDGs.

Making institutions fit for their purpose

Fitness for purpose is a dynamic concept: the fitness of the institution must evolve as and when the purpose evolves. Our understanding of the complexity of human progress is continually improving, leading to suggestions for new, different approaches and ways of working. But the institutions of development and aid have failed to keep up: they contain a great deal of inertia. One can almost talk of the global development *institution* (in the singular), so conformist and orthodox have donors, IGOs, NGOs and recipient governments become. This means that when new ideas do filter through the aid and development system, as "fragile states" and peacebuilding/statebuilding have done in the past few years, the response tends to be "What can our existing institutions do with this idea?", rather than the more appropriate "What institutions do we need, to work on the basis of this new knowledge, or to meet this new challenge?"

The question before us is, therefore, what kinds of institutions are needed in order to catalyse the kinds of changes in fragile contexts suggested in this paper – key *processes* such as state- and nation-building, opening access to political and economic opportunity, the impersonalisation of the political economy, sustained economic growth, democratisation, the establishment of the rule of law, and the evolution of a culture which encourages initiative.

The international community and individual states, along with civil society, need to review the institutions available to them, renew them where feasible or create new ones where necessary, and figure out new ways of working. We do not underestimate the difficulty of doing this, but it is critical to a more successful international development endeavour. The key elements these institutions need to address between them are as follows:

- Establish a clear purpose for which these institutions are held transparently accountable. Broadly, there is a choice to be made here: the institutions can either provide a kind of welfare assistance in support of economic and social sector programmes, or they can aim to support development based on a more complex vision of human progress such as we have explored in this paper. These two options are very different in nature and thus require very different institutions for effective delivery. If the latter option is chosen, it should be coherent with the improved development narrative called for on the previous page, and the institutions concerned need to be very clear about their own particular role. They need to know their limits and focus on nudging, stimulating and incentivising changes, but within a strategic, big picture view of transformation.
- Ensure that they are organised, resourced and staffed in line with the agreed purpose, and that internal reward and accountability systems are designed accordingly, e.g. to encourage and reward creativity. This is likely to mean that they adopt the concept of subsidiarity themselves, with more decisions being taken closer to the ground and for some institutions, less reliance on "missions" from headquarters. It will mean forming new kinds of relationships with governments, civil society and others, and will require staff with the right kind of profile, talents and skills for such roles – people who can work with the grain to change the grain. This kind of work is not only labour-intensive, it is *expert* labour-intensive, and development institutions need to recognise this in their staffing. They also need to instil an institutional culture which is transparent and self-critical, and invites criticism from elsewhere.
- Be able to work with the grain to change the grain. This means working in new ways, for example to engage politically and on complex societal issues including exclusion, trust, culture and nation-building; to understand the operation of complex processes; to understand the operation of complex and competing incentives on people's decisions and behaviour; to strengthen values and institutions ("the rules of the game") in line with the long-term

vision and promote leadership, improved relationships and opportunities for the negotiation of changed roles; and be able harness the transforming progressive potential of the growing middle class in poor countries.

- Work at multiple levels:
  - Internationally – on issues such as international trade and investment, and international criminality (e.g. narcotics and money laundering);
  - In donor countries, to reach a new honest compact with rich country taxpayers based on the improved development narrative, and within a coherent foreign policy in which tensions between overseas development goals and other aspects of the national interest are resolved; and
  - In fragile contexts where the transformation needed for people to make genuine progress can be supported and stimulated.

- Look beyond "aid", and especially at other international institutions whose actions have an impact on the enabling global environment, such as trade, and the regulation of international businesses operating in fragile environments.

- Devise strategies that are analytically sound, are rooted in an analysis of the political economy, and are clear about how they will work with the grain to change to grain. This entails figuring out how incentives can be rebalanced to promote change, and is likely to imply a more subtle and sharper use of aid conditionality as well as more donor funding through non-governmental vehicles. While external agencies may lack leverage on the big political issues in fragile contexts, they can use their limited powers to incentivise small changes with big potential impacts.

- Take a long-term perspective, maintaining a balance between predictability and flexibility: predictability, so that partners and others can plan accordingly; flexibility, to be able to react and respond as the situation changes and understanding improves, in line with the concept of conflict-sensitivity.

We recognise the enormity of the challenge we have proposed: the need to overhaul the discourse and the institutions of international development. But we do so not as idealists but as realists. In a rapidly changing world, the development institutions – whose fundamental mandate is to help shape the changes – must continue to evolve, or they risk becoming irrelevant.

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