

**THE CONSTRAINTS ON AID AND DEVELOPMENT
ASSISTANCE AGENCIES GIVING A HIGH PRIORITY
TO BASIC NEEDS**

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**PhD thesis submitted to the London School of Economics
and Political Science**

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ABSTRACT

The objective of the thesis is to identify what constrains development assistance agencies giving a higher priority to ensuring that basic needs are met. Support for basic needs is taken to include all spending to address unmet needs in terms of water supply and sanitation, primary health care, primary or basic education and literacy. It also includes all development agency funding for housing, social employment and 'community development' projects targeted at low income groups.

A statistical analysis of all project commitments for a range of development assistance agencies over a number of years showed that most allocate less than 20 percent of their funding to basic needs while some allocate less than 10 percent. This analysis also showed some evidence of increased priority to basic needs in recent years, especially for the concessional loan programme of the World Bank.

Interviews with a range of staff from the World Bank, UNICEF and the Swedish International Development Cooperation Agency and a review of these agencies' internal documents sought to establish the main constraints on an increased priority to basic needs. The constraints can be divided into four sets: the institutional constraints linked to an agency's internal workings; conscious policy choices made within the agency to limit funding for basic needs; external influences, including commercial pressures, consultants and influences from the governments that fund the agencies; and the political and institutional constraints within recipient countries - for instance recipient governments not prioritizing basic needs projects or their limited capacity to support basic needs provision.

The thesis shows that development assistance agencies' own internal structures often constrain funding for successful basic needs projects. For instance, many basic needs projects are relatively cheap and staff intensive to develop but within most agencies, staff are under pressure to spend relatively large sums and to minimize staff time when doing so. Many agencies also have the institutional legacy of structures set up to fund large capital projects and difficulties in changing these structures to reflect new priorities, including a higher priority to basic needs. The incapacity of recipient governments to implement basic needs projects and, in most nations, the lack of alternative implementors is also a major constraint. The thesis emphasizes how research to date has given too little attention to these constraints. It also discusses the ways in which agencies are seeking to overcome these constraints and the need to do so if a renewed emphasis on poverty reduction is to be effective.

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Preface

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Finally, special thanks are due to my beloved friend Jorge E. Hardoy, with whom I worked from 1977 to his death in 1993. It was he who stimulated my interest in the role of donor agencies in basic needs in 1977 and I began working on this topic with him in that year - and later also with Silvia Blitzer. It was Jorge who encouraged me to start a Doctorate on this topic and who helped ensure I had the time to undertake the research.

1. INTRODUCTION

1.1 The Research Topic

Most multilateral and bilateral agencies involved in development assistance have consistently encountered constraints that limit the possibility of according a high priority to what are termed 'basic needs' projects or, more recently, 'human development' or 'poverty alleviation' projects.¹ The nature and relative importance of these constraints is the central focus of this study. Basic needs projects seek to directly address the unmet needs of (mostly) low-income groups by focusing on water supply and sanitation, primary health care, primary or basic education and literacy, and housing, social employment and 'community development' targeted at low income groups. Although there are differences in the conception of what constitutes 'basic needs' projects and 'human development' projects which will be discussed in Chapter 2, both centre on initiatives that improve health, education and living conditions.

This study's main concerns are first, what proportion of development assistance agencies' total funding commitments is allocated to basic needs projects and, second, what determines or influences this proportion. The study highlights the internal constraints that development assistance agencies face in allocating a higher proportion of their funding to these kinds of projects. It does not seek to question the validity of explanations advanced by many commentators regarding the external factors (especially those related to political economy) which constrain the priority to basic needs projects - for instance the power of commercial interests to influence aid programmes both in aid-giving and in aid-receiving countries, or the foreign policy priorities or military interests of donor governments. But, in highlighting the influence of internal constraints related to the structure of donor agencies, it does question whether these external factors are the main constraint on donor agencies according a greater priority to basic needs. These internal constraints have received little attention, to date, in the discussion about development assistance priorities.

Work on this thesis began with two hypotheses. The first was that virtually all official development assistance agencies allocate a relatively small proportion of their total funding commitments to basic needs projects.² To test this, a quantitative analysis considered the

¹ These will be termed 'basic needs' projects in the rest of the thesis; Chapter 2 will clarify the overlap between 'basic needs', 'human development' and 'poverty alleviation' projects.

² This thesis considers not only aid but also non-concessional loans provided by development assistance agencies which do not qualify as aid since they are not provided on concessional financial terms. To qualify as aid, a loan must be provided with a grant element of at least 25 percent (OECD 1992). It is important to include non-concessional finance since this makes up such a large proportion of total capital flows from multilateral development assistance agencies. Although, in general, the proportion of total disbursements by multilateral organizations that are formed by non-concessional flows fell during the early 1990s compared to the 1970s and the 1980s, between 30 and 45 percent of total funding flows from multilateral development organizations were in the form of non-concessional loans for most years between 1987 and 1993 (ibid, OECD 1995).

proportion of funding that a range of development assistance agencies allocated to basic needs projects (see Chapter 3) with more detailed analyses for the World Bank (Chapter 4), UNICEF (Chapter 5) and the Swedish International Development Cooperation Agency - Sida (Chapter 6). These analyses of funding for basic needs included all projects aimed directly at poverty alleviation (for instance the social funds and social employment programmes supported by the World Bank) as well as projects to support primary education and literacy, primary health care, and water supply and sanitation. They also included all projects targeted at 'low-income' groups with regard to the acquisition and/or improvement of housing and community development. These analyses did not draw on the donor agencies' own figures for their sectoral priorities, since these do not reveal the proportion of funding allocated to basic needs. The analyses were built up from reviewing all individual project commitments made by these agencies over many years and separating out those that met the criteria set by the study as 'basic needs'. As Chapter 3 will describe more fully, details of all basic needs projects were entered into a computer database to provide the basis for the quantitative analysis. This allowed far more detailed analyses of donor agencies' commitments to basic needs than can be obtained by drawing on their own official statistics, regarding their sectoral priorities.

The second hypothesis was that there are internal constraints on development assistance agencies' capacity to spend a high proportion of their funding on basic needs projects that are related to the process of formulating, implementing and evaluating donor-funded initiatives and it was these constraints as much as any policy decisions about sectoral priorities or external influences that explain the low priority to basic needs. This was tested through more detailed research within the three development assistance agencies mentioned above, and included interviews with a diverse range of their staff about how priorities are established and decisions made about sectoral priorities. It also included a review of internal documents made available by such staff.

The focus on the process by which sectoral priorities are established within agencies distinguishes this study from most other research undertaken on development assistance agencies. A review of the literature on development assistance found little consideration of how the internal structure of development assistance agencies, including their reliance on other actors to implement the initiatives they fund, affected their sectoral priorities. Most of the research on the effectiveness of development assistance agencies to meet basic needs or reduce poverty concentrates on evaluating the performance of agencies in particular projects or sectors, after the funding has been spent, or on the impact on poverty (or basic needs provision) of funding provided for structural adjustment or (more recently) how a concern for poverty reduction is incorporated into decision-making. As Chapter 2 will describe in more detail, studies that seek to evaluate the effectiveness of development assistance agencies rarely consider in detail their sectoral priorities and, where they do, they do not question these agencies' own official figures as to their sectoral priorities.

What distinguishes the quantitative analysis of sectoral priorities within this thesis from that presented within other research and evaluations is that it is more detailed and more accurate, because it can separate 'basic needs' from 'non-basic needs' within the support the agencies provide for social sectors. For example, the total funding allocated by any agency to literacy programmes over time in this thesis is calculated from the sum of all this agency's commitments to individual literacy projects for each year. Thus, the thesis can present precise figures for the proportion of funding allocated to literacy projects and show how this proportion changed over time. Such figures are very rarely available in donor agencies' own reports. Most agencies do not report on the proportion of funding that they allocate to literacy projects. They usually report on the proportion of funding allocated to education - but this often includes not only literacy projects but also all other projects for schools and higher education institutions (including universities) including building construction and equipment supply, education reform, research institutes, curriculum development and (especially for bilateral agencies), funding for scholarships for students from recipient countries studying in higher education institutions in the donor country. As Chapter 3 will describe in more detail, the official statistics of development assistance agencies on their sectoral priorities do not allow a separation of their spending on 'basic needs' from spending on other projects or interventions.

An analysis of sectoral priorities built up from individual project commitments also overcomes the problem of inaccurate inter-agency comparisons, since the same criteria can be used for defining which projects are classified as 'basic needs' for all agencies. In presenting statistics on their sectoral priorities, each development assistance agency uses different sectoral categories and this greatly limits the possibility of accurate inter-agency comparisons. The Development Assistance Committee of the OECD has developed some sectoral categories which allow inter-agency comparisons but, as Chapter 3 will describe, these only allow inter-agency comparisons at a high level of aggregation and do not reveal the priority given by different agencies to basic needs. Chapter 3 will also describe in more detail how it is only when a detailed disaggregation of each agency's sectoral priorities is built up from individual project commitments that the low priority to basic needs becomes apparent. This chapter will also describe how many development assistance agencies use sectoral categories in their official reports that obscure the low priority they give to basic needs. The only literature that was found to include a sectoral analysis of the spending of development assistance agencies similar to that in this thesis was the 1994 edition of the *Human Development Report* (UNDP 1994).³ However, as Chapter 3 will describe, this

³ There is other published work using this methodology that was prepared by the author of this thesis. For instance, the author prepared a series of reports for the United Nations Centre for Human Settlements about development assistance flows to basic needs and urban development which were published as reports to its Inter-Governmental Commission on Human Settlements (UNCHS 1987, 1989, 1991, 1993, 1995). The author also wrote a chapter for UNCHS (1996) on this subject and has published preliminary findings from the sectoral analysis presented in this thesis in Clichevsky and others 1990, Hardoy and Satterthwaite 1991, Hardoy, Mitlin and Satterthwaite 1992, Arrossi and others 1994, Satterthwaite and others 1996, and Satterthwaite 1997b.

covered only three years and there are reasons for doubting its accuracy.

Once the research established that most development assistance agencies give a low priority to 'basic needs' projects, this led to concern as to what factors constrain development assistance agencies giving a greater priority to such projects or to funding the strengthening of institutions within recipient nations to better meet basic needs. A consideration of these two subjects requires an investigation into the ways in which the policies and priorities of different development assistance agencies are determined and made operational, and the extent to which these are shaped by choices made by agency personnel or the agencies' own 'project cycle' and wider institutional structure, or by forces external to the agency itself - for instance the priorities of recipient governments, commercial pressures, pressures from NGOs or priorities established by the supervisory board or government under whose direction the agency operates.

1.2 Research Issues

Within the debates about how development assistance can be most effective at meeting the needs of low income groups or at reducing or alleviating poverty, four contrasting positions can be identified. The first recommends a concentration on expanding and strengthening the economy of the nation with the belief (or assumption) that the benefits from economic growth will spread to include higher incomes for low income groups and funding for providing basic services. The second, third and fourth positions all recommend directing attention towards addressing the needs of 'the poor' or low income groups or some other group judged to be deprived or disadvantaged but each has a different focus. The second stresses the provision of basic services direct to low income groups to meet their needs. The third recommends a redistribution of assets or entitlements in favour of low income groups. The fourth recommends 'increasing the productivity of the poor' and usually includes support for increased incomes for smallholder farmers and pastoralists or support for micro-enterprises. The second, third and fourth might be regarded as sub-sets of one position rather than three separate ones but they have such different social and political implications that they are considered here as three separate positions. Although there is a large and diverse debate about the effectiveness of 'development' policies and development assistance agencies over the last forty years, and of the relative role of the state, the private sector and civil society within recipient countries, much of the debate about what development assistance agencies should do centres on which of these four positions should receive priority.

Proponents of the first three positions have been evident from the 1950s, although the relative influence of each position within official development assistance has changed. Proponents of the fourth position became influential in the early 1970s. One reason for this change was the limited success of development assistance in providing benefits to a large proportion of the population, especially those with low incomes and/or few or no assets. Although estimates of the number of people living in 'absolute poverty' in the South vary, there is general agreement that after four

'development decades', between a fifth and a quarter of the world's population still live in absolute poverty, without adequate food, clothing and shelter (see, for instance, World Bank 1990c). A study of rural poverty in 114 Third World countries found close to one billion people with incomes and consumption levels that fell below nationally defined poverty lines (Jazairy, Alamgir and Panuccio 1992). With regard to urban areas, there is considerable debate as to the number of people living in absolute poverty and about the accuracy of official statistics on urban poverty because of inappropriate criteria set by governments in the South or international agencies in defining and measuring urban poverty (see, for instance, Wratten 1995, Chambers 1995 and Satterthwaite 1995). However, there is agreement that a large proportion of the urban population do not have their basic needs met. Estimates for 1990 suggested that at least 600 million people in the urban areas in Latin America, Asia and Africa were living in housing of such poor quality and with such inadequate provision for water, sanitation and drainage that their lives and health were under continuous threat (Cairncross, Hardoy and Satterthwaite 1990, WHO 1992, UNCHS 1996).

The debate about 'basic needs' can be considered as one of the reactions to the limited achievement of development policies which gave priority to economic growth and industrial development during the 1950s and 1960s, and to increased agricultural production during the late 1960s and early 1970s. Although most of the literature about basic needs was published between the early 1970s and the mid-1980s, the issues that were raised have also been repeated in more recent literature on the subject - for instance in the literature on 'human development' and 'people centred development,' even when this later literature seeks to distance itself from what it terms the 'basic needs' literature. Much of the literature on sustainable development that comments on development policies and priorities also stresses that the meeting of people's needs is a priority (WCED 1987).⁴ In addition, much of the criticism directed at development assistance agencies (or 'development' in general) during the 1970s and 1980s included within it a concern that the basic needs of low-income groups were not being met, even if the authors of these criticisms are not usually considered as basic needs advocates. For instance, works such as *Small is Beautiful* (Schumacher 1973), the Cocoyoc Declaration of 1974 (Cocoyoc 1974), and *What Now? Another Development* (Dag Hammarskjold Institute 1975) stressed that insufficient attention was being given to meeting people's basic needs. This same stress is apparent in the writings of Barbara Ward in the early 1970s - see for instance Ward (1974) and Ward (1976); she was also responsible for drafting the Cocoyoc Declaration. The failure of development to meet basic human needs was also a theme in the writings of some of the best known critics of conventional development assistance policies during the 1970s and 1980s, including J. Galtung (1986), M.

⁴ There is also a large literature on 'sustainable development' that gives little or no consideration to human needs and the resources that their fulfilment requires (Mitlin 1992); as Adams (1990) points out, this essentially developed from the 1970s literature on conservation, re-labelled as sustainable development.

Max-Neef (1991) and Robert Chambers (1992). In addition, during the 1990s, the literature on development came to give more attention to meeting basic needs, usually within an increased concern for poverty reduction although, as Chapter 2 argues, other factors were also important such as more attention to the needs and rights of women and a greater understanding of the scale and nature of the health burden related to a lack of basic services.

The form of the demands made by those advocating the four different positions noted above has also changed. For instance, there have been major changes among those demanding explicit support for redistribution. This is illustrated by the role of development assistance agencies in the reform of land tenure in rural areas to strengthen the rights of tenants and even to transfer tenure from landowners to those who cropped the land. As Chapter 2 will argue, the need for land reform was much debated among various development and technical assistance agencies during the 1950s but was given little attention and support after that. However, it became acceptable for development assistance agencies to promote a comparable form of tenure reform in urban areas (although on a limited scale) as many 'slum and squatter upgrading' projects supported by development assistance agencies from the 1970s onwards included support for transferring land tenure to the squatters.⁵

The mainstream discussions on development during the 1980s within most development assistance agencies included little consideration of redistribution. There was a return to the priority of promoting economic growth although with a much expanded role for the private sector and, in some cases, for voluntary organizations, and a reduced role for recipient governments, except in changing macro-economic policies so that they supported market-driven economic growth. However, there was a significant body of literature which placed a greater stress on the rights of low income groups to participate in decisions about the 'development' projects and policies that affected them (Chambers 1983, Friedmann and Rangan 1993), including the large body of work on participatory rural appraisal (IIED 1988-96). The discussion also became more explicitly focused on protecting their rights to livelihoods and resources - in effect, not promoting redistribution in favour of low income groups but, rather, preventing further redistribution that impoverished them and benefited commercial interests. This included support for indigenous groups and ethnic minorities to help ensure that they could protect land, forests and freshwater resources they had long used as open access or common property resources from encroachment by external interests (*The Ecologist* 1992). There was also a growing debate about social and

⁵ Note should be made that the 'squatters' who received tenure were often on government-owned land or land sites of poor quality or hazardous (for instance flood plains or unstable hillsides) which limited their commercial value. In other instances, the occupiers had purchased the land from the legal owner and it was only the land use and the building and planning regulations that had been contravened. The 'slum and squatter upgrading' projects supported by a few international agencies are important for the extent to which they helped legitimize government action to improve conditions in existing low income settlements rather than seeking to bulldoze them, but they have less significance in terms of redistributing assets to low income groups.

economic rights within development, which includes stressing people's *right* to basic needs rather than their *need* for basic needs (see, for instance, Leckie 1992). This increasing stress on people's right to adequate housing, health and basic services probably reflects a growing awareness that rational argument about people's needs had not promoted sufficient change in the policies of governments and development assistance agencies. A stress on rights, if substantiated, imposes stronger obligations on governments and development assistance agencies to respect these rights and also gives those whose rights are not respected a stronger basis in law and politics for demanding their fulfilment. This helps explain the greater attention paid by national and international NGOs and research groups to housing rights and to countering evictions during the late 1980s and early 1990s (Audefroy 1994), as distinct from a greater concentration prior to this on housing needs and the extent to which these were unfulfilled.

Certain authors, who criticized the whole basis on which development assistance agencies sought to promote 'development,' can also be included within the 'redistribution' camp, with their demands for a redistribution of power, including greater rights of self-determination, to lower income groups. Within this group, development is criticized for the extent to which it facilitates or supports the appropriation of resources and decision-making powers away from low income communities (Escobar 1995). Much of this literature includes a claim about how expanding capitalism disempowers and dispossesses the poor (*The Ecologist* 1992, Esteva 1992). Here, the criticism of development assistance centres less on what is funded and more on who is funded and whose power is reinforced or diminished.

Those seeking to promote greater effectiveness in development assistance agencies often combine more than one of the four positions. For instance, as will be discussed in more detail in Chapter 2, many proponents of basic needs include within their conception of basic needs greater decision-making powers for low income groups and respect for their human rights; some also demand a redistribution of assets. Many of the works cited above which included a demand for more attention to basic needs also stressed the need for a redistribution of power. For instance, Max-Neef (1991) stressed that the realization of human needs should be at the centre of development and he was also one among various authors who argued that the key issue with regard to meeting basic needs is not only whether development assistance is allocated to meeting human needs but also how needs are identified and fulfilled and the extent to which this empowers or disempowers those whose needs are to be 'met'.

Another example of a combination of more than one of these positions was the promotion of 'redistribution with growth' in the mid 1970s, which sought to include redistribution within a concentration on economic growth, although the redistribution arose from the increment in income to be achieved by the concentration on growth rather than from the redistribution of existing assets or income (Chenery and others 1974).

Thus, as Chapter 2 will describe in more detail, whilst demanding a higher priority for basic needs within development assistance might be considered a recommendation from the 1970s, the failure of development assistance to meet the needs and priorities of low income groups remained a major concern during the 1980s and early 1990s. The official discourse among many development assistance agencies also gave more attention to basic needs during the 1990s, usually within a more explicitly stated priority of poverty reduction. As Chapter 4 will argue, the World Bank emerged as one of the main proponents of a greater priority for basic needs, in contrast to its position in the early 1980s that had stressed structural adjustment and 'sound' macro-economic policy as the priority.

One major focus of this thesis is the gap between development assistance agencies' explicit intentions with regard to sectoral priorities and the outcome of the processes that determine what gets funding (as measured by the sectoral priorities of their final commitments). If institutional constraints play a major role in limiting the proportion of funding allocated to basic needs projects, it is likely that agencies' explicit intentions suggest a higher priority for basic needs than is evident in their actual funding commitments.

However, there are three difficulties in examining this 'gap'. The first is that, at least for the three agencies on which the thesis focused, the final outcome in terms of sectoral priorities is the result of a great multiplicity of decisions and actions. For instance, in the case of UNICEF, the whole agency's overall sectoral priorities are largely the sum of the sectoral priorities developed by its many national offices, located within recipient countries, each negotiated and developed separately with the recipient government. As Chapter 5 makes clear, the sectoral priorities of each national office are influenced by directives and suggestions from head office, but there are also many influences working within each of the national offices and arising from their negotiations with governments. In the case of Sida and the World Bank, decisions on sectoral priorities are concentrated more in their 'head office,' but each agency's sectoral priorities are the result of a great range of negotiations within many country and regional departments. Chapters 4 and 6 describe how policy decisions taken by the organization or its supervisory body have influenced sectoral priorities - but also how these are only one source of influence.

A second difficulty in identifying any gap between intent and outcome is that each development assistance agency needs to justify its actions and its priorities to external groups - including supervisory boards, governments who fund them and the public. Any agency's official literature is influenced by the prevailing opinions of those to whom the agency is answerable or to whom it feels responsible or accountable for its actions. An agency may claim that it has certain motives in supporting 'basic needs' to make it politically acceptable to western governments or to influential critics or lobbies. For instance, during the Cold War, both UNICEF and the World Bank could justify their support for basic needs in terms of halting the spread of communism,

when this did not necessarily accord with the views of their professional staff. The need for each agency to justify its work in terms that appeal to its supporters or defuse its potential critics sets limits on the extent to which statements in each agency's official literature on their sectoral priorities can be regarded as objective statements about their chosen priorities. There are examples of proponents of development assistance whose support for development assistance comes from a moral or ethical position, but who seek to promote greater support for development assistance from Western governments and electorates on the basis of 'enlightened self interest'.⁶

One sub-set of this is the, perhaps surprising, fact that most staff within the World Bank, Sida and UNICEF did not have a detailed knowledge of their own agency's overall sectoral priorities. In the cases of the World Bank and Sida, in common with most other development assistance agencies, their own official literature does not include a detailed sectoral disaggregation of their development assistance, nor was any found within their internal documentation. Many of the staff from these two agencies who were interviewed expressed surprise at the findings of the analysis of their sectoral priorities that was undertaken as part of this thesis. Although these analyses drew their data from the agencies' own official sources, by being built up from individual project commitments, they contained more detail about the level of priority given to basic needs and about the changing levels of support for different kinds of project than these agencies' own literature. With regard to UNICEF, although the agency's annual reports and reports to its Executive Board include a relatively disaggregated description of its sectoral priorities for particular years, there was no evidence of this being used within UNICEF to examine long-term changes in sectoral priorities from the late 1970s up to the early 1990s. When such an analysis was presented to UNICEF staff, as part of the research for this thesis, they also expressed surprise at the extent of the changes in the agency's own sectoral priorities. Staff at UNICEF, the World Bank and Sida requested copies of the analyses of sectoral priorities prepared in this thesis, for their own use - that for Sida was used in an internal report promoting changes in Sida's sectoral priorities, while for UNICEF, the analysis was published in one of their own report series.⁷

⁶ The writings of Barbara Ward are one example of this. The author's own support for development assistance was based on a moral position - but much of her work sought to elaborate on the self-interest aspects of development assistance for citizens and businesses in the North. The first report of the Brandt Commission (Brandt 1980) also sought to widen the support for development assistance by stressing the benefits for the North as well as the South, although, again, the support for development assistance from many of those involved in this Commission was ethically based.

⁷ With respect to the World Bank, the Operations Evaluations Unit requested a copy of the World Bank project database prepared for this thesis; although information came only from official sources to which they had access, it was compiled in a form that allowed a more detailed analysis of sectoral priorities than was possible with their own project database. UNICEF requested a copy of the analysis of its sectoral priorities which is included in Chapter 6, and subsequently published this within their own official documentation (Mitlin and Satterthwaite 1992). Sida requested a copy of the analysis of its sectoral priorities, which is also included in Chapter 6, as a background document for its own consideration of its past and current support to urban development.

A third difficulty in researching the link between a development assistance agency's explicit intentions and the final outcome in terms of sectoral priorities is the large physical and political distance between the agency's priority-setting procedures and the intended 'beneficiaries'. This is illustrated by considering the differences between the components of an evaluation of government performance in basic needs provision within its own domestic sphere and the components of a comparable evaluation for a development assistance agency. Analyses of the effectiveness of government-provided 'basic services' within their own domestic sphere have a long history in social research (Mishra 1981). Such studies usually centre on cost-benefit analyses which include research on the number of clients, the match between the identified 'target group' and the clients who received benefits, and the nature of these benefits. This allows a consideration of the role of government provision of 'basic services' in terms of the reproduction of the labour force or the maintenance of social order. Such analyses usually include research into who determines the nature of basic service provision and how decisions are made as to the mechanisms for their delivery. The state, its delivery system and its clients are in close proximity to each other and their interactions are open to investigation.

By contrast, the development assistance agency, its delivery system and its clients are not in close proximity to each other. In one sense, a bilateral development assistance agency that is seeking to meet basic needs can be compared to a social welfare agency operating within the donor country. Many evaluations of development assistance, like evaluations of social policy, centre on the effectiveness with which needs are identified and actions taken to meet them, and on the match between those identified as being in need and the extent to which the entitlements, goods or services they received matched their needs. Both agencies have above them an elected government to which they are responsible, that takes decisions about the allocation of funds for which they have responsibility and sets parameters and conditions on the use of such funds. Since this study mostly includes consideration of development assistance derived from funds allocated by Western governments, the scale and nature of the funding made available by such governments to their own bilateral agencies or to multilateral agencies is influenced by their electorates. There are also the various commercial interests that seek to influence the form and scale of the basic needs or social welfare programmes, or to compete for contracts; and the commercial pressures from large consultancy sectors in most Northern countries to whom many development assistance agencies contract significant parts of their work - as will be discussed for Sida in Chapter 6.

However, there are three fundamental differences between analyses of development assistance agencies and their 'clients,' and government agencies implementing social policies for their citizens. The first is that, for development assistance, another separate, sovereign government (the recipient government) has an influence on determining the scale and nature of support for basic needs and is the major influence on its delivery. The second is that, at least for most bilateral agencies, the foreign policy interests of the donor government have some influence on the

scale and nature of development assistance and the countries to which it is allocated. The third difference is that in domestic social policies, the intended or actual clients are generally citizens of that nation and, as citizens, they have the capacity to make demands for changes and to direct these at the delivery system (often the local government), the main policy-making body (the national Ministry) or, in democratic societies, at elected representatives. In the case of a development assistance agency's allocation of funds to some basic needs project, the intended or actual clients within the recipient nation have far less capacity to influence the development assistance agency since they are neither citizens of that country nor in close proximity to its government. To give an example, within the United Kingdom, the protests of the 'clients' of the National Health Service (patients and citizen/consumer/watchdog groups) against government policies have considerable political power and capacity to influence such policies. Citizens of Third World nations who receive or might receive development assistance from the U.K. government's official bilateral aid programme have little or no capacity to influence directly the U.K. government's aid policies or resource allocations.

These three differences may contribute to very different levels of priority given to meeting 'basic needs' within a government's domestic policy and its development assistance budget. The political benefits for donor governments in giving a high priority to meeting basic needs in their development assistance are much less than for doing so within their domestic policies.

Development assistance provided for basic needs projects can also be used by the recipient government for its own goals (for instance for social control or targeted at political supporters) within a political framework that does not give a high priority to ensuring that people's needs are met. The donor agency may be providing support for basic needs simply to increase the political stability of an important economic or military ally - but the extent of a donor government's influence on whether basic needs are met and the role that these can play in maintaining social order are much less than in its own domestic sphere. In addition, 'development assistance for basic needs' serves fewer business interests within a donor government's own domestic sphere than most other development assistance project expenditures.

This large separation between the allocation of funds for development assistance by the donor government and their use within another nation, and their implementation by another government, to serve 'clients' who have very little possibility of influencing the development assistance agency complicates any evaluation of donor-governments' aid allocation based on project-level evaluations of its clients.

When considering multilateral development assistance agencies, the study of how donor governments influence the scale and nature of development assistance becomes more complicated in that many different donor governments are represented on the board of each multilateral agency. At least in recent years, there is evidence of complicated manoeuvring and alliance-

forming among representatives of donor governments to press for policy changes within the multilateral agency on whose board they sit. Chapters 4 and 5 will discuss this in relation to the World Bank and UNICEF. As in bilateral agencies, there are also the influences of the consultancy sector as many multilateral agencies, like many bilateral agencies, contract out a substantial part of their work in project-identification, development, implementation and evaluation (see, for instance, Putzel 1996 with regard to the European Commission's development assistance to Asia). The role that consultancy firms take on within the World Bank also suggests an influence, as will be discussed in Chapter 4.

Thus, in any analysis of the priority-setting processes of any official development assistance agency, two social formations have to be considered - the donor agency and its board of government representatives (for a multilateral agency) or government (in the case of a bilateral agency), and the recipient governments. The first determines the scale of the 'aid' and is likely to be the major influence on the form such aid takes; the latter has some influence on the form that the aid (or other forms of development assistance) takes and is the main influence on who benefits from it and what the nature of the benefits is. The limited possibilities for development assistance agencies being able to improve the effectiveness of recipient governments' delivery of 'basic services' may be one reason for the low priority given to basic needs. This also provides the context for the greater priority among donor agencies for 'capacity-building' or 'capacity development' for the institutions of recipient governments during the late 1980s and early 1990s.

In choosing to concentrate on an analysis of the processes that set or influence sectoral priorities within development assistance agencies, I recognized that, ideally, this should be complemented by research within recipient countries on how the negotiation process with staff from the recipient governments influenced the sectoral priorities of the development assistance they received.. This was beyond the scope of possible research, largely because my interest is in the overall sectoral priority of development assistance agencies, and not in the sectoral priorities of one or two country programmes. If the research was to draw on the knowledge and perceptions of staff from recipient governments, it would have to cover a relatively large sample of recipient governments. The interviews with staff from UNICEF, Sida and the World Bank also made clear how much the influence of recipient governments on sectoral priorities differs between countries. In addition, it is not certain that the staff from recipient governments who are involved in negotiations with development assistance agencies would be prepared to talk about these negotiations. Informal discussions were held with several such staff and all expressed reservations about being able to talk openly about the issue.

I sought information on the influence of recipient governments on donor agencies' sectoral priorities by including among the interviewees staff from Sida, UNICEF and the World Bank who had been part of the negotiation process with recipient governments.

I also recognized from the outset that the scale of development assistance for basic needs within any recipient country will always be constrained by the capacity of agencies within that country to implement basic needs projects or programmes. Therefore, the definition of 'basic needs' included any development assistance allocated to help build or strengthen the capacity of institutions in recipient countries - both governmental and non-governmental - to deliver basic services. In particular, I am interested in two shifts in the provision of funding for basic needs. The first is any shift from funding basic needs projects to funding projects or programmes to strengthen the capacity of recipient government institutions to provide basic needs. The second is an increased allocation of funding for basic needs channelled outside the conventional recipient government institutions - for instance to non-governmental organizations or to special government or quasi-government institutions.

2. FOUR DECADES OF DEBATE OVER BASIC NEEDS

2.1 Introduction

There is a substantial body of literature recommending a higher priority by governments and aid agencies on 'meeting basic needs' and advising on how this can be done. Most of the literature explicitly recommending a higher priority to 'basic needs' comes from the 1970s and early 1980s. The justification for a greater concentration on 'basic needs' derives from what are judged to be failures or inadequacies in the conventional development strategies implemented during the 1950s, 1960s and early 1970s by most Third World governments - usually with the advice of Western experts and often with funding from western aid agencies and multilateral development banks. There is also a more recent body of literature that recommends a higher priority for what this thesis terms 'basic needs' but much of this uses a different vocabulary - most commonly advocating a higher priority to 'human development' or to 'social development' or to basic service provision within a greater commitment to poverty alleviation or reduction. As Chapter 4 describes in detail, by the early 1990s, the World Bank was giving the highest priority in its history to basic needs - even more so than in the late 1970s when it had committed itself to a greater priority to basic needs - but by the 1990s, this was justified more as a central part of poverty reduction and not as meeting basic needs.

The literature on 'basic needs' has to be located within the broader discussions about what constitutes the most effective form of development assistance. Jepma (1995), in reviewing the effectiveness of development aid, suggests that these discussions can be divided into four phases. The first was during the 1950s and 1960s when the main aim of aid was to increase levels of economic growth, with the size of aid flows determined by the financial requirements of recipient nations and with an assumption that benefits would 'trickle down'. The second phase, starting at the beginning of the 1970s and lasting until around 1980, was characterized by a concern about the absence of 'trickle down' from economic growth oriented policies and it is within this phase that much of the literature on basic needs was written and that some reorientation in aid programmes took place.

The third phase, starting around 1980 (and largely in reaction to economic stagnation or decline in much of the North and the South and the escalation of the debt crisis) emphasized the importance of sound macro-economic policies within recipient countries. This also centred on an increased conviction among many donor agencies that it was recipient governments' domestic policies that were primary determinants of their nation's development (Jepma 1995) and that the economic policies of the countries with the least successful performance in development terms must change (Mosley, Harrigan and Toye 1991). This can be contrasted with the discussions in the late 1970s which concentrated more on the international constraints on development - such as low commodity prices and protectionist

barriers around the North's consumer markets. From 1980, the World Bank began to set conditions for changes in macro-economic policies by recipient governments, in return for loans that essentially provided balance of payments support (Mosley, Harrigan and Toye 1991). This was within a context where large numbers of countries in the South needed to call in the IMF for short-term balance of payments support (that was provided with IMF conditionality) and after the IMF stabilization programme, also needed longer term finance from donor agencies to help pay for essential imports and debt repayments. As Mosley, Harrigan and Toye (1991) note, by 1982, the World Bank was faced with a global debt crisis (partly linked to the second large oil-price rise), with commercial bank-lending to the South having almost ceased while interest rates on existing debt rose. This provided the World Bank with the possibility of demanding changes in macro-economic policy in recipient nations, in return for funding for structural adjustment loans or credits to help manage this economic crisis. In virtually all instances, the funds for structural adjustments were only provided if an IMF stabilization loan was in place (ibid). Many other donor agencies also made funding to help with debt rescheduling and for development projects conditional on a wide-ranging but generally uniform package of economic reforms (Ghai 1991) - or on recipient countries meeting the IMF conditions for stabilization loans and the World Bank conditions for structural adjustment loans (see for instance Cumming 1996, with regard to the British aid programme). This brought an increased emphasis within development assistance on promoting economic growth, especially through increased exports - since this was seen as the guarantee by which countries in the South could sustain their creditworthiness (Mosley, Harrigan and Toye 1991).

This third phase also coincided with (and was linked to) changes in how most donor agencies viewed the role of the state in development in recipient countries. Many donor agencies had come to see the failure or limited success of many of their projects as being linked to what they regarded as unsound macro-economic policies and to excessive state involvement in the economy. As Mosley, Harrigan and Toye (1991) note, the philosophy of economic liberalization was strongly present in the World Bank's adjustment lending, and parts of the Bank came to stress the need for the retreat of the state from economic life and the opening up of economic activity to market forces. This was part of what Toye (1993) terms the counter-revolution in aid and trade policy that was much influenced by the new political economy seen in the Thatcher government in the UK and the Reagan Administration in the US. This new political economy was bound to bring new influences to development debates and to the policies of development assistance agencies. The influence is most direct for any bilateral agency where the ideology of the government in power within their country moved to the right. It is less direct for the multilateral agencies - but these also rely on governments who moved to the right for much of the funding for their concessional loans or grants. One example of this, as described in the chapters on UNICEF and on the World Bank, is the

pressure brought on both these agencies by the US Congress during the 1980s. This decade brought what was probably an unprecedented questioning of how aid was being used in the post World War II era, including the extent to which it supported an 'over-extension' of the public sector in recipient countries (Toye 1993).

This third phase, with its concentration on promoting changes in macro-economic policies that were thought to promote economic growth, its requirement to cut public spending and its promotion of a smaller state had two obvious implications for basic needs. The first and most direct was the cutting of government expenditure in recipient countries undergoing structural adjustment which, in turn, usually meant cuts in government provision for primary education, primary health care and other basic needs. The second was the more fundamental questioning of the role of the state in basic needs provision and a greater consideration given to alternative providers of basic services - from private sector enterprises to international or local NGOs and community organizations.

The fourth phase, apparent at the end of the 1980s, brought the issue of 'governance' to the fore. As Jepma (1995) notes, many donors recognized that economic conditionality cannot be seen apart from political factors within recipient countries.

"Almost silently, along with introducing more and more political conditionality, one started to take related factors into account that were considered representative for the domestic government's willingness to carry out 'good governance', such as the relative size of the military sector, recognition and respect for basic human rights, democracy etc. The focal point of the main side condition of aid gradually shifted from enforcing sound economic policy during the third phase to promoting the fulfilment of a number of domestic political conditions in the fourth phase" (page 8).

Toye (1993) suggests that this move to aid, with greater conditionality with regard to governance and social policy, was greatly accelerated by the liberal revolutions of 1989 in Eastern Europe and former USSR and, as more aid and other forms of development assistance were channelled to these regions, some was provided with clear political conditionality. He also notes that, although the World Bank is not allowed by its charter to have strong conditionality, it was "emboldened" to introduce conditions for development assistance to the South that had elements of political conditionality. But a considerable part of this new emphasis on good governance was because it was believed that this would help ensure sound macro-economic policy (Cumming 1996). There are also elements of the 'promotion of good governance' that are linked to issues of national security - for instance, for European nations, in helping to justify more aid to Eastern Europe (see for instance Cumming 1996 in regard to the aid programme of the UK).

There was also support from some basic needs proponents for this new emphasis on good

governance through the recognition that although aid can help the poor, the recipient government's own policies, politics and social structure are far more important for poverty reduction than aid (Cassen 1986, Jepma 1995).

New proponents of a greater priority to basic needs also emerged as a reaction to the increases in the scale and severity of poverty that became apparent in many countries in the South during the 1980s and to the social impacts of the debt crisis and structural adjustment. In addition, long-standing proponents of basic needs again came to the fore, although usually using a different vocabulary - for instance promoting 'human development', empowerment, social and economic rights or poverty reduction rather than the meeting of basic needs. There were some differences in the debate about basic needs if the literature of the 1970s is compared to that of the late 1980s and early 1990s - perhaps most especially in discussing which institutions have responsibility for addressing basic needs - but it is worth noting how what was perhaps the most influential early criticism of the social impact of structural adjustment, the 1987 UNICEF sponsored study on *Adjustment with a Human Face* (Cornia, Jolly and Stewart 1987) suggested that it may be thought of as the 'basic needs' approach to adjustment" (page 7). By the late 1980s and early 1990s, there was also an increasing volume of literature on the scale and nature of poverty and, within this, the issue of basic needs not being met was raised once again (see for instance Chambers 1994, Wratten 1995). As chapter 4 on the World Bank discusses in more detail, the sudden increase in the priority that the Bank gave to basic needs in the first half of the 1990s is also linked to explicit policy statements about the central role of basic services in the alleviation or reduction of poverty.

2.2 The Debates about Basic Needs

Within the literature that discusses the role of donor agencies with regard to 'basic needs' there is considerable diversity of opinion as to what these are, what should be done to ensure such needs are met, the role of governments within this, what obstacles prevent a greater attention to basic needs, and how action to meet these should be integrated into the other actions of governments or development assistance agencies.

There is also a large body of literature that is critical of development assistance, and that includes within its criticism the failure to meet basic needs, but where this is seen either as an outcome of more fundamental failings or one among a number of failings.

There are also some works which consider why 'basic needs' became a fashionable slogan or approach without making judgements as to the value of such an approach. Finally, there are some works which are critical of the concept of focusing attention on 'meeting basic needs' or on the use of the phrase to justify certain actions by governments and development assistance agencies.

Certain issues can be identified around which the debates on basic needs are centred:

- 1) The nature of 'basic needs' over and above those essential for life and health.
- 2) The person or institution responsible for defining 'basic needs' over and above those essential for life and health, the means by which basic needs are to be provided and the person or institution to whom resources are provided to do so. Within each of these three issues, there is the question of the relative role of three different groups: individual citizens whose 'needs' are to be defined and met, and their organizations (for instance, community organizations); recipient governments (through which virtually all official development assistance has to be channelled or at least approved); and the development assistance agencies. In many instances, there are also private or voluntary sector institutions involved in one or more of these issues - most often as the institution to whom some resources are provided to address particular 'basic needs'.
- 3) Whether the meeting of people's basic needs is one of the end results of a successful development strategy or the explicit focus on which development actions and expenditures should concentrate.
- 4) The extent to which basic needs' fulfilment is compatible with conventional models of economic development - or, more broadly, whether a commitment to meeting basic needs can be achieved within countries with strong market orientations and minimalist states.
- 5) The extent to which a concentration on basic needs deflects the negotiations between the North and the South away from demands for structural changes within the world economy. The nature of the debates in points 2, 3, 4, and 5 depend to a considerable extent on the range of what are considered to be 'basic needs'.

One difficulty inherent in any discussion of the extent to which development assistance agencies have funded 'basic needs' projects is that all such agencies have some degree of 'basic needs' orientation because some of their expenditures are made on what can be called 'basic needs' projects. For instance, during the 1950s, there were aid funded projects for water supply and education or literacy which could be termed 'basic needs' projects, fifteen to twenty years before a discussion about 'basic needs' within development policy took place. However, it is possible to draw a distinction between what can be termed 'a basic needs orientation' and other orientations on the part of a development assistance agency (or recipient government) as a basic needs orientation implies that 'meeting the basic needs of poorer groups' is seen as a priority goal in itself, not as a means to other goals. As will be described in more detail in section 2.3, the development assistance agencies that were implementing

education or health projects in the 1950s cannot be judged as 'basic needs' oriented in that their goal was to boost or support economic growth or to gain people's political or military support. The need of the final recipient for health care and access to schools was not considered an important justification in its own right.

This issue of the importance given to 'meeting basic needs' as a priority in its own right will be discussed first, since this was the first debate over basic needs in the literature about development policy. Only after several years discussion about the validity of a 'basic needs approach' did the discussion broaden to consider issues 2, 4 and 5 above.

2.3 Basic Needs within the Debates about Development Assistance

It is difficult to define precisely the origin of the idea that a Third World government or an aid agency should give a high priority to 'meeting basic needs' as an end in itself. Debates about what are 'basic needs', the basis by which people qualify for them, the priority that governments should give them and the way they should be distributed have been taking place within Western societies for many decades (see for instance Mishra 1981 and Gough 1979). If development assistance programmes are considered to begin only in the post-World War II period,¹ then the concept that each person has basic physiological, social, economic and political needs was recognized from the outset. The United Nations Universal Declaration of Human Rights - Article 25 (1) - is explicit about each person having "the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or lack of livelihood in circumstances beyond his control" (quoted in Wisner 1988, page 25). The fact that social issues were regarded as important from the outset can also be seen in the request of the General Assembly in 1949 to the Economic and Social Council to consider preparing a general report on the world's social and cultural situation - and from this came the first Report on the World Social Situation in 1952 (United Nations 1964).

However, the early literature on development assistance in the post-war period did not consider that 'meeting basic needs' was a priority. Aid during the 1950s and for most of the 1960s was much influenced first by the Cold War and secondly by the precedent provided by the Marshall Plan in Europe (Wood 1986, Myrdal 1970, Mason and Asher 1973). At this time, most aid came from the governments of the United States and the Soviet Bloc and most

¹ Although there were precedents for international aid prior to World War II, the amount of aid disbursed remained relatively small and aid in the present day sense of transfers between sovereign states (whether direct or through multilateral institutions) is essentially a post-World War II development (Mosley 1987, Mason and Asher 1973, Wood 1986).

went to relatively few nations in regions which had become centres where these two powers were competing for influence (Wood 1986). The United Nations specialized agencies had a very minor role in aid, as they were seen as technical assistance agencies, not agencies disbursing aid. UNICEF was one exception although, as chapter 5 will describe, it was seen as a humanitarian, emergency relief agency, not a development agency, for much of the 1950s.

During the 1950s and much of the 1960s, most development assistance from the United States was in the form of capital projects either to increase production or for the infrastructure needed to increase it (Tansky 1967) although there was also a precursor to the more recent interest among donor agencies in 'governance' with attempts to transfer U.S. models of public administration (Rondinelli 1987). During the 1950s, United States aid helped to establish institutes of public administration in many countries in the South while thousands of people from the South were brought to the United States with its support (and also that of other international agencies) to study public administration (ibid).

In the late 1940s and early 1950s, there had been a major debate about the role of development assistance in supporting a redistribution of assets principally through land reform, and a brief period in the late 1940s and 1950-51 when the position of the US government appeared to favour agrarian reform and to promote it within the United Nations (Putzel 1992, Walinsky 1977, King 1977). During this period, agrarian reforms were supported in Japan, South Korea and Taiwan (King 1977, Putzel 1992). But this has to be seen in the context of a U.S. government fearful of communist advance and where the communist promise was agrarian reform. The traditional conservative bias of the United States against redistributive reform soon reasserted itself - one example being the way in which the liberal reformists within the Philippines were initially given encouragement over agrarian reform but were then defeated (Putzel 1992).

The discussions about the importance of redistribution within the U.S. aid programme resurfaced in the early 1960s - for instance, the Alliance for Progress that the U.S. government supported in Latin America included within its charter support for "comprehensive agrarian reform leading to the effective transformation, where required, of unjust structures and systems of land tenure and use, with a view to replacing latifundia and dwarf holdings by an equitable system of land tenure...." (Dreier 1962, page 121). This renewed interest was, no doubt, stimulated by the revolution in Cuba and the agrarian reform being implemented there. However, Russell (1977) notes that the U.S. aid programme to Latin America between 1962 and 1968 devoted very little to agrarian reform or to the beneficiaries of reform programmes. Explicit demands that aid programmes should give more attention to social programmes reaching the poor and to special programmes to improve poor

farmers' productivity can be found as early as 1962 in the writings of Teodoro Moscoso, the United States co-ordinator of The Alliance for Progress (Moscoso 1962). But in general, the debates in these years paid little attention to 'meeting basic needs.' These needs were not seen as a priority for aid, except in exceptional cases - for instance famines or natural disasters.

There is evidence of aid agencies giving some priority to basic needs in some nations during the 1950s and 1960s - for instance U.S. aid to South Vietnam and Laos - but Nelson (1968) comments that such expenditures were meant to increase the recipients' loyalty and willingness to co-operate with their governments and to help control insurgency. It is also notable that aid to such basic needs in Vietnam formed only a small part of total aid; commodity imports accounted for over 80 percent of total aid (ibid).

Many influential books published in the late 1960s make little or no reference to the failure of aid 'to meet basic needs' - see, for instance, Pincus (1967) or Currie (1967). Higgins' influential book on economic development (in its revised edition published in 1968) has a major concern for poverty and a long discussion on planning for education and other aspects of social development, but does not question the prime role of foreign aid as promoting sustained economic growth (Higgins 1968). A critical review of Canada's aid published in 1966, discussed the inclusion of 'social' aid but stated that "The great bulk of aid must continue to be devoted to long-term economic construction" and considered social aid defensible only "if related directly to the primary business of aid which is economic development" (Spicer 1966, page 163).

Some aid agencies increased their commitments to education during the 1960s but the justification was not to meet people's need for education (i.e. improved education as an end in itself) but as a means to improve the 'human capital' needed for economic growth. A new priority to higher education became part of the conventional growth model because it was seen as relieving a bottleneck which inhibited domestic growth and development; as such, it cannot be considered part of a 'basic needs' strategy as defined earlier.

The recommendation that more attention be paid to social issues as an end in itself became more evident in development literature in the late 1960s Sixties - see, for instance, the report of a United Nations expert group meeting held in 1969 (United Nations 1971). A critique of conventional aid policies and the demand for more attention to the needs of poorer groups is also evident in the work of Myrdal (1968, 1970). The Pearson Commission, originally suggested by the World Bank President George Woods in 1967 to review the successes and failures of aid, and set in motion by his successor Robert McNamara, included in its recommendations a greater emphasis on 'social' projects although this was not one of its central concerns (Mason and Asher 1973).

The justification for a greater concentration on 'basic needs' was also promoted by new evidence that economic change in many Third World nations during the 1950s and 1960s had decreased both political participation and the relative share of poorer groups in the national income (Adelman and Taft Morris 1971, 1973). In addition, in many nations, the poorest 40 to 60 percent of the population had experienced an absolute decline in average income as a consequence of economic growth. Although Adelman and Taft Morris (1973) implicitly accept such concepts as Rostow's 'stages of growth' and make no mention of more priority to 'basic needs', their evidence of poorer groups receiving little or no benefit was widely used by the authors of the earliest works which do propose a greater priority by development assistance agencies to 'meeting basic needs'. It is also notable that this book stressed the need for wider political participation as a desirable end in itself or as a way of obtaining greater economic equality.

There are also the speeches of Robert McNamara and the publications of the World Bank under his Presidency which reflected a new 'conventional wisdom' that included more priority for aid to basic needs. The World Bank was among the first of the development agencies to make explicit its support for a higher priority to 'basic needs'. It remained one of the major sources of publications justifying this priority throughout the 1970s and early 1980s and then again in the late 1980s and early 1990s. It is always difficult to gauge the influence of one prominent individual's views on the institution of which he or she is part but certainly, McNamara was consistent and explicit in the support he gave to a higher priority to basic needs. Prior to joining the World Bank, while still serving as the U.S. Secretary of State for Defence in 1966, one of McNamara's speeches had made the case that peace and stability within the world depended on raising the living standards of the poorer two-thirds of the world's population (Clark, 1981). During the first few years of his Presidency at the World Bank, there was an increase in the number of nations to whom the Bank lent, to include many of the poorest nations who previously had received few or no Bank loans - and also the inclusion of population and education projects (Clark 1981, Mason and Asher 1973). In a speech in 1972, McNamara called for nations "to give greater priority to establishing growth targets in terms of essential human needs: in terms of nutrition, housing, health, literacy and employment - even if it be at the cost of some reduction in the pace of advance in certain narrow and highly privileged sectors whose benefits accrue to the few" (Clark 1981).

2.4 The Debate about what are 'Basic Needs'

By 1972, the idea that aid agencies should give a greater priority to 'meeting basic needs' had become more widely accepted. It was certainly fuelled by the evidence that a concentration on economic growth did not necessarily produce social and political stability and indeed had often contributed to instability. Between 1972 and 1978, many development assistance agencies and multilateral banks made explicit their support for increased allocations to such a goal. But

the issue which now served as the centre of the debate was the nature of basic needs, especially the extent to which certain political and economic rights and non-tangible 'needs' should be included as 'basic needs'. There is agreement that basic needs include some minimum quantity of goods and services which meet physiological requirements. This was explicit in the extract quoted earlier from the United Nations Universal Declaration of Human Rights. Some of the earliest works which recommend a higher priority to meeting basic needs concentrated on these, although 'employment' was often also mentioned (see for instance Cocoyoc 1974, ul Haq 1971, McNamara's speech in 1972 quoted above, ul Haq 1976, Ward 1976).

In general, all authors agree that basic needs include adequate food, water and sanitation, education, shelter and health care. For instance, Streeten et al. (1981) list five basic needs sectors - nutrition, education, health, shelter, water and sanitation; Stewart (1985) who suggests that meeting basic needs includes the fulfilment of certain standards of nutrition (food and water), health and education services and sometimes shelter and clothing; and McHale and McHale (1978) who describe 'deficiency needs' which are those (mainly biophysical) needs which must be met to maintain survival. These works, consciously or unconsciously, drew on the considerable history of research and literature which seeks to define basic human needs; some of the earliest of these were expressly to determine the cheapest way of promoting maximum productivity from workers, including indigenous workers within colonial regimes (Wisner 1988). Much of the early work by nutritionists was to define the 'minimum' needs of both workers and those within institutions (Townsend 1993), while much of the earliest academic discussion of poverty, including its definition and measurement, centres on what constitutes 'basic needs' (ibid, Beck 1994). Most of these works on 'basic needs' published during the 1970s also assume that these can be met if development assistance (and/or government funding) is allocated to them. Implicit in the estimates given for how much it would cost to ensure basic needs were met is the assumption that if aid agencies allocated sufficient money to basic needs, these would be met. There was surprisingly little discussion of how this would occur and the relative roles of citizens, governments and development assistance agencies.

The two issues around which the debate concentrates are first, what other 'needs' are 'basic' and second, the pre-conditions for their fulfilment. Sandbrook (1982), Wood (1986) and Wisner (1988) stress the differences in people's and institutions' understanding of what other needs are basic. Sandbrook and Wisner both distinguish between the 'conservative' and the 'radical' approach (or the 'weak' and the 'strong' approach) to basic needs. The 'conservative' approach is elaborated by the publications and policies of the World Bank while the 'radical' approach was developed by various publications of the International Labour Office and supported by various authors - including Sandbrook (1982) and Wisner (1988).

To take first the approach of the World Bank, its conservative character derives from its view that the problem of 'poverty' can be tackled by projects and by piecemeal reform. Most other aid agencies and the institutions associated with them also support this view - for instance the Development Assistance Committee of the OECD (a committee set up to co-ordinate and monitor the aid policies of OECD nations). There is the implicit acceptance that basic needs can be satisfied with new actions and projects formulated and implemented by existing governments (although with help and encouragement from the Bank or other external agencies).

The Bank's understanding of 'basic needs' is not confined only to meeting the basic consumption needs essential for health. The earliest official statements about the need to re-orient Bank lending and to give a greater priority to basic needs also stress the importance of increasing the productivity of the poor and of raising their incomes - see, for instance, McNamara (1973) and Chenery et al. (1974). The OECD's Development Assistance Committee gave a higher priority to raising the productivity of the poor than on meeting consumption needs (OECD 1977). But the conservative orientation of this Committee and of the World Bank derives from the assumption that basic needs can be met by Third World governments (with some aid and technical assistance) within existing economic, social and political structures.

The publications on basic needs by the International Labour Office are considered as representative of the 'radical' concept of basic needs - and are also judged by some authors to be theoretically more adequate (Wisner 1988, Sandbrook 1982). In three aspects, the ILO position is similar to that of the 'conservatives'. The first is in the stress on meeting basic consumption and service needs: in ILO (1976), basic needs are said to include two elements: minimum requirements for private consumption (for instance adequate food, shelter and clothing); and essential services (such as safe drinking water, sanitation, public transport, health and educational facilities). The second is the stress on employment for those unemployed or under-employed - both as a means of providing them with an income and, as an end, to make those employed feel more participation within society. The third is an acceptance that "a rapid rate of economic growth is an essential part of a basic needs strategy" (ILO 1976 page 33); in fact, this document draws heavily on Chenery et al. (1974) which is widely used by the 'conservative' basic needs proponents to justify more attention by aid agencies to basic needs.

However, the ILO position on basic needs differs from the conservatives in two aspects. First, it states that a basic needs oriented policy "implies the participation of the people in making decisions which affect them" (ILO 1976, page 32) and that the satisfaction of an absolute level of basic needs should be placed within a broader framework - the fulfilment of

basic human rights. To achieve this, it calls for "...the setting up of institutions which facilitate popular participation in the development process through trade unions and similar organizations, in order to ensure a continuing national commitment to a basic needs approach" (ibid, page 68).

The second difference from the 'conservative' position is the acknowledgement that more than piecemeal reform will be needed. While the documentation on basic needs produced by the ILO stresses the positive economic benefits of a basic needs oriented strategy, it also mentions the need for a redistribution of income and assets, even if the wording in the document is careful not to be too explicit (see ILO 1976). Most of the discussion about redistribution concentrates on income redistribution - through changing the relative price of products and labour services and consumption transfers. But the redistribution of assets is mentioned in several instances - for example "... all these calculations, tentative though they be, strongly suggest that in many countries, minimum income and standards of living for the poor cannot be achieved. . . without some acceleration of present average rates of growth, accompanied by a number of measures aiming at changing the pattern of growth and use of productive resources by the various income groups; in a number of cases these measures would probably have to include an initial redistribution of resources, in particular, land" (ibid., page 43). The ILO avoids anything more explicit by stating that the specifics must be left to each nation, depending on factors such as level of economic development, pattern of income and wealth distribution and local definition of basic needs. In particular, when it recapitulates on "...the main ingredients of the proposed new approach" (ibid, page 68), the six points listed make no mention of asset redistribution.

Other authors writing as proponents of 'radical' basic needs strategies also stress the importance of political change, especially changes which allow what came to be termed the 'bottom up' approach (Stohr and Taylor 1981). This approach was to counter the failure of conventional economic development models to produce the hoped for 'trickle down' and was characterised by being basic-needs oriented, labour-intensive, small-scale, regional resource based and often rural centred (ibid). Many proponents of the 'bottom up' approach also stress that the basic needs approach will need to be accompanied by a redistribution of assets and 'greater decentralization' and 'greater local self-reliance', both of which are meant to increase participation (Lee 1981).

It is also worth noting that much of the early discussion and debate on 'basic needs' was taking place during the Presidency of Jimmy Carter at which time there were moves to realign US AID towards a greater commitment to poverty alleviation and a diminished role in national security.

The divisions between the 'radical' approach of the ILO and the 'conservative' approach of the World Bank are never completely clear cut. As noted already, ILO (1976) is unclear about the role of asset redistribution and, like the World Bank, draws on Chenery and others (1974) to justify its recommendations. In addition, some World Bank documents and policies have strongly promoted a redistribution of assets as a precondition for meeting basic needs, especially with regard to agrarian reform (see, for instance, Kutcher and Scandizzo 1981 and Seloskwy 1981 with regard to the North-east of Brazil). The Bank also promoted redistributive land reform in the Philippines in a report in 1987 within the programme of the Aquino government that had overthrown the long-serving non-democratic Marcos regime, although this report may have been produced in the knowledge that it had little chance of success and its intention was to improve the profile of the Bank within important elements of Filipino society (Putzel 1992).

In addition, many World Bank documents do explicitly include 'participation' as an important element in projects, although the nature of such 'participation' in most instances would not accord with the ILO's definition of participation. For instance, in reviewing approaches to community participation in urban development projects, Moser (1986) notes that "...community participation in Bank funded (urban) projects tends to be incorporated as a means to achieve project results, particularly cost recovery and efficiency, but at the expense of 'real' participation" (page 334). Wisner (1988) notes a similar orientation on participation in many of the Bank's rural projects and comments that "the Bank's understanding of participation never included society-wide political involvement" (page 40).

In concluding this section, it is worth raising the question of the extent to which the character and function of an institution shapes its official position on 'basic needs'. There are major differences in the characters and functions of the two agencies whose position on 'basic needs' can be contrasted - the one (the World Bank) as 'conservative'; the other (the International Labour Office) as 'radical'. The World Bank is, above all, a Bank whose operations depend on providing and then recovering large-scale loans. It is the largest single source of financial assistance to the Third World and, as chapter 4 will discuss, it relies for much of its capital base on funds raised on the world capital markets (for its non-concessional loan programme) and on funds provided by the United States government and a few other Western governments for most of its concessional loan programme. By contrast, the International Labour Office is far smaller. It does not operate either as a bank or as an aid agency. It provides technical assistance to member states but most of this is funded not from its own budget but from the resources of the United Nations Development Programme. The extent to which the charter, funding base and the operating environment of an agency conditions its official views is a subject worth further investigation - and one which is considered in later chapters, especially for the three development assistance agencies on which this thesis concentrates.

It is also worth recalling the point made in Chapter 1 about how all official development assistance agencies need to justify their work within the mainstream debates on development that are taking place at that time. Most official development assistance agencies felt obliged to publicly present their work and their priorities in what might be termed a 'basic needs' framework in the late 1970s, since this was an important part of the discussion on the role of development assistance at that time. During the early 1980s, support for basic needs was more often couched in terms of its utility for market-driven economic development. By the late 1980s and early 1990s, it had become more common for donor agencies to present their work and their priorities using the language of sustainable development, as debates on sustainable development became more prominent and widespread than debates on basic needs. By the mid-1990s, an increasing number of agencies were justifying their work in terms of poverty reduction.

2.5 The Compatibility Between Basic Needs and Conventional Growth Models

Both the 'conservative' and the more 'radical' proponents of basic needs drew their justification for a concentration on basic needs from what they identify as failings or shortcomings in conventional economic growth strategies and an over-concentration of donor commitments on increasing production and on the infrastructure that increased production requires. Whilst some of the earliest works on basic needs tend to stress the need for basic services and adequate consumption levels to guarantee health for all (Cocoyoc 1974, ul Haq 1976), the proponents of 'basic needs' during the 1980s tended to stress that 'meeting basic needs' was not a welfare approach but functional to capitalist development (Streeten and others 1981, Stewart 1985, Cassen and others 1986). This is also implicit in the World Bank's espousal of basic needs during the 1970s, since by its charter and institutional structure, the Bank is committed to expanding and developing capitalist economies in the Third World.

This literature on basic needs is challenging two theories which underpinned what might be termed conventional capitalist development strategies from the 1950s and 1960s. The first is the theory that market mechanisms (rising demand for labour, higher productivity, higher real wages) will spread the benefits of economic growth. The second is that expenditures on basic needs would prove no stimulus to production because of poorer groups' inability to save and invest. Both 'radical' and 'conservative' proponents of basic needs stress that poorer groups can save and small enterprises can improve productivity, and that 'meeting basic needs' can both reduce poverty and act as a spur to growth in productivity. In the case of the World Bank, this can be seen in their stress on the need to make the poor more productive and the support given to small farmers and to so-called 'informal sector' enterprises during the 1970s; only in the 1980s would questions be raised about the extent to which the farmers and enterprises that received support were truly 'low-income'. It can also be seen in the justification of basic needs proponents for investments in primary education which is often in

terms of the high returns such investments produce. Similar justifications are made for investment in other basic services which are viewed as improving 'human capital' (see D.C. Rao in Chenery et al. 1974).

The debate on the compatibility between basic needs and conventional growth models centres on the extent to which a 'basic needs' strategy can be included in development policies without political changes towards greater participation and without a redistribution of income and assets. Mishra's discussions on social policy identify the different forms that social policies take under different regimes (Mishra 1981) and it is possible to use these to highlight the different justifications that a donor agency can use for supporting basic needs and how this can fit within very different political structures.

(I) Donor support for *laissez faire* capitalism, with 'basic needs' being minimal poverty alleviation addressed only at those for whom the market does not provide. One example of this position was evident within the World Bank in the early 1980s.

(ii) Donor support for liberal capitalism, with basic needs provision justified in humanitarian terms ('basic needs' as a right to which all citizens have a claim). As chapter 4 will describe, this is closer to the World Bank's position in the mid-1990s.

(iii) Donor support for liberal capitalism, with basic needs provision justified by the functional value of 'meeting basic needs' to the requirements of an expanding capitalist economy. This was widely used as a justification for basic needs during the 1970s and early 1980s.

(iv) Donor support for some structural change within recipient nations, with basic needs including empowerment for poorer groups (which implies representative political structures) and/or some asset redistribution - as in an agrarian reform. This reflects the position of the ILO in the mid-1970s and of the proponents of 'strong' or 'radical' basic needs.

(v) Donor support for revolutionary structural change, with the replacement of capitalism with state controlled distribution of basic needs, theoretically based on 'need'. For obvious reasons, this was not a position espoused by any multilateral or western bilateral donor agency.

(vi) Donor support for controlling pressure for structural changes within a recipient nation, with the aid for basic needs provided to 'friendly' governments who serve the commercial or strategic interests of the donor government to help defuse social and political unrest. Examples of this were given earlier - for instance for aid from the US to 'anti-communist' governments in the 1960s.

Underlying all but (iv) and (v) is the assumption that basic needs can be met by changes in the ways that the funds available to governments (including aid) are spent within sectors; the implication is that no substantial economic or political changes are needed. But in (iv), the suggestion is that basic needs can only be met if there is a significant redistribution of assets and a political change towards more participatory forms of government. Section 2.6 will consider the question of whether a basic needs strategy can be implemented without political changes; the rest of this section considers the possibility of its implementation without major economic changes.

One group of authors argue that relatively little economic change is needed to implement a basic needs strategy and that the funding needed for basic needs will not reduce the potential for growth (see for instance Hicks 1979, Selowsky 1981). Chenery et al (1974) concentrate on developing a policy approach that "does not imply the abandonment of growth as an objective" but implies instead "redistribution of the benefits of growth" (page xviii) but not a redistribution of assets. The model they develop suggests that the only tradeoff in a 'redistribution with growth' approach is "...a longer gestation period for investment in assets held by the poor rather than a permanent reduction in GNP" (page xix). Stewart (1985) analyses the relationship between different nations' performance on meeting basic needs and their economic performance and finds that nations which do better in meeting basic needs do not, typically, have lower investment ratios or higher expenditure on social services or lower growth rates. Streeten et al. (1981) follow the same line of argument, and stress is laid on the many economic advantages of a basic needs approach and the fact that such an approach is not expensive.

Most of the research on which the authors quoted above base their assertions was undertaken either by staff at the World Bank or by consultants who work with the World Bank. It could be interpreted as a second phase in the World Bank's espousal of 'basic needs' in that it concentrated on developing a stronger justification for governments to invest more in basic needs. During the early 1970s, the justification centred more on why aid and development assistance agencies should give a higher priority to basic needs. The Bank's priority to basic needs could only increase if its client governments requested more loans or credits to support this. The Bank also recognized the difficulties of maintaining the new donor funded schools, health care centres and water supply systems unless recipient governments were committed to doing so.

Other authors suggest that meeting basic needs requires major economic changes. The 'radical' basic needs proponents do not separate economic and political change since they regard them as indivisible. For instance, Sandbrook (1982) notes that meeting basic needs demands a profound restructuring of human relations, especially productive relations, and this

in turn would deprive members of the dominant class or classes and their foreign allies of privileges. While Sandbrook can be counted as a proponent of 'basic needs', he accuses most other such proponents of greatly underestimating the possibility of implementation because of the economic and political changes this implementation implies. As he states at the end of his book:

"...basic needs approaches cannot avoid consideration of the ineluctable realities of power - of the class alliances and state mechanisms that undergird concrete development strategies, of the social forces that might serve as the carrier of alternative strategies and of the sorts of political action at the local, national and international levels that basic needs development entails. It is time for proponents of these attractive approaches to confront the politics of basic needs" (page 243).

Other proponents of the 'radical' basic needs strategy accept that its implementation requires major economic and political changes. For instance, stress is laid on the fact that it is relations among classes and among strata in society (e.g. rich landowners and poor labourers) that define poverty and this implies that basic needs can only be met with structural changes of both a political and an economic nature (Wisner 1988). The criticism of aid by Hayter and Watson (1985) which derives largely from an analysis of the World Bank centres on its failure to alleviate poverty because, ultimately, it seeks to preserve the system which underlies and perpetuates poverty. Other research and publications from the 1970s also questioned the validity of conventional development strategies' concentration on economic growth, and suggested that major economic and political changes would be needed to improve conditions for poorer groups. Much of this literature can be judged as supportive of the thesis that a reduction in poverty and increased success in meeting basic needs does demand substantial economic and political changes and cannot be achieved within existing socio-political structures - see, for instance, Owens and Shaw (1972) and Lipton (1976).

There is some literature which considers the changes in economic orientation which a commitment to basic needs implies - for instance, the 'basic industry strategy' (Bienefeld 1981, IDS 1982). IDS (1982) also outlines other needed changes in resource use within sectors - for instance, a shift from curative, specialized urban based hospitals primarily for serving the wealthy, to a primary health care focus would demand a significant redirection of resources.

2.6 Can Basic Needs Strategies Be Implemented by Third World Governments

By the early 1970s, many development assistance agencies were recommending a greater priority to basic needs. The case of the World Bank was noted already. By 1975, all the Scandinavian nations and the Netherlands, Switzerland and the United Kingdom had undertaken reviews of their policies with the intention of directing more aid to improving conditions for poorer groups (Mosley 1987). In the United States, there were similar moves,

as seen in 'New Directions' within the Foreign Assistance Act of 1973 (Rondinelli 1987). One of the key discussions was that the pre-conditions to ensure basic needs are met centred on what governments must do rather than on the role of aid agencies.

2.6.1 The Debate between Radicals and Conservatives

One important issue is thus whether a 'basic needs' approach can be implemented by governments within existing economic, social and political orientations. Some authors consider this possible and point to the range of nations which had been relatively successful in meeting basic needs without major political changes; others consider this to be impossible - largely because they do not accept the criteria used for judging a government's success in meeting basic needs. Meanwhile, there are authors who explicitly or implicitly support a greater concentration by government on 'meeting basic needs' but stress the difficulties of this being done within existing political structures.

The debate on this issue is strongly influenced by the position taken by each author as to whether 'basic needs' includes political rights linked to participation in government, citizen influence over what are defined as 'basic needs' and the means by which they are met, and the need for some redistribution of assets. For those who take the 'conservative' point of view as to what constitutes 'basic needs', there are fewer barriers to existing governments ability to meet basic needs since this can be done within existing socio-political frameworks without major economic changes. When judgements are made as to which nations have been successful or unsuccessful in terms of meeting basic needs, the criteria used to make these judgements are generally life expectancy at birth and educational level (Stewart 1985, Streeten et al. 1981). It is possible for a country with a relatively inequitable distribution of income and assets to achieve a relatively high average life expectancy at birth if it has an effective environmental health and health care programme, especially for maternal and child health.² Certain nations judged according to these criteria to have been successful in meeting basic needs would not be judged to have had participatory political structures - for instance, China and Saudi Arabia, both of which had among the largest increases in life expectancy of any nation between 1960 and 1990 (UNCHS 1996). Indeed, the conservative proponents of basic needs note the very diverse forms of government in nations which have above average basic needs performance, (according to their basic needs criteria) relative to per capita GNP (Stewart 1985). While Streeten et al. (1981) recognise that the absence of a political base is one critical reason why anti-poverty programmes have not been implemented, they suggest

² The strong association between life expectancy and the level of inequality among the wealthiest nations (Wilkinson 1992, Power 1994) is less clear among nations with lower per capita incomes since relatively inexpensive improvements in health care, nutrition and environmental health can greatly reduce infant, child and maternal mortality and thus increase average life expectancies - see UNCHS 1996.

that political resistance to basic needs strategies can be overcome. Since they state that meeting basic needs is easier to put into operation than reducing inequality, by implication, their view of 'meeting basic needs' does not require a reduction in inequality.

The conservative proponents of basic needs also discuss the kinds of government that are most likely to implement basic needs strategies. Streeten et al. (1981) draw on a review of governments' performance in meeting basic needs to suggest that the nations which have been most successful have several characteristics in common:

"... a fairly equitable distribution of physical assets (particularly land), a decentralised administration and delegation of decision-making to the local level, with adequate central support, and appropriate policies. In addition, the role of the household and particularly of women is more fully recognized in political systems which have had success in meeting basic needs" (page 5).

Stewart (1985) suggests that three kinds of government are likely to be especially successful in meeting basic needs: socialist nations with egalitarian income distribution and planned production and consumption; capitalist nations with rapid and labour-absorbing economic growth; and mixed economies with effective government interventions to promote basic needs.

For the radical basic needs proponents, existing governments can hardly implement basic needs strategies within existing socio-political structures, since their understanding of 'meeting basic needs' includes the empowerment of those whose basic needs were not met, to allow them to secure these through their own actions (Wisner 1988, Blaikie, Cameron and Seddon 1979). Their discussion centres on how other actors might cause or catalyse the political changes needed for governments to give a higher priority to basic needs. The inclusion of political rights linked to participation within 'basic needs' also leads to a disagreement with the conservative proponents over which governments can implement basic needs approaches. For instance, Sandbrook (1982) would not accept the link suggested by Stewart (1985) between authoritarian governments and basic needs provision; for Sandbrook, authoritarian regimes may lay the basis for the satisfaction of minimum basic needs but "in trading off basic human needs against basic human rights, bureaucratic collectivism represents a morally ambiguous development strategy" (page 231). Others also doubt the possibility of governments implementing 'basic needs' because of resistance from (among others) a centralised bureaucracy, oligopolistic industrial interests created by import substitution, landlords, multinationals and the unionised labour aristocracy (see, for instance, Lee 1981).

2.6.2 The Question of Access

In Section 2.6.1 above, the discussion of whether governments can implement 'basic needs' policies within existing social, economic and political orientations tends to be a macro-level

debate, i.e. whether sufficient resources will be allocated to basic needs. But this issue must also be considered at micro-level in terms of the capacity of government (or other) institutions to ensure that basic needs are met. There is little point in governments (or donor agencies) allocating more funding to basic needs if there is little or no institutional capacity to provide them. There is a considerable body of literature of relevance to this issue which centres on the capabilities of bureaucratic institutions to deliver goods and services to poorer groups. The conservative proponents of 'basic needs' implicitly accept that governments and aid agencies can reach poorer groups with basic needs, if they choose to do so. But if bureaucratic institutions have grave limitations on their capacity to deliver basic services, the case for meeting basic needs through existing state structures and institutions would be considerably weakened. The work of Bernard Schaffer (1975, 1977, 1986) is central to this literature although other authors have also written on the issue. This question is also particularly important for this thesis, since development assistance agencies have particular difficulties in helping to strengthen the capacity of institutions within recipient countries to provide basic services or to provide resources to allow local groups to do so.

Schaffer's writings coincide with an increasing dissatisfaction among many of those working in development with the ability of governments and aid agencies to deliver to those most in need what these people actually need. In most Third World nations, the goods and services which make up the 'basic needs' package as envisaged by conservative proponents are allocated not by market forces but by administrative allocation - through government departments, local governments, voluntary bodies, trade unions, armies, cooperatives, etc. Schaffer emphasizes how the government apparatus in most Third World nations remains ill-suited to the efficient distribution of such goods and services.

Much of the published work on access can be seen as an elaboration of the deficiencies in governments' ability to implement basic needs policies and this helped pave the way for a significant increase in the volume of official donor assistance channelled through intermediary non-government institutions - for instance, through private voluntary associations such as the different Oxfams or Save the Children or Southern non-government organizations or other voluntary sector institutions. In strategies aimed at 'alleviating poverty', governments could either ensure that poorer groups have the means to meet their own basic needs through a redistribution of income or assets or they can institute programmes to deliver basic goods and services through administrative structures and procedures. In practice, most governments opt for administrative programmes because these are more acceptable to elites (Schaffer 1975, 1977).

Most of the literature on this issue of 'access' includes some recognition that the society into which any policies are inserted will mould the form that policy implementation takes. This issue seems to be given more weight in Schaffer's later works. One tribute to his works after

his death states that they are "demonstrations of how an uncritical acceptance of common-sense, convenient and instrumental conceptions of organization masked the essentially political dimension of what takes place in the course of organising" (Colebatch and Degeling 1986, page 340). It is this issue which helps highlight one of the central differences between the radical and the conservative understanding of basic needs. Many Third World governments provide some free or subsidized service (e.g. credit, water) which helps mitigate the effects of basic inequalities in income or capital assets because they cannot or will not deliver the more fundamental reform to get to the root of the inequality (e.g. rural or urban land reform guaranteeing poorer groups access to land). In this instance, the 'conservative' view of basic needs would see progress in an increasing proportion of people receiving some free or subsidized service while the 'radical' view would consider that little or no progress had been made.

The literature on access also recognizes the contradiction between a government's pronouncement about the goal of equity and the fact that it is the institutional structure of the unequal society that is meant to implement the measures to achieve greater equity. Schaffer talks of how the pursuit of 'substantive justice' (including greater equity) demands the construction of procedural justice which then relies on the administrative distribution of certain goods or services. Inevitably, the structure and operations of the distributing institutions influence who will (or will not) obtain 'access' to these goods and services since the distributing institutions are rooted in the institutional structure and ideology of that society. This contradiction has also surfaced in discussions about Third World governments adopting more 'enabling' approaches for improving housing and basic services since effective enablement for low-income groups implies that the government in power delegates to low-income groups more decision-making powers and more access to resources (Berghall 1995); in reality, support for enablement can be little more than support for *laissez-faire* (ibid). In addition, the legal frameworks within which most governments operate tend to be ones which evolved to protect the rights and interests of their richer and more powerful individuals and businesses (McAuslan 1984). Such a legal framework can hardly serve as the basis for implementing policies which go against the rights and interests of these same individuals and businesses.

Lamb (1975) seeks to place Schaffer's work on access within a Marxian framework. He suggests that analyses of who obtains access to government provided goods and services can prove particularly valuable in illuminating the workings of the state. Access relations between the State and individuals are an important part of the encounter between the state apparatus and the agents of production. The state can control the citizens who receive access to basic goods or services and this serves as a central part of political domination and social control. If a wide range of people come to depend on 'access' relationships with the state in order to

obtain essential goods or services, this means they are incorporated into dependence on the state structure. If goods or services are received, it implies some obligation to the State on the part of the beneficiaries - and indeed, their 'access' to such goods and services may depend on their explicit political support for those in power. Those who succeed in obtaining 'access' to some government provided good or service are, in effect, incorporated into social relations within the orbit of the state apparatus and "political encounters occur in terrain chosen in the last instance by the dominant classes" (Lamb 1975, page 133). The fact that political mobilization in low-income areas within Latin American cities has more often concentrated on obtaining government distributed goods and services than on more fundamental social change adds weight to the idea of the state's manipulation of people's access to basic services as an important means by which the State can maintain cohesion and limit protest within the existing structure of domination. Some of the discussion about local government in Latin America centres on this issue since, in many instances, local government decisions as to who receives public jobs, access to land for housing or basic services are influenced by the potential recipients' political affiliations. Local governments make widespread use of basic needs provision to reward their supporters and consolidate their political base (Riofrio and Driant 1987, Herzer and Pirez 1988).

The literature on 'people-centred development' and some of the human development literature have also acknowledged the deficiencies of state organized systems 'delivering basic needs' (see, for instance, Korten 1984). These analyses of the deficiencies and political distortions in government delivery systems for meeting basic needs have great relevance to development assistance agencies' capacity to meet basic needs. Virtually all official multilateral and bilateral development assistance funded projects are implemented through government ministries or agencies. If a project involves government administered goods or services, the development assistance agency might influence the design and operation of the delivery system or include within the project some element related to this - for instance, technical assistance or training, or institution-building components. While this might alter the way in which the institutional delivery and its procedures influence who benefits, its capacity to fundamentally change the operation of the delivery system remains limited.

Difficulties in reaching poorer groups with administratively delivered goods and services are recognized by some of the 'conservative' proponents of basic needs. For instance, a review drawing on a series of sector studies undertaken by the World Bank on how basic needs could be met suggested that these demonstrated "the enormous difficulty of reaching the lowest 20 percent of the income group in a society. Most delivery systems simply do not reach these people because of the existing power structures or marketing imperfections or cost considerations" (Burki and ul Haq 1981, page 169). As Chapter 4 on the World Bank will describe in more detail, there was a clear trend during the 1980s away from what might be

termed 'basic needs' projects towards projects to strengthen or improve the implementation capacity of government agencies to provide basic needs and to support new institutional structures such as social funds for 'delivering' employment or basic infrastructure to low-income groups.

In some instances, development assistance agencies act as surrogates for governments in distributing goods and services - for instance, in disaster situations where aid agencies are permitted to take direct charge of service delivery. Here, local political constraints on reaching poorer groups may be removed temporarily. But these situations remain the exception and development assistance agencies supporting conventional development projects have neither the staff nor the institutional framework in recipient countries to (for instance) set up and run piped water supplies, schools or health care provision. They can fund, advise and support local providers (and they often do). But official development assistance agencies are limited in their capacity to use alternative local providers to the government system because they still have to receive the approval of recipient governments. Although the general public perception is that development assistance agencies can provide low-income groups with basic services, their capacity to do so by themselves is very limited. Their capacity to support basic service providers other than the official agencies of the recipient government (including supporting low-income households direct or their community organizations) is also limited. This dependence of official development assistance agencies on recipient government institutions for implementation helps explain the growing interest among donor agencies in improving the institutional capacity within recipient governments and, ultimately, during the 1990s, to improved 'governance'.

2.6.3. Bypassing Government

Questions as to the capacity of official donor agencies or Third World governments to meet the basic needs of poorer groups have encouraged an interest among donor agencies in the current and potential role of private voluntary agencies (such as OXFAM) and non-government organizations (for instance, church groups or non-profit associations based in the Third World) as institutions through which development assistance can be channelled. Such organizations may be able to by-pass local administrations and local political obstacles in meeting basic needs. The justification for channelling development assistance through these many and varied agencies expanded during the early 1980s because these were not seen as part of 'government', and then expanded further in the late 1980s and early 1990s with increasing interest among development assistance agencies in 'governance', and with non-government actors within 'civil society' being given a greater role. There is now a large and diverse literature on the role of NGOs and Private Voluntary Organizations but most of this has been

published since 1987.³

Many official government bilateral aid programmes steer a significant proportion of their aid budgets through private voluntary organizations⁴ located in their own nations - for instance Oxfam, Christian Aid and Save the Children in the case of the UK government, Bilance (formerly CEBEMO) and NOVIB on the part of the Netherlands government; MISEREOR and EZE on the part of the German government. Chapter 6 will describe how the official Swedish aid programme originally developed through government funding channelled through Swedish Private Voluntary Organizations and how a considerable proportion of all Swedish official aid still goes through these and through NGOs. Annual transfers from official donors to private voluntary organizations totalled more than US\$2.2 billion in the early 1990s (OECD 1993). Some steer bilateral aid direct to Third World based NGOs - as was the case in the international NGO Programme of the Canadian government's bilateral aid programme during the 1980s. Various national offices of UNICEF have made considerable use of local NGOs in their programmes while many World Bank projects have worked with local non-government organizations in implementing basic needs projects and, on a few occasions, even funded them directly (although obviously with the approval of the recipient government).⁵ Sida has also used local NGOs through which to channel funding and support to low-income groups in urban areas of Latin America, and was instrumental in setting them up (Sevilla 1993, Stein 1996, Sida 1997). Certain Third World NGOs have also become well-known, as large volumes of donor assistance are channelled through them rather than through the government - for instance, BRAC and the Grameen Bank in Bangladesh.

Sandbrook (1982), Myrdal and Seers (1982) and Hayter and Watson (1985) are among several authors who suggest that aid channelled through non-government organizations or private voluntary organizations has more likelihood of meeting basic needs, since their officials are less subject to diplomatic pressures and they can by-pass or at least limit the influence of recipient governments. However, note is also made of the relatively small scale of most NGO efforts. Despite the rapid expansion in the allocations by aid agencies to private voluntary agencies and NGOs in recent years, the scale of aid flows channelled through these to development projects (as opposed to emergency relief) is still not large enough to have a

³ See, for instance, Gordon Drabek 1987, Korten 1990, Clark 1991 and Edwards and Hume 1992 which were among the earliest detailed discussions of the current and potential role of NGOs within development assistance. It was only in 1991 that the World Bank published its own report on the World Bank's cooperation with NGOs (Paul and Israel 1991).

⁴ In this thesis, a distinction is made between private voluntary organizations which are primarily private, charitable 'aid agencies' formed in countries in the North and generally having their headquarters there, and non-government organizations which include all the organizations in Third World countries that are not government agencies and that are involved in development initiatives.

⁵ One example is the funding provided to FUNDASAL, the El Salvador NGO for housing projects.

significant impact on basic needs provision in most countries. It is also difficult to envisage private voluntary organizations or non-government organizations replacing government systems as the main providers of many basic services - for instance for education and health care. In addition, while many NGOs may contribute to political mobilization and the development of more participatory approaches within individual development projects, they have little possibility of influencing political structures and the distribution of assets within societies. Finally, there are also doubts as to whether many NGOs do operate in ways that empower low-income groups; there is a growing literature pointing to the deficiencies within many NGOs in terms of accountability, transparency and commitment to participation (see, for instance, Anzorena and others 1998).

2.6.4 The Opponents of Basic Needs

A final group of authors whose views must be considered are those who see all basic needs strategies as unlikely to succeed. Their criticisms often share considerable common ground with those who support the 'radical' view of basic needs, but also consider the very major social and political obstacles to implementation (for instance, Sandbrook 1982, Wisner 1988, much of Schaffer's work; and Seers and Myrdal 1982). Some of these criticisms are based on *a priori* reasoning; others on the way that basic needs have been interpreted.

The core of these criticisms is that the concept of basic needs suffers from the same theoretical and political problems as social democracy. It concentrates on the effects and the consequences of the crisis rather than on the underlying causes (the economic and political structures which generate and reproduce poverty and hunger in the Third World). It recognizes inequality in terms of income and asset distribution rather than in terms of unequal control over resources. It also sees the promotion of 'basic needs' by donor agencies in the 1970s and early 1980s as a means of countering the growing demands from Third World nations for a New International Economic Order (Seddon 1982).

Thus, the proponents of basic needs are seen as accepting the social democratic conception that capitalist society can be reformed through judicious state intervention; this is regarded as utopian because it fails to base itself on an adequate understanding of the economic and political dynamics of the real world (ibid). The 'conservative' proponents of basic needs see growing poverty as a failure of development strategy rather than as a crisis in capitalism. The Brandt Commission, which included within its recommendations a greater emphasis on basic needs, was said to be looking for redistribution of income because the problem was identified as under-consumption; Seddon suggests that the problem is over-production rather than under-consumption. The West's response was to defend the interests of their national bourgeoisie through protectionism and new patterns of foreign investment. Third World governments' response was to defend the interests of their national bourgeoisies through demands for a New

International Economic Order.

Other authors have also noted the way in which 'priority to basic needs' has been used as an 'add on' component to existing development policies and thus authoritarian governments can claim to be 'basic needs' oriented in development programmes which do no more than give very minor concessions to poorer groups (Sandbrook 1982). The discussions of governments' 'success' in basic needs provision can also be abstracted from the abuse of human rights and authoritarian government in general - as in, for instance, the discussion of Chile's 'successful' social policy during the 1980s under the military dictatorship headed by Pinochet and in the use of Indonesia as an example of a country where levels of poverty reduced considerably before the onset of the crisis in July 1997. In countries such as these, and in China, authoritarianism can even be legitimized for its good performance in meeting basic needs (although only those basic needs within the 'conservative' or 'weak' basic needs position).

Wood (1986) points out that 'basic needs' has been widely used to describe minor adjustments to the 'priority to growth' model used in the 1960s and converts what were originally radical demands for international changes into demands for Third World governments to change within their own domestic policy arena. Riddell (1987) judges the promotion of basic needs to be a short-lived response to the failure of conventional development strategies in the 1950s and 1960s but suggests that, by 1979, concern about a higher priority for basic needs had disappeared, to be replaced by a new concern for rebuilding the engine of growth within Third World economies. The main donor agencies turned their attention to structural adjustment as a precondition for restarting growth.

2.7 Basic Needs versus Structural Change to the World System

A constant theme within the debates on basic needs is whether promoting 'a greater priority to meeting basic needs' has been used to divert attention away from the inequalities within the world market and the means through which these inequalities are reinforced and reproduced. In the discussions which arose in the early 1970s as to the reasons for the failure of conventional development strategies to bring benefits to poorer groups, some concentrated on factors internal to Third World nations. Here, it was said to be the actions and policies of Third World governments that were largely to blame for these failures. Other discussions concentrated on the way in which the world economic system operated and suggested that the failure of conventional development strategies was largely due to such factors as the protectionist barriers around the internal markets of Western nations, the low prices paid by the West for raw materials, and the fluctuations in the size and distribution of international resource transfers, depending as they do on the fluctuating political will of the donor governments.

The promotion of basic needs strategies by Western governments and their aid agencies could be judged as a diversionary tactic, with its explicit or implicit focus on the need to change Third World governments' policies rather than reach agreement on structural changes to the world system, to provide a higher and more stable economic base for countries in Africa, Asia and Latin America. Up to the early 1980s, discussions on what was termed the 'New International Economic Order' included recommendations for such structural change within the world system - after which the term largely ceased to be used, as the debt crisis, the neoliberal response to it through structural adjustment and the emphasis on market solutions essentially removed this as an item on the international agenda of donor agencies. However, some of the discussions on structural adjustment stress the underlying causes. Here, the key issue is not so much the social impacts of structural adjustment but rather the social impacts of the failure of Northern governments to resolve the debt crisis and so reduce the need for adjustment (Woodward 1992a and 1992b).

Different authors offer very different interpretations as to the linkages between strategies to meet basic needs and strategies to promote structural change within the world's economic system. As noted already, Seddon (1982) considers that Western nations used 'basic needs' as a way of deflecting progress within international discussions to reach agreement on the institutions and mechanisms needed for the New International Economic Order; Wood (1986) also considers that the concept of giving priority to 'meeting basic needs' helped to convert what were originally radical demands for international changes into demands for changes by Third World governments within their own domestic policy arena. In addition, he and others note that development assistance agencies might use 'priority to basic needs' as a way of discouraging industrial development and so inhibit Third World industries becoming more effective competitors with Western industries.

Other authors have reached the opposite conclusion. Streeten et al. (1981) stress the possible complementarity between the two, the increased capital and income flows from North to South produced by the New International Economic Order providing more domestic resources for use in meeting basic needs. They also comment that the acceptance of the New International Economic Order derives much of its force from being part of a united effort to eradicate poverty. In addition, a global commitment to meeting basic needs can only be construed as likely to be effective within the context of structural changes to the world system to benefit poorer nations since, otherwise, the benefits from international assistance for basic needs would be threatened by the unreformed international order. For instance, it would be difficult if not impossible for governments to sustain an effective health care service and provision for piped water and sanitation if the whole economy were stagnant or in decline. In the declaration of principles adopted by the ILO in 1976, a focus on meeting basic needs was said to be a potent means of realising Third World demands for a restructuring of the world

economy because of the self-reliance and autonomous self-sustained growth it opens up (Sandbrook 1982). But more recently, there has been less discussion about the possibilities for any country achieving a more autonomous self-sustained growth, although the question of constraints on poor nations being able to achieve a prosperous economic base within an increasingly globalized world has been raised (see, for instance, Korten 1995).

2.8 The Reformulation of 'Basic Needs' within the 1990s

Chapter 1 noted several authors who, during the 1980s, criticized development assistance for failing to meet basic needs while also stressing the rights of low-income groups to protection from 'development projects' or other external interests (see, for instance, Chambers 1983, Max-Neef 1991, Friedmann and Rangan 1993). But during the 1990s, four additional factors again helped to raise the issues that the basic needs debate helped to highlight during the 1970s - and these also prove important for justifying the focus of this thesis. The first was the economic stagnation or decline that most nations in Africa and Latin America and many in Asia experienced during the 1980s and early 1990s, and its impact on the scale and intensity of poverty. The second was the widening of the discussions about the nature of poverty which gave more emphasis to the extent to which inadequate or no provision of basic services causes or contributes to poverty. The third was increased understanding of the health burden and much increased work burden placed on households that lack access to basic services such as piped water, provision for sanitation and health care. The fourth was the research that concentrated on the needs and priorities of women, which highlighted how a lack of basic services such as accessible water supplies, health care and, in urban areas, provision for the removal of household and human wastes greatly increases the work-burden of the person responsible within the household for household maintenance - which is usually women (and girl children). Although this section does not seek to summarize the literature in these four fields, it does seek to highlight the issues that are raised which are of relevance to the thesis.

On the first point, there is considerable documentation on the economic stagnation or decline during the 1980s and/or early 1990s in virtually all countries in sub-Saharan Africa, most countries in Latin America and many in Asia (see, for instance, World Bank 1990c, UNDP 1990, UNCHS 1996, Minujin 1995). The debate about the social impacts of structural adjustment is woven into this, as virtually all countries in the South underwent some structural adjustment, most of them with financial support from the World Bank (and with the requirements for policy changes that this brought), and with such support provided almost entirely to nations that had first undergone IMF supported stabilization programmes.

On the second point, there has been recognition that the scale of poverty has generally been under-estimated and the range of deprivations for those living in poverty (especially the social and health consequences of poverty) considerably underestimated (see, for instance, Chambers

1994, Satterthwaite 1995, Wratten 1995, Moser 1995, Satterthwaite 1997a; also Pryer 1993, Kanji 1995 and Latapf and de la Rocha 1995 for specific case studies). One theme in this work is that people's access to basic services essential for a healthy life have not been considered by most measurements of poverty, since most measurements of poverty are made on the basis of income derived poverty-lines or poverty-lines based on nutritional status (see Tabatabai with Fouad 1993). As Chambers (1994) notes, poverty had come to mean what was measured and measurable and it missed many aspects of deprivation that were not directly or indirectly associated with income.

Underlying this was an assumption that those with incomes that are above the official poverty line can find (and afford) basic services and avoid other forms of deprivation. However, the proportion of the urban population in the South lacking basic services such as access to safe water supplies, and provision for sanitation and primary health care is considerably higher than the proportion officially recognized as having below poverty line incomes (Cairncross, Hardoy and Satterthwaite 1990, Satterthwaite 1995, UNCHS 1996, Satterthwaite 1997a) and this may also be true in rural areas. This, in part, reflects the low priority given by governments and development assistance agencies to basic needs provision; it is very difficult for the inhabitants of any large settlement to organize for themselves a comprehensive piped water supply and provision for sewers and drains, if the local authorities are unable to do so - even if the inhabitants have the income to afford to pay the full costs of this provision, once installed. It also reflects the fact that the income level at which poverty lines are set is often too low in relation to the real cost of obtaining what might be termed 'minimum adequate quality' housing with basic services in most urban areas, especially the largest or more prosperous cities (ibid, Feres and Leon 1990).

Discussions on the scale and nature of poverty were stimulated by the growing evidence in the late 1980s and early 1990s of the large social costs and often increases in poverty in countries that had undergone structural adjustment (Cornia, Jolly and Stewart 1987, Woodward 1992a and 1992b, Stewart 1995). Stewart (1995) notes that for the first half of the 1980s, little attention was paid to the plight of the poor and, while UNICEF drew attention to some early indicators of negative trends, the World Bank and the IMF regarded the issue of poverty in relation to adjustment as a domestic issue on which they had and should have little to contribute (see also Cornia et al 1987). Moser, Herbert and Makonnen (1993) note how, in the early years of the adjustment process, the economists believed that structural adjustment would be a temporary phenomenon and assumed that economic growth would resume and in so doing reduce poverty and temper some of the adverse effects. Stewart (1995) also notes that, as the years passed, it became apparent that poverty was increasing sharply in a large number of countries, social expenditures were being cut and there was a slow down in human indicators with some worsening in a few cases. Eventually, both the IMF and the World Bank

acknowledged the need to take into consideration the social consequences of adjustment.⁶

The UNICEF sponsored report entitled *Adjustment with a Human Face* (Cornia, Jolly and Stewart 1987) notes that

"....to recognize that adjustment is necessary for dealing with severe economic imbalances in an economy is not the same as accepting that all adjustment policies are or have been equally adequate for ensuring adjustment to a more growth oriented pattern of development in which the human needs of the vulnerable will be protected in the short as well as the medium to long term. Clearly many past adjustment policies have been inadequate in these respects" (Vol.1, page 6).

It also notes that "... adjustment was generally tackled without regard for its distributional or poverty implications" (ibid, page 7).

Toye (1993) also notes this lack of concern within the Bank and the IMF for the distributional aspects while Mosley, Harrigan and Toye (1991) note that:

"The 1980s has been a decade of preoccupation with the short term, during which both the concern of the previous decade with distributive justice and the more ancient wisdom that development does not happen without appropriate levels of investment in human and material capital have been submerged by pressure to 'get the macroeconomic balances right first'" (page 303).

A discussion of the social impacts of the debt crisis and of structural adjustment that sought to address its effects is particularly important in the discussion of basic needs in that, in a large number of countries, there was either a deterioration in the provision of basic services such as education and health care or a slow-down in expanding and improving provision (Cornia 1987a and 1987b, Woodward 1992a and 1992b, Moser, Herbert and Makonnen 1993). Pinstrup-Andersen, Jaramillo and Stewart (1987) report that expenditure per capita on health and education fell sharply in large numbers of countries in Africa and Latin America in the early 1980s, while growth rates decelerated almost everywhere - and with the (limited) available evidence for the mid-1980s suggesting that even more countries experienced cuts. In addition, in most countries, falling real incomes or loss of employment in large sections of the population has made them less able to pay for basic services, with this problem further exacerbated in many countries by the introduction of or increase in charges for certain basic services (Woodward 1992b). But it is difficult to separate the impact of structural adjustment

⁶ As early as 1982, the World Bank expressed a concern about designing structural adjustment programmes that minimized the impact on the poorest and on programmes of basic needs and 'human-resource development' and mentioned the need for mitigating the effects on the poor (World Bank 1982a) - but it was only several years later that the Bank's lending programme showed evidence of acting on this.

on this lack of progress in basic needs provision from the impact of the debt crisis or other factors such as inadequacies in government structures (ibid, Moser, Herbert and Makonnen 1993). Pinstrip-Andersen, Jaramillo and Stewart (1987) describe how it is possible to delink or limit the link between falling per capita GDP (or declining government revenue) and basic education and health services, and how some countries managed to do this while others did not or even had sharper declines in expenditures on basic services than in government expenditures. They, and other chapters in Cornia, Jolly and Stewart (1987) highlight the ways in which governments can limit the deterioration in incomes and services for the poor and more vulnerable groups within structural adjustment in ways that need not involve high costs or very substantial shifts in resources.

Woodward (1992b) considers in some detail the impact of the debt crisis, and of structural adjustment on health and education services and concludes that:

"Despite the methodological problems involved, there is substantial evidence that health and educational standards have declined more, or improved less in adjusting and heavily indebted countries than elsewhere, at least in Africa where the issue is most important. It cannot be shown conclusively that this reflects a causal relationship between debt and adjustment on the one hand and health and education on the other; but the evidence would certainly appear to be consistent with this view" (pages 225-226).

He also notes that countries undertaking intensive structural adjustment "... have performed substantially less well on education expenditure than non-adjusting countries" and that although the evidence on health is more ambiguous, it "...points in the same direction" (page 226). "The result of reduced expenditure on public health and education services has been both to reduce their availability and their quality" (page 227). Moser, Herbert and Makonnen (1993) in their review of urban poverty within the context of structural adjustment note various examples of the decline or deterioration in basic service provision. Woodward (1992b) also notes how attempts by governments at more cost recovery in schools and health care facilities (one of the recommended responses to declining public funding for them) may cause poorer households to withdraw their children from school and make less use of health facilities.

Chapter 4 will describe how the World Bank's public pronouncements with regard to poverty changed during the late 1980s and early 1990s - and how this came to include an explicit recognition that adjustment can have a serious short-term impact on the poor (World Bank 1987a, World Bank 1990c) and a more explicit support for basic needs. By 1993, the Bank was publicly stating that the universal provision of basic services was a central part of poverty reduction and its sectoral priorities were changing to reflect this.

The recognition of the health burden imposed on individuals, households and communities who lacked basic services was considerably enhanced by work by the World Bank and the World Health Organization on the global burden of disease and its regional differences - published in the 1993 World Development Report (World Bank 1993d). This helped to highlight the scale of the health burden imposed on people who have inadequate provision for water, sanitation and health care. There are also some empirical studies that reveal the very large health burden faced by low-income groups in terms of work days lost to illness and injury and the dire economic consequences this brought in terms of increased debt and increased under-nutrition for all family members (Pryer 1993). Most of these health costs could have been prevented or much reduced at low cost by basic services (ibid). In the absence of health care, not only are adults and children in low-income households sick more often but the possibilities of a rapid recovery are much worse. In addition, low-income households often face the most serious constraints in allowing one adult member to take time off work to nurse sick or injured family members (WHO 1992).

The large volume of theoretical and empirical work published over the last two decades on women's needs and priorities, and on reducing discrimination against women with respect to access to employment, housing and basic services also helped to highlight the scale of unmet basic needs. It also highlighted how a lack of provision for basic services generally impacts most on women (or girl children) as they are generally the person(s) within a household responsible for household tasks and child-rearing. Various studies on the impact of structural adjustment showed the negative impact on women of a declining provision of basic services or of increased service or living costs for which women were forced to take primary responsibility (see, for instance, Moser, Herbert and Makonnen 1993, Kanji 1995).

Finally, there is the 'human development' literature which has more in common with 'basic needs' literature than it cares to mention. Although many of the proponents of 'human development' seek to distance themselves from the proponents of 'basic needs', there is considerable common ground between the two. In addition, some of the most prominent proponents of 'basic needs' in the 1970s were also the main proponents of 'human development' in the early 1990s, particularly Mahbub ul Haq who headed the team within the United Nations Development Programme that developed the first Human Development Report (UNDP 1990) and who also wrote widely on the importance of basic needs provision in the 1970s (ul Haq 1971, 1976).

This first Human Development Report stated that human development was defined as a process of enlarging people's choice - the most critical ones being to lead a long and healthy life, to be educated and to enjoy a decent standard of living (UNDP 1990). It also stressed the importance of political freedom, guaranteed human rights and self-respect within human

development (ibid). It sought to distance itself from the 'basic needs' approach by characterizing a concentration on basic needs as the provision of goods and services to 'beneficiaries' whilst human development stressed the issue of human choice and people as 'participants' rather than 'beneficiaries' (UNDP 1990, UNDP 1993). Another way in which the proponents of human development sought to distance themselves from the basic needs approach was by claiming that human development was also rooted in the theory of entitlements and the notions of capabilities, drawn from the work of Amartya Sen (Desai 1991). Anand and Ravallion (1993) suggest that the basic needs approach was different because it was centred on the provision of commodities rather than on the support of people's capabilities to live a healthy life, avoid premature death and hunger, avoid illiteracy and enjoy personal liberty and freedom.

The earlier discussion about basic needs makes apparent the considerable degree of common ground between a greater priority to 'human development' and to 'basic needs' as advocated within the work of the ILO and the proponents of 'strong' or 'radical' basic needs in the mid- and late 1970s. Both are criticisms of an over-concentration on per capita income as the primary measure of development. Both stress that people have a right to a healthy life, education and a decent standard of living - as opposed to justifications for expenditures on health and education being based on their utility for economic growth. Both stress participation as a right. Important elements of Sen's recommendations that more attention be paid to whether development enhances poor people's functionings (e.g. being adequately nourished and in good health) and capabilities (having the capability of being well nourished and escaping avoidable mortality and premature death) (Sen 1992) can also be found in some of the work of earlier 'radical' basic needs proponents. Both 'basic needs' and 'human development' proponents recommend a greater priority within development assistance to health care, education and other interventions which directly improve health. When the 1994 Human Development Report sought to assess the extent of aid agencies' commitment to 'human development', it simply measured the priority they gave to 'basic needs' in an analysis similar to this thesis (UNDP 1994) although, as described in Chapter 3, its accuracy is in doubt.

The proponents of 'human development' probably felt it important to distance themselves from the 'basic needs' literature, to increase the impact of what they were recommending. The stress on the distinction between the constituents of wellbeing (such as health and freedom of choice) and the determinants of wellbeing (health care, education, access to legal aid, income....) (see Dasgupta and Weale 1992) was a reminder that the provision of basic needs is a means rather than the end itself, but this is also implicit in much of the literature on basic needs. The means by which the proponents of human development recommended its measurement also had precedents that had been recommended during the 1970s as a way of

reorienting the expenditures of governments and international agencies towards a greater priority to basic needs.⁷ What perhaps separates the 'basic needs' literature from 'human development' literature is the former's assumption that it will generally be government agencies that ensure basic services are met whereas the latter, in line with the debate about governance and civil society, allows for a greater diversity of service providers, including provision by community organizations and NGOs.

2.9 Some Conclusions

The demand that development agencies should give a higher priority to meeting basic needs has had considerable importance in the debates about development assistance over the last four decades - and continues to do so, although it is now more often phrased as promoting human development or as poverty alleviation or poverty reduction rather than meeting basic needs. The origin of this demand was largely the dissatisfaction with the results of development strategies applied during the 1950s and 1960s. The demand that basic needs receive a higher priority can also be seen as part of the demand during the 1970s that development assistance distance itself from donors' commercial self-interests and their foreign policy priorities. Although one justification for a donor agency's support for basic needs is to promote political stability in important military or commercial allies, it was overwhelmingly on the basis that development assistance was not meeting people's needs and not reducing poverty that it was justified.

The fact that support for 'basic needs' was justified on such a moral basis helps explain why it lost influence during the 1980s, with a move to the right in most governments elected to office in the countries that were the largest sources of development assistance through bilateral aid programmes and through contributions to multilateral agencies. Support for basic needs projects is always likely to be reduced if donors' economic and political self-interest come to have a greater influence on their aid programmes. In addition, support for 'basic needs' within aid programmes could be seen by these governments as exactly the kind of social welfare expenditures that they were seeking to cut within their own domestic sphere. During the 1970s, Western governments were more kindly disposed towards the moral basis for aid and many authors also comment on the utility of a 'basic needs' approach to Western governments in terms of justifying aid expenditures to their electorates (Beckerman 1977, Streeten et al. 1981, Sandbrook 1982, Seddon 1982). Many authors whose work concentrates on aid rather than on basic needs also note this utility (Wood 1986, Fruhling 1986, Rondinelli 1987) while these and other authors also describe the changes made within aid agencies whose explicit goals shifted towards including a greater priority to basic needs - see for instance

⁷ These include the "Physical Quality of Life" indicator recommended by the Overseas Development Council in the late 1970s and other development indexes that precede this one - see McGillivray 1991.

Mosley (1987) and Lappe (1981).

The move to the right in the governments of most donor countries during the 1980s often meant increased pressure on aid programmes to support domestic economic and political ends. This, combined with the burgeoning debt crisis and the economic recession that affected much of the South, changed the discourse about development assistance and, as later chapters on the World Bank and UNICEF will discuss, also the pressure from Western governments on the multilateral agencies they funded.

Three of the critical debates within the discussions of provision of basic needs were (and remain) whether it is compatible with existing social and political structures within Third World nations, whether it can meet its goal of rapidly reducing poverty and whether it is compatible with the negotiations seeking a restructuring of the world system to support more prosperity and economic stability amongst the poorest countries.

Some of the disagreements in the literature about these issues are likely to derive from the motivations of different authors or institutions who write about basic needs. Certain authors, notably the group working for or associated with the World Bank (perhaps most notably Streeten et al. 1981 and Stewart 1985), are seeking to demonstrate to Third World governments that there are benefits for them from a greater basic needs' orientation. This also appears to be the intention of the International Labour Office through its publications and conferences on basic needs. Other authors such as Wood (1986) write more as commentators on what is taking place and why. Others - notably Seddon (1982), Sandbrook (1982) and Wisner (1988) - seek to point out the obstacles to the implementation of basic needs, especially the 'radical' view of basic needs. Within this, Sandbrook (1982) and Wisner (1988) seek to promote more effective government and aid agency actions towards basic needs while Seddon (1982) concentrates on the flaws and inconsistencies of the concept and its application. By implication, Seddon (1982) gives some support to the 'radical' view of basic needs even if he might consider its implementation beyond the realms of possibility. His criticism of basic needs focuses more on the changes that have been made in the interpretation from 'radical' to 'conservative' than on opposition to their provision.

The division of authors between those who work independently of the development assistance business and those who do not, helps to explain the differences between their positions. Among the first group of authors, there is a concern to develop a systematic understanding of the way that society operates as the basis for understanding whether basic needs are met. In this instance, good performance on the part of a government in 'meeting basic needs' is not easily measured in that it has to include criteria relating to the degree of citizen-determination as to what are 'basic needs' and the means for their fulfilment. It also includes a concern with

the distribution of assets within society (both within nations and internationally) with too great a skew in this distribution considered as being incompatible with meeting basic needs. In this sense, it aligns itself with an interest in relative poverty (i.e. with 'poverty lines' that are socially determined) rather than absolute poverty (see, for instance, Townsend 1993). In its concern for understanding 'what is', this camp is more positivist than normative - although many authors from this camp draw from this analysis to make normative judgements.

Among the second group of authors, the concern is more normative in that ways are being sought to increase basic needs provision. Here, there is an interest in defining criteria to allow judgements to be made as to whether basic needs are being met, in using these criteria to make such judgements, and in developing new policies which improve basic needs performance according to the selected criteria. There is less concern with detailed analyses of the societies into which basic needs policies are to be inserted and with societal questions such as the existence of participatory political structures and representative governments, and the distribution of assets.

Among the first group of authors, there is an obvious concern as to the kinds of political structures that can ensure basic needs are met. Among the second, there is an assumption that basic needs policies can be implemented within different kinds of society or political structures. As noted earlier, within the conservative conception of basic needs, even authoritarian regimes with no respect for human rights can be judged to perform well on basic needs provision - as can governments committed to liberal capitalism. It is inevitable that development assistance agencies' espousal of 'basic needs' falls within the second group of authors. The nature of development assistance as a transfer of funds negotiated between an official donor (bilateral or multilateral) and recipient-government can hardly include demands by the donor for political reform and structural change that would threaten the recipient government. In general, donors' disapproval of recipient-governments' political structure or unequal asset distribution will manifest itself more in a refusal to provide development assistance than in any attempt to force through political and structural changes judged to be beneficial to a basic needs policy. Within the context of the 1980s, with the dominance of neoliberalism, the demands and conditionalities attached by many donor agencies called for economic structures that were more open to international market forces with less domestic expenditure on social provision (including 'basic needs'). There were some parallels between the goals of 'priority to economic growth' recommended by most donor agencies in the 1960s and 'structural adjustment' to provide a sounder footing for improved economic performance in the long term of the 1980s, even if the terminology and the means of achieving this (especially the role of the state) had changed.

There are important exceptions to this 'official donor to recipient government' framework for

development assistance as in, for instance, the support of certain European aid agencies for liberation struggles (which formed an important part of Sida's funding in sub-Saharan Africa during the 1970s and 1980s) - but their share of total development assistance remained very small. If we accept that official development assistance agencies generally have no choice but to work with existing governments in the South (and thus existing power structures and existing systems for the delivery of basic services), then the best basis from which judgements can be made about a donor agency's commitment to basic needs is the priority given to what are defined as 'basic needs' projects in its allocation of funds. This is the reason for my choice of focus in this thesis. For agencies that have the freedom to choose which countries they support (and this is not open to agencies such as the World Bank),⁸ a second basis for judgements about their commitment to basic needs would be the priority given to nations whose governments are judged to be more 'pro basic needs'. I considered this as a possible second measure to be applied to agencies which have procedures for choosing which countries are eligible for aid but it was rejected because of the methodological problems as to how such judgements can be made and measured - and made responsive to changes in the 'basic needs' orientation of different governments within each country over time. In all three of the agencies considered in detail in this thesis, the allocation of aid between countries is strongly influenced by the per capita income of the countries - and thus it is the yardstick of the relative wealth or poverty of the nation (measured in conventional economic terms through per capita GNP) that influences whether it receives aid and the amount that it receives, rather than the social orientation of the government. In the case of Sida, it is also influenced by the political alignment of the recipient countries, as perceived by Swedish politicians - as will be explained in more detail in Chapter 6.

I also considered an analysis of aid allocation by country from donors by the extent to which their aid went to democratically elected governments - or governments judged by other criteria to be participatory - and this would have addressed the suggestion of the radical basic needs proponents that political participation should be seen as one central basic need. This was also dropped because of the difficulties in making judgements of this nature about a large number of countries, over a considerable period of time, when the political nature of each country's government also changed. I did undertake an analysis of whether there was evidence of increased aid flows to Latin American nations when they returned to democratic rule during the 1980s - and found no evidence of the major aid agencies significantly increasing their aid to such countries with the return to democracy (Satterthwaite 1990).

While accepting that the proportion of total funding allocated by a donor agency to basic

⁸ However, there are procedures through which the World Bank does influence the allocation of its concessional loans between nations - see Chapter 4

needs has its limitations as a measure of that agency's broader commitment to ensuring that basic needs are met (including rights and freedoms), it nonetheless remains important. The first reason, as described earlier, is the extent to which the health burden and the work burden for low-income households is much increased if certain basic needs are not met - for instance a safe, sufficient and convenient supply of water, provision for sanitation and drainage, health care and, in most urban settings, regular removal of household wastes. The second is the importance for low-income groups of having access to education and of being able to read and write. The third is that a strong commitment by a development assistance agency to basic needs provision generally runs counter to a commitment to promote the exports and economic interests of companies from the agency's own country or the countries of its main funders. It is accepted that a development assistance agency's commitment to basic needs need not imply a commitment to addressing the underlying economic and political causes of poverty or the structural causes of most Third World nations' weak economic positions. But within the limited options available to official development assistance agencies to address poverty within assistance programmes that have to work with the existing political structures in recipient nations, the extent of their funding commitment to basic needs remains an important criterion for evaluating their commitment to poverty reduction.

3. RESTATEMENT OF ISSUES, PROPOSED RESEARCH AND METHODOLOGY

3.1 The Main Hypotheses

The main objective of this thesis is to identify what constrains development assistance agencies giving a higher priority to basic needs projects or other interventions designed to ensure basic needs are met.

Two hypotheses are advanced and tested by the thesis.

a. Hypothesis 1. Development assistance agencies give a relatively low priority to what can be termed basic needs projects or what more recently have come to be termed human development oriented projects. This is generally at variance with the priorities stated in official speeches and policy statements and often at variance with these agencies' official statistics.

b. Hypothesis 2. One of the most serious constraints on placing an increased priority by these same agencies to basic needs or human development oriented projects is the institutional difficulties they face in funding such projects.

If this second hypothesis is correct, then different donor agencies may face comparable institutional difficulties in implementing these kinds of projects, despite major differences between them in, among other things, their ideological orientation, sectoral priorities, the extent of their insulation from commercial or political pressures and the form in which development assistance is provided.

3.2 Testing these hypotheses

The testing of hypothesis 1 rests on a statistical analysis of the priority given by different agencies to 'basic needs' projects. This analysis concentrates on the three agencies that are the main focus of the thesis (UNICEF, Sida and the World Bank), although at the end of this chapter, an analysis that includes other official development assistance agencies is presented, to substantiate hypothesis 1 for a broader group of donor agencies.

Testing hypothesis 2 is more complicated in that it is not open to a statistical analysis. There are also other hypotheses which could be advanced to explain a divergence between development assistance agencies' policy statements giving a high priority to basic needs and their actual commitments. From the review of literature on development assistance, four alternative hypotheses could be put forward.

The first is that commercial interests within donor-nations inhibit development assistance to basic needs since such development assistance produces relatively few benefits for the economy or businesses of the donor-nation. In particular, the sectoral priorities of a bilateral development assistance agency may be strongly influenced by domestic vested interests within its own country so that most development assistance would be for the export of capital or consumer goods or services produced by enterprises in the donor-government's own nation or to fund civil construction projects implemented in recipient nations by companies based within the donor-government's country. The influence of commercial interests on multilateral agencies such as UNICEF and the World Bank may be less direct, but as Chapters 4 and 5 will describe, commercial interests have an influence in both agencies. For the World Bank, this is hardly surprising, given that it is the single largest source of funding for capital projects among all the development assistance agencies.

A second alternative hypothesis is that development assistance agencies' sectoral priorities may be much influenced by the donor-government's foreign policy concerns and that development assistance for basic needs is not regarded as a high priority within the use of aid for foreign policy goals. For instance, the heavy concentration of the U.S. government's bilateral aid in Israel and Egypt could mean that if basic needs were a low priority in aid directed to these two nations, this would ensure a low priority to basic needs in the whole aid programme. This second alternative hypothesis has most relevance for bilateral agencies, and will be considered in detail in relation to Sida. It will also be considered for UNICEF and the World Bank in terms of how the governments that are their main donors or most powerful board members seek to influence which nations receive funds.

A third alternative hypothesis is that development assistance agencies' sectoral priorities are largely determined by these agencies' senior staff and/or the body that supervises them (for instance UNICEF's and the World Bank's Executive Board or for Sida, the Swedish Parliament) and that their judgement is that development assistance should concentrate on what they would term 'productive' investments which exclude basic needs projects. In this instance, a low priority to basic needs would be the result of conscious decisions made within the agency or by the body to which it is answerable.

A fourth alternative hypothesis is that the main influence on development assistance agencies' sectoral priorities are the recipient governments and their requests for development assistance give a low priority to basic needs projects. This is an explanation commonly given by development assistance agency officials, when questioned about a low priority to basic needs within their agency. The research programme and publications of the World Bank that argue that the low costs and high benefits of a 'basic needs' strategy, which were discussed in

Chapter 2 can be seen as a World Bank initiative to address this constraint on a higher priority to basic needs. As Chapter 4 will document in more detail, the World Bank has long used its own publications as ways of promoting a greater interest among recipient governments in sectors or areas that the Bank regards as important.

If one or more of the alternative hypotheses prove to be the dominant influence on a low priority to basic needs, then development assistance agencies' policy statements about 'giving priority to basic needs' could be judged to be no more than public relations exercises to justify development assistance allocations to the electorates of donor countries in the full knowledge that these policy statements were not being implemented.

To test the validity of the hypothesis that one of the most serious constraints on an increased priority by these same agencies to basic needs or human development oriented projects is the institutional difficulties they face in funding such projects, the validity of these alternative hypotheses will also have to be tested. Thus, drawing on the above, the factors which influence any development assistance agency's sectoral priorities could be grouped under five broad headings, two of which are internal to an agency and three of which relate to external pressures. The two which are internal to the agency are:

- a. Conscious decisions made by staff at the agency in regard to sectoral priorities; and
- b. Sectoral biases created as a result of the institutional structure of the agency and the norms and procedures by which it works.

The three which are external to the agency are:

- c. The explicit and implicit influences from recipient governments in their negotiation with the agency for funding;
- d. Influences coming from the agency's Board of Directors, supervising ministry or committee and the government (for bilateral agencies) and governments (for multilateral agencies) to whom they are answerable;
- e. Influences from other external forces - for instance citizen lobbies, NGOs or commercial interests.

The main source of information about the relative strengths of these different influences and how these changed over time came from interviews with staff from Sida, the World Bank and UNICEF. This was supplemented with reviews of published literature and of internal documents made available by staff from each of these agencies. Section 3.4 gives more details as to the methodology in terms of the choice of agencies, the choice of who was interviewed within them, the form the interviews took and the questions asked. Prior to this, 3.3 describes the methodology for the quantitative analyses of the priority given by development assistance

to basic needs, including describing the project database which was developed to permit the quantitative analyses.

3.3 Methodology for the quantitative analysis

3.3.1 *The Definition of "Basic Needs"*

As the review of the literature described, the authors who write about "basic needs" centred approaches to development agree that such needs include the goods and services essential for human life and health. This is also explicit in the United Nations Universal Declaration of Human Rights. The disagreements in the literature on basic needs centre on what other items should be included within "basic needs", especially whether they include economic and political rights (to which all citizens have a claim) and the extent to which a government can implement a basic needs strategy within a conventional "priority to economic growth" model. Chapter 2 contrasted the 'conservative' approach and the 'radical' approach to basic needs. The conservative interpretation assumes that basic needs can be met within existing economic, social and political structures by increased expenditure on basic needs projects and piecemeal reform. The radical interpretation demands that a basic needs policy includes political rights (including governments' adherence to certain civil rights) and their fulfilment implies economic and social changes within Third World societies. Meeting basic needs in this interpretation also implies, for most Third World nations, changes in political structure since a basic needs oriented policy is seen to imply the participation of the people whose needs are to be met in defining the policy and the setting up of institutions which facilitate popular participation. In this radical interpretation, basic needs also requires some redistribution of assets and income.

While an official development assistance agency might promote a radical interpretation of basic needs in its publications, the institutional framework within which it works ensures that it can generally only work within a conservative interpretation of basic needs. Official development assistance institutions work with and through Third World governments. They can only channel funds to Third World governments and to do so, agreement has to be reached with each government as to the scale of funding and the uses to which it may be put. The scale of funding, the terms under which it is provided and the sectoral priorities are a result of agency-government negotiations, within the broader parameters set by the agency's structure. Although all official development assistance agencies have some channels through which funding is provided direct to non-government organizations or community organizations, most such funding is only possible if agreed to by the recipient government.

If official development assistance by its nature is the allocation of funds to recipient governments, on whose use agreement must be reached with the recipient governments, it

means that such assistance has limited possibilities of influencing changes in the political structure of recipient governments and very little influence on the distribution of income and assets within that nation. The development assistance agencies might choose to promote greater popular participation within the projects they run, but they have a much more limited possibility of promoting more participatory government structures. Certain bilateral development assistance agencies, by their size and the power of the government which allocates them funds, can influence the policies of recipient governments but these are primarily in regard to the perceived self interest of the donor government (or businesses within the nation of that government). Similarly, certain multilateral development finance institutions demand that recipient governments follow certain policies - as in the case of member governments of the World Bank Group having also to be members of the International Monetary Fund and, as Chapter 4 will describe, in the growth of conditionality within many World Bank loans and credits. But here too, the policy influence is not towards the "radical" basic needs position and in most instances it could be judged to be in opposition to a basic needs approach.¹

Thus, it is the performance of governments that can be judged in terms of 'strong' and 'weak' basic needs orientations, not official development assistance agencies. The analysis of the priority given by a development assistance agency to basic needs must centre on the extent to which the funding it makes available to recipient governments is allocated to 'basic needs' - i.e. the provision of goods and services essential for human life and health.

In such an analysis, the term "basic needs" is taken to include all development assistance spending with the explicit intention of meeting essential human consumption requirements - ie sufficient calorie, protein, vitamin and mineral intake, safe and sufficient supplies of water, sanitation and environmental health (including primary health care) and basic education. It also includes support for improving housing that is targeted towards those living in poor quality housing. These are the underlying and intermediary factors which are stressed in recent World Health Organization documents as being essential to health (see for instance WHO 1989 and WHO 1992). In this context, "basic needs projects" can be understood as those projects with a direct impact on the improvement of people's housing and living conditions, health and access to the services and facilities essential for health and well-being. As such, they could also be understood to include all projects with an explicit intention to alleviate poverty.

¹ There are a few recent examples which are exceptions to this - where World Bank conditionality on structural or sector adjustment loans or credits included pro basic needs conditions, such as shifting the priority within health or education expenditures by the recipient government towards primary level services (see Chapter 4 for more details).

For the analysis, expenditures by a development assistance agency on "basic needs" are classified under five sub-headings:

1. Shelter
2. Water, Sanitation and Household Waste services
3. Primary Health Care
4. Basic Education
5. Other Community Level Initiatives

Since what might be termed a "basic income" is the most common means by which urban inhabitants and most rural landless labourers acquire the possibility of meeting most basic consumption needs, initially, the analysis also included a separate category on "employment and basic incomes". This was excluded, after a preliminary analysis of the expenditures of several development assistance agencies because such a small proportion of their expenditures had as a principal objective increased incomes for those who lack the income to ensure their basic needs are met. The few such projects which have received support are classified within "Other Community Level Initiatives" - and Chapter 4 will include more details of the World Bank's interest in social employment programmes.

I would also have liked to widen my coverage to include within a sixth category all projects that sought to reach those with below poverty line incomes with higher incomes - for instance the World Bank's extensive support for 'small holder' agriculture and various agencies' support for informal sector enterprises. This was not done because it proved impossible to determine which agricultural or other productive projects were targeted to poor groups. A review of the World Bank's descriptions for many of its projects to support 'small-holder' agriculture shows that criteria used for defining what are 'small holders' or 'small farmers' mean the inclusion of many farmers with land holdings too large for them to be considered as among the 'poor'. This is also a criticism levelled at the Bank by other external commentators (see for instance Caufield 1997).

Development assistance agencies do not report on the proportion of their expenditures which are allocated to basic needs projects as defined above. Most development assistance agencies publish little detailed information on the sectoral distribution of loan or grant commitments. When reporting on their sectoral priorities, the sectors or project categories they use are too aggregated to provide an accurate picture of the priority given to different kinds of project or to allow the separation of "basic needs" expenditures from non-basic needs expenditures. For instance, during the 1980s, the annual reports on British Overseas Aid, in presenting information on sectoral priorities for project expenditures, had a category called 'Environmental Amenities' which included water supply, sanitation, urban and industrial

development projects (Overseas Development Administration, 1985, 1986, 1987, 1988). Since there is no disaggregation between these different kinds of projects, it is not possible to determine how much was spent on "water supply" as distinct from "urban and industrial development". It is also not possible to disaggregate expenditures within this broad sectoral category into those which could be classified as basic needs and those which are not. The Asian Development Bank (AsDB) often uses a category called "social infrastructure" to report on its sectoral priorities and this includes all projects for water supply, sanitation, health and education (see for instance Asian Development Bank 1985, 1986, 1988, 1989, 1991). Here too, it is impossible to separate basic needs from non basic needs expenditures - for instance to separate basic needs oriented water supply projects from those with no basic needs orientation (such as the construction of reservoirs primarily to improve water supplies to industry) or to separate expenditures within education between basic needs (for instance primary education and literacy programmes) and non-basic needs (such as university facilities). Many of the AsDB's annual reports provide a more disaggregated sectoral analysis, presenting the proportion of total commitments made to 'education', 'health and population' and 'water supply and sanitation', but these still do not allow the separation of 'basic needs' from 'non basic needs' projects. The World Bank's annual reports provide a more disaggregated picture of its sectoral priorities than most other donor agencies - but the categories still remain too aggregated to be able to determine the relative priority given to basic needs. For instance, it reports on the priority within total funding commitments to "population, health and nutrition" but this includes support for primary health care and for curative-focused tertiary hospitals. Similarly, it reports on the proportion of total funding going to education, but this includes support for secondary and tertiary education, research and curriculum reform, as well as primary and basic education. The Bank does not report its commitments to urban projects targeted to low income groups for integrated community development or slum and squatter upgrading separated from its overall support for 'urban development', so it is not possible to gauge from its official statistics the proportion of its funding for urban development that goes to basic needs. Sida also uses similar categories to report on its sectoral priorities and as Chapter 6 will describe, these are too aggregated to permit any estimate as to the proportion going to basic needs.

Other agencies use categories such as 'Social infrastructure' or 'Urbanization' into which many different kinds of projects are grouped. The fact that development assistance agencies use such broad categories makes it difficult (if not impossible) to assess from their own statistics how much development assistance is allocated to specific project areas or to specific types of project like "basic needs" projects. In addition, the fact that each agency uses its own sectoral categories in reporting on its sectoral priorities prevents accurate inter-agency comparisons. While the OECD Development Assistance Committee has sought to improve

the detail and accuracy of statistics on different aid agencies' sectoral priorities to allow inter-agency comparisons to be made, it also uses highly aggregated and imprecise categories such as 'planning and public administration', 'water supply and other' and 'education' (OECD 1994).

To obtain a detailed picture of the priority given by any development assistance agency to basic needs, three steps have to be followed:

1. To define precisely what are considered to be "basic needs" expenditures;
2. To review all the individual project expenditures of a particular development assistance agency to allow the identification of those which, according to the definition in 1. above can be classified as "basic needs"; and
3. From 2. above, to calculate the proportion of total commitments which are committed to "basic needs".

The five sub-headings which are to be used in my thesis's analysis of different kinds of basic needs projects were listed earlier. Below is given a more detailed definition of the kinds of expenditures which the analysis will consider as "basic needs".

1. SHELTER: Basic needs projects in this category include all expenditures targeted at low income groups which: directly improve people's shelter and living conditions (for instance upgrading projects); provide people with the land or finance to allow them to do so themselves; and offer people more secure, affordable options for accommodation than their current accommodation (whether rented or for their own ownership). Thus, this category includes expenditures on projects or programmes for slum and squatter upgrading, site and service schemes, core house and low cost housing projects and community development projects which have shelter construction or improvement as their main focus. They include projects to produce the materials, fixtures or fittings needed for low cost housing or for the improvement of existing, inadequate quality housing. They also include loan or credit schemes which seek to provide households with the funds to build, improve or extend their own housing. Projects within this broad category of 'Shelter' are coded according to these different types of project to allow an analysis as to the kinds of Shelter project which receives priority from any agency. Annex 1 contains details of the nine different kinds of shelter project used in the analysis.

2. WATER, SANITATION AND HOUSEHOLD WASTE SERVICES: Expenditures on basic needs in this category include all forms of investment to remove faecal matter from the living environment and all investments in water supply which improve standards for households or

expand the number of households served. They also include projects to provide or improve storm and surface water drainage in residential areas - not least because many low income communities have no sewers and storm and surface water drains are *de facto* sewers (Cairncross and Ouano, 1990). They also include projects on garbage collection and disposal where the focus is provision or improvement of services to residential areas. Note should be made that this category does not include all water projects but only those which include as a main goal reaching people with better water provision. Projects which increased the supply of water to a city (eg through the construction of a reservoir) and contained no component to extend this increase in supply to households would not be classified as basic needs projects. Projects which only increase supply do not in themselves guarantee an improvement in services to households or an expansion in the number of households served.

3. PRIMARY HEALTH CARE: Basic needs projects in this category include those for the various components of a comprehensive primary health care system other than those included under water and sanitation. Thus, they include projects for health care services, immunization and health education and nutrition projects aiming to reach groups identified as malnourished or vulnerable to malnutrition with improved diet. This category does not include projects to build or extend hospitals except where such hospitals are servicing the level of first referral and part of a wider project oriented to primary health care.

4. BASIC EDUCATION: Basic needs projects in this category include all projects to provide or improve primary education and literacy and what might be termed basic education. It does not include projects for secondary or higher education or vocational education.

5. OTHER COMMUNITY LEVEL INITIATIVES: Basic needs projects in this category include all projects which aim to meet basic needs but do not fall under the previous four categories. It includes electrification projects where the project focus is on provision to residential areas; it does not include projects for power stations or for national or regional grid systems. It includes projects on employment and income generation where the focus is on reaching those with inadequate or no incomes. In many development assistance agencies, the most common kind of project within this category are multi-sectoral projects which are termed 'Integrated Community Development' projects and these contain components from the different basic needs categories outlined above. For instance, one project in a squatter settlement may have project components for water, sanitation, garbage disposal, primary health care, housing tenure regularization and building material production. This cannot be classified according to the categories 1-4 above so such projects are categorized as "Integrated Community Development". Also within this category are projects aiming to ameliorate the social impact of structural adjustment through expanded or improved social service provision

and job creation.

Where a project had a major component for basic needs, but was not all for basic needs, it was classified as a basic needs project. For instance, many education projects include support for primary and secondary education and these were classified as basic needs projects. Annex 1 contains more details of how each basic needs project was classified.

3.3.2 Information sources for the project database and the quantitative analysis

For Sida, the World Bank and a range of other development agencies, a review was made of all project commitments over a number of years, and from this, those projects which fell within the above 'basic needs' categories were identified. Details of each of these projects was then entered into a computer database. Box 3.1 below gives an example of the information introduced into this database about one particular basic needs project.

Box 3.1: An example of the data included about each basic needs project in the database

DONOR: IBRD
 DATE: 95
 RECIPIENT NATION: Mexico
 REGION: Latin America

AMOUNT: 500.00 (US\$m) Total project cost: 1,095.00 (US\$m)
 CONSTANT VALUE: 434.78 (US\$m 1990)

CONDITIONS: commercial loan - IBRD
 COFINANCERS:
 NATIONAL COUNTERPART:
 COUNTERPART FUNDING: 595.0 (US\$m) DONOR CODE: WB9534

PROJECT NAME: Second Decentralization and Regional Development Project

This loan will support investments in rural areas in basic social and economic infrastructure, eg. provide potable water to small localities, rehabilitate and maintain roads, and support income-generating projects. About 10 million people are to benefit. Indigenous communities and women's groups targeted by pilot income generating components. This is concentrated in eight of the poorest states in Mexico

BANK CLASSIFICATION: Public sector management
 LOCATION: Rural
 PURPOSES: RURAL SOCIAL AND ECONOMIC INFRASTRUCTURE
 Project category: 151

SOURCES: World Bank, *Annual Report 1995*, Washington DC, 224 pages; World Bank (1996), *Poverty Reduction and the World Bank: Progress and Challenges in the 1990s*, Washington DC, 140 pages

The value of each project commitment was entered for the year in which it was made, and this

was then converted into US\$ constant at its 1990 value - so comparisons of the scale of commitments to basic needs or to any particular aspect of basic needs over time remained valid.

For the World Bank, the review of all project commitments covered the years 1970 to 1996. Each year, the Bank publishes a full list of all its project and other commitments in its Annual Report - and this list also includes short descriptions of each project. Additional data about the scope and focus of each project can also be drawn from other sources - and this proved necessary, where there was too little detail in the description of a project in the Bank's annual report to permit its classification as a basic needs or non basic needs project. The World Bank made commitments to over 800 'basic needs' projects during these 27 years, and details of each of these were entered into the computer database. This provided the basis for the analysis of the Bank's commitments to basic needs in Chapter 4. To provide a broader context for this analysis, details of the Bank's commitments to East and Central European Nations, to sectoral and structural adjustment and to other sectors were also entered into this database, as described in Chapter 4, so it was possible to review changes in the Bank's sectoral priorities other than those related to basic needs for this period.

For Sida, it was not possible to cover a comparable time period, nor to cover all Sida's project commitments. What was available was a complete set of 241 project agreements that Sida had made with the countries which are the principal recipients of Swedish bilateral aid between 1979 and 1989. Details of each of these project agreements was entered into the computer database, which also allowed not only an analysis of the priority to basic needs but also of other sectoral priorities for these years.

For UNICEF, it was not possible to follow the same method for analyzing its sectoral priorities, since UNICEF does not publish details of all its project commitments. However, it was possible to obtain detailed information on UNICEF's sectoral priorities, drawing on official UNICEF statistics, many of them unpublished, that UNICEF headquarters made available.²

Table 3.1 was prepared, using the methodology described above, to include not only the World Bank, Sida and UNICEF, but also other donor agencies for which it was possible to obtain details of all their project and other commitments over a number of years. This quantitative analysis of a development assistance agency's priority to basic needs is only possible when a donor agency makes available information on each of its project or programme expenditures. Such information must be sufficiently detailed in regard to what the

² The author returned an initial draft of this quantitative analysis to UNICEF in 1991, to ensure its accuracy. UNICEF subsequently requested permission to publish this within a UNICEF publication *Reaching Summit Goals in Urban Areas: New Means and New Partnerships* - David Satterthwaite and Diana Mitlin, *Urban Examples* Volume 18, UNICEF, New York, October 1992.

funding is to be used for to allow a judgement to be made as to whether it falls within one of the basic needs categories defined above. For each of the agencies listed in Table 3.1, a review was made of all their project commitments with details of all those that met the criteria presented above as 'basic needs' introduced into a computer database. For most of the agencies, this analysis covered the years 1980 to 1993.

This table highlights the relatively low priority that most of the agencies listed gave to basic needs. For the multilateral development banks, the analysis separates their concessional loans (their 'aid') from non concessional loans, to see if there are significant differences in the priority given to basic needs. The Table shows how only in two instances - the soft loans of the Inter-American Development Bank and UNICEF - did commitments to basic needs projects or programmes account for 20 or more percent of all commitments. For the Asian and Caribbean Development Banks, less than 10 percent of their soft loans and their non-concessional loans went to basic needs. The same is true for the Inter-American Development Bank's non-concessional loans and for the Overseas Economic Cooperation Fund - the main channel of funding for Japanese bilateral aid (although the analysis for this agency only covered 1987 to 1991).

Table 3.1 includes only two bilateral agencies, Sida and OECF, because no complete list of all project and other commitments with descriptions about the purpose of each commitment was found for other bilateral agencies over a number of years. The only other data source found on bilateral agencies' sectoral priorities was from the publications of the OECD's Development Assistance Committee. The author visited the statistical division of this Committee and this confirmed that the information given by the bilateral aid programmes that are members of this committee about their commitments lacked the detail to permit this Committee to publish comparisons of the bilateral agencies' commitments to basic needs.³ However, the limited statistics on bilateral aid programme's sectoral priorities published by this Committee in its annual review of development cooperation and in its other publications do confirm the low priority to health care and to water supply from most bilateral agencies (OECD 1989, 1990, 1991, 1992, 1994, 1995).

³ The head of the statistical division, at the time of this visit, was very helpful in suggesting improvements to the design of the computer database used for the quantitative analysis.

TABLE 3.1: THE PRIORITY GIVEN TO BASIC NEEDS BY A RANGE OF AGENCIES, 1980-93

AGENCY	Total funding (US\$ billion)	Percent of total project commitments					Percent of total commitments to Basic needs 1980-93
		SHELTER RELATED	WATER AND SANITATION	PRIMARY HEALTH CARE	BASIC EDUCN	POVERTY REDN & JOBS	
<i>AID (CONCESSIONAL LOANS OR GRANTS)</i>							
International Development Association							
** Africa	27.9	1.2	3.6	2.7	4.3	1.9	13.9
** Asia	38.6	1.3	5.5	5.3	2.7	1.4	16.3
** Latin America & Caribbean	1.9	1.4	3.8	3.5	1.8	7.6	18.2
African Development Bank	10.2	0.4	7.3	2.7	4.3	1.3	16.1
Asian Development Fund	14.3	1.0	4.4	1.6	1.7	0.3	8.9
Inter-American Development Bank	6.5	3.4	18.0	1.4	3.1	1.3	33.0
Caribbean Development Bank	0.7	1.2	4.1	-	-	0.5	6.1
UNICEF	6.6	0.0	13.7	33.5	7.9	-	55.1
Sida (1979-89)*	c.6.0	0.1	4.9	6.4	5.9	0.1	17.4
Overseas Economic Cooperation Fund, Japan (1987-91)	36.5	0.9	3.8	-	0.4	-	5.4
<i>NON CONCESSIONAL LOANS</i>							
International Bank for Reconstruction and Development (IBRD)							
** Africa	29.6	3.3	8.0	1.2	0.9	0.1	13.7
** Asia	90.6	2.2	3.3	0.9	0.9	0.04	7.3
** Latin America & Caribbean	68.7	3.8	5.1	1.6	2.1	0.0	12.7
African Development Bank	17.6	0.1	9.0	0.4	1.6	0.4	11.6
Asian Development Bank	30.9	1.2	4.5	1.0	-	-	6.8
Inter-American Development Bank	41.7	2.1	6.3	0.3	0.3	0.6	9.6
Caribbean Development Bank	0.5	1.0	6.7	0.0	0.0	0.0	7.7

NB. Shelter projects include slum and squatter upgrading, serviced site schemes, core housing schemes and community development projects which include housing improvement. These funding flows only apply to commitments to countries in the South - for instance, they do not include World Bank commitments to East and Southern European nations. Water and sanitation are part of Primary Health Care so the column headed Primary Health Care includes all its components other than water and sanitation. Basic education is taken to include primary education, literacy programmes and basic education programmes. UNICEF figures are for disbursements, not commitments so they are not directly comparable; they are included here to give an idea of the scale and relative importance of UNICEF funding in this project category. The disbursements for basic health care include support for child health and nutrition and for child and family basic health services. The funding totals noted above including funding for both rural and urban projects. For the totals reported here for water supply, sanitation and drainage, these only included projects whose main focus was delivering or improving these for human use. For Sida, the analysis is for 241 project agreements reached with its programme countries between 1979 and 1989 (see chapter 6 for more details)

3.3.3 *Other quantitative analyses of donor agencies' sectoral priorities*

The idea of undertaking an analysis of development assistance agencies' sectoral priorities based on a review of all their individual project commitments was first suggested by the director of the research programme in which I work - see Donelson and Hardoy (1977). After the first UN Conference on Human Settlements in Vancouver in 1976, the research programme where I work received support from the Canadian Government to monitor whether Third World governments and development assistance agencies would respond to the Recommendations for National Action that had been formally endorsed at this Conference. I worked primarily on reviewing changes in the responses of Third World governments, as part of a larger research programme (the findings of which were published in Hardoy and Satterthwaite 1981). To monitor changes in development assistance agencies' priorities, the (then) Director of the research programme, Jorge E. Hardoy, suggested that this be done by reviewing all their project commitments and using this as the basis for analyzing changes in the priorities they gave to different kinds of project. This initial analysis did not concentrate on basic needs projects but on projects with a 'direct', 'less direct' and 'indirect impact on human settlements (Donelson and Hardoy 1977, Hardoy and Schkolnik 1978). Together with my colleagues, I subsequently developed this analysis with the findings published in Blitzer, Hardoy and Satterthwaite (1983). I then used this basic method of analyzing sectoral priorities to develop a computer database to allow a more detailed examination of changes in priorities and to re-orient the classification of projects towards an analysis of basic needs.

Two other instances were found of comparable analyses. The first was the database developed by the World Health Organization (WHO) which sought to track the scale and nature of donor funding for water supply and sanitation during the 1980s, after this had been designated by the UN General Assembly as the International Drinking Water Supply and Sanitation Decade. This database also contained details of all project commitments by a wide range of donor agencies, but restricted to water and sanitation. I was in close contact with the staff from the World Health Organization responsible for this database, and data from the WHO database was used to verify the accuracy of my database for water and sanitation. WHO no longer maintains this database, due to funding problems.

The second example of what appears to be a comparable analysis was a table published in the 1994 *Human Development Report* (UNDP 1994), and technical notes which recommended a new aid reporting system which included a disaggregation of donor agencies' sectoral priorities that was similar to the one used in this thesis. For instance, this Report recommended that statistics be made available about the proportion of each donor's funding that is allocated to 'human development priorities' which are:

"Primary health care (including family planning)

Basic education

Low-cost rural and peri-urban water and sanitation

Nutrition support

"Total aid to social sector" (ibid, page 109).

This report also recommended that the OECD Development Assistance Committee be the organization best able to take the lead in providing such statistics.

This 1994 *Human Development Report* also published a table which included the proportion of various multilateral agencies' commitments that were allocated to "ODA for human priorities" with human priorities said to include "basic education, primary health care, safe drinking water, adequate sanitation, family planning and nutrition programmes" (see Table 4.5, page 74) for 1989/91, which one assumes was based on an analysis of all project commitments, similar to the one undertaken in this thesis. However, some of the figures in this Table were clearly inaccurate - for instance, the African Development Bank/African Development Fund was said to commit only 4.1 percent of its funding to "human priorities" for 1989 to 1991, yet during these three years, the allocation just to safe drinking water and adequate sanitation which were mentioned as part of 'human priorities' was more than 4.1 percent (see the annual reports of the African Development Bank Group for 1989 to 1992). The figures given for the World Bank's priority to 'human priorities' also appeared too low. Contact was made with UNDP staff responsible for preparing this report to seek to establish the reasons for these disparities, but no response from UNDP was forthcoming. However, UNDP has not included this or any comparable table in later editions of the *Human Development Report*.

3.4 Methodology for the qualitative analysis

3.4.1 Choice of agencies

If it is the structure of development assistance agencies that is a major constraint on ensuring a high priority to basic needs, rather than conscious policy decisions or external influences, then comparable structural constraints might be apparent in different agencies. For the second aspect of the research, the interviews with staff from selected agencies and the review of internal agency documents (where possible), I chose official development assistance agencies that were as diverse as possible. However, the choice of agencies was also influenced by those that would permit an outsider to interview a sample of their staff, to choose who to interview and (if possible) to gain access to internal documents that related to the agency's sectoral priorities.

Initially, four agencies were selected: two multilateral agencies, and two bilateral agencies. The reason for choosing two of each is because multilateral agencies should be more insulated from commercial pressures than bilateral agencies and also less influenced by the foreign policy priorities of donor governments. For the multilateral agencies, the World Bank and UNICEF were chosen, because they represent contrasting approaches and structures. The first is the single largest development assistance agency in the world and it operates as a bank, providing loans, within a highly centralized structure with most of its staff in its headquarters

in the United States. The second is a grant-giving institution with a highly decentralized structure, with most of its staff in offices in recipient countries. The World Bank has a broad remit in what it can fund whereas UNICEF has a narrow remit, since its work has to focus specifically on the unmet needs of children (and their parents). UNICEF also has the institutional legacy of an agency that was originally set up as a relief agency, not a development agency. As Chapters 4 and 5 will make clear, these are among the many aspects in which UNICEF and the World Bank differ and by many criteria, these two agencies represent opposite ends of the spectrum in regard to multilateral agencies. It is also notable that UNICEF was the official donor agency that was most critical of the World Bank, during the 1980s (see for instance Cornia, Jolly and Stewart 1987).

I originally planned to consider two bilateral agencies that also had contrasting approaches, institutional histories and structures - the Swedish government's and the UK's government's main bilateral aid agencies. The first, the Swedish International Development Cooperation Agency (previously the Swedish International Development Authority) was a relatively new agency in a country with no colonial empire and, at the time of the research, a long-established social-democratic government and a commitment within the government to separating the aid programme from Swedish commercial interests. The second, what was then the Overseas Development Administration (now the Department for International Development) is one of the oldest bilateral agencies which evolved out of a colonial office and whose funding is heavily concentrated on the country's former colonies; at the time of the research, this was also an agency that had been changed under a Conservative government to make it more oriented towards the promotion of UK commercial interests. However, in the case of the Overseas Development Administration, permission to interview a sample of the agency's staff was refused.⁴ Initial attempts to obtain a complete list of all this agency's project commitments over an extended period also proved problematic. Since the research depended on the possibility of interviewing a diverse selection of staff from the agency and on being able to choose who was to be interviewed, the research on this agency could not proceed. The difficulty in getting complete information about all their commitments also limited the scope for the quantitative analysis. Initial enquiries were made regarding the possibility of replacing the Overseas Development Administration with another bilateral agency with a relatively commercial orientation and a colonial background but initial approaches to such agencies suggested that there was little possibility of being permitted to interview a sample of staff, to choose this sample and to be provided access to internal documents.

⁴ The justification for this refusal was that this agency had a clear policy and as such, interviews with different staff members were not necessary, since all would report on this same policy.

For UNICEF, Sida and the World Bank, the author was provided with permission to interview their staff, freedom to choose who should be interviewed and access to some internal documents that related to these agencies' sectoral priorities. Each agency also allowed for the use of an office within their buildings, so contacts would be made more easily with agency staff, and the notes from interviews written up immediately after each interview. For Sida and UNICEF, obtaining this access proved unproblematic and in both agencies, senior staff members welcomed the research. For the World Bank, it took two years to negotiate such access.⁵

3.4.2 Information Sources

The main source of information regarding the internal and external influences on the priority given to basic needs by any donor agency came from interviews with staff members of the World Bank, UNICEF and Sida. Semi-structured interviews were held with a purposive sample of staff members which concentrated on questions in regard to what the interviewees saw as the main constraints on increasing their agency's funding to basic needs projects. These questions were prepared, after an initial analysis of each agency's sectoral priorities, so that information from this analysis could be included within the questions. The information from the interviews was supplemented by a review of each agency's official documents and a review of internal documents made available by the staff of each agency. For instance, for the World Bank, internal documents made available by staff of the Bank's Operations Evaluations Unit which acts as the main review process on project and/or loan performance, within the Bank were especially helpful. UNICEF and Sida staff also made available many internal documents.

For the semi-structured interviews, each lasted for between 40 minutes and one and a half hours. Annex 2 lists the range of questions asked for each agency, although the range of questions was adjusted to each individual interviewee to concentrate on their particular area of responsibility and knowledge.

The decision was made to concentrate on a relatively small sample of staff from each agency in terms of people interviewed but to seek to go into considerable depth for each interview. Although the size of the sample for each agency - 29 at the World Bank, 24 at UNICEF, 25 at Sida - means that no claim can be made regarding a representative sample of all staff within each agency, the selection of interviewees was undertaken to ensure that opinions were drawn from a diversity of staff - in terms of seniority, sectoral responsibility, professional training

⁵ At first, permission was granted, but the person who provided permission changed jobs, and his successor initially refused permission. Subsequently, he agreed to allow the research and since doing so, has been very supportive of the work.

and geographic responsibility and a balance between those involved in operations (ie in negotiating, implementing and monitoring funding), research and evaluation. Annex 3 lists the persons interviewed, and gives details of their rank and their department, at the time of the interviews.

The selection process for interviewees within each agency began by reviewing each agency's organization chart at the time of the interviews. For instance for the World Bank, when the interviews were undertaken, the Bank was organized into sixteen offices: the office of the President; fourteen offices each headed by a vice president; and the Operations Evaluation office headed by a director general. Of the fourteen offices headed by a vice president, six were geographic offices and these were responsible for the Bank's main business - providing loans to member governments and thus taking responsibility for negotiations with potential recipient governments, developing and appraising projects (or loans for specific sectors) and monitoring their performance. The other offices were: financial policy and risk management; treasurer; controller; cofinancing and financial advisory services; development economics; sector and operations policy; personnel and administration; and corporate planning and budgeting. The selection of interviewees sought to include a range of people by office, department and division/sectoral speciality and to include a high proportion of people who work (or had worked) with basic needs projects. At the level of individual offices, interviews were held with one or more persons from eight different offices, including four of the six geographic offices. Interviews were also held with one or more persons from: development economics, sectoral and operations policy; personnel and administration; and operations evaluation. In terms of seniority, the interviews included one department chief, two division chiefs and a diversity of grades down to country officers. In terms of geographic responsibility, one or more persons were interviewed from geographic offices covering: Latin America and the Caribbean; Europe and the (former) Soviet Union; the Middle East and North Africa; Africa; and South Asia.

For UNICEF, interviews were held with twenty staff members based in UNICEF headquarters in New York supplemented by interviews with staff from the Tanzania office and with the directors of the Kenya office in Nairobi and the Argentine office in Buenos Aires. Although the size of the sample is such that it has no claim to be representative of all UNICEF staff, the selection sought to ensure at least one representative from each of the main groups within UNICEF was included among the interviewees. It also sought to ensure that UNICEF staff from country programmes were also represented; visits were made to UNICEF's office in Kenya and in Argentina to interview country staff based there and country staff from the Tanzania office were also interviewed. Annex 3 lists the persons interviewed. This included staff from the Office of the Executive Director (including UNICEF's Deputy Executive

Director) and staff from each of the three groups into which staff at UNICEF's headquarters fell in 1990: the External Relations Group; the Operations Group; and the Programme Group. The research at UNICEF was supplemented with an analysis of returns from a questionnaire sent to UNICEF country offices in late 1990 (with returns coming back in late 1990 and early 1991) that sought to identify the constraints they face in developing or expanding an urban poverty focused programme. This questionnaire was sent by the (then) senior urban advisor at UNICEF headquarters with the questionnaire designed and sent out to UNICEF country offices, while I was in New York undertaking the interviews. This was primarily to learn of the constraints on an increased priority by UNICEF country offices to urban basic services. The senior urban advisor (who facilitated my visit to UNICEF) included several questions of particular relevance to the topic of this thesis in regard to the constraints faced by these country offices in implementing basic services programmes and provided me with copies of all the returned questionnaires. Chapter 5 includes an analysis of these questionnaires. The research on what influences UNICEF's sectoral priorities was also helped by a review of internal UNICEF memoranda and documentation, made available to me by the (then) Senior Urban Advisor within UNICEF and by published reports. The most important of these were a 550 page history of UNICEF (Black, 1986) and two papers in the UNICEF History Series (Beyer, 1987; Cousins, 1989). The papers by Martin Beyer and by William Cousins are particularly interesting in that both are former staff members who served for many years in UNICEF; Martin Beyer had a central role in the development of UNICEF's water programme while William Cousins had an important role in the development of an urban programme within UNICEF during the 1970s and 1980s.

For Sida, the selection process for interviewees drew on its organization chart in 1991 with the initial list of potential interviewees discussed with the Sida staff member who had arranged for official permission to be given for the interviews to take place. This staff member helped identify people within each Department or Division with a long experience within Sida and who also had previously worked in Sida Development Cooperation Offices and thus who had experience in negotiating with recipient governments in developing aid programmes.

At the time of the interviews, Sida was organized within two secretariats (one for information, one for planning which included the evaluations unit) and five departments: three regional departments in which the country-programmes were located (with one each for Southern Africa, Eastern/Western Africa and Asia/Latin America); a sector department (with six divisions) and an administrative department. The list of people interviewed contained in Annex 3 shows how this included people from Regional Departments II and III, the Planning Secretariat (including the evaluations unit) and the sector department (including one or more persons from the agriculture, education and infrastructure divisions). Several of the

interviews from the sector division had previously worked within country programmes in departments I, II and III. One of those interviewed was about to become head of a new Department IV - for Latin America.

At the level of individual sections or divisions within departments, interviews were held with one or more persons from water supply and sanitation, roads, education, construction, health, agriculture and women in development. The interviewees included people who had been based in Sida's development cooperation offices in Zambia, Senegal, Tanzania, Angola, Mozambique, Vietnam and Guinea Bissau.

3.4.3 The Key Questions

Interviewees were asked what they considered to be the main constraints on increasing their agency's funding of basic needs projects. The questions sought to separate out five distinct influences: the first two being internal to the agency, the other three being external:

- a. Conscious decisions made by staff at the agency as to sectoral priorities, with a low priority to basic needs projects being a conscious choice on the part of staff as country programmes or individual projects were developed. Consideration of this had to include the explicit and implicit influences of senior staff as well as more junior staff involved in managing projects - and as Chapters 4 and 5 will show, the Office of the President in the World Bank and the Office of the Executive Director in UNICEF had important influences on sectoral priorities.
- b. Sectoral biases created as a result of the institutional structure of the agency and the norms and procedures by which it works (for instance basic needs projects proving to be relatively difficult for the staff to develop and to perform well according to the criteria used within the agency to monitor and evaluate project performance);
- c. The explicit and implicit influences of the bodies that supervise and influence the allocation of funding to the agencies. For Sida, the most important is the Swedish Parliament, although the Swedish Foreign Ministry also proved important. For UNICEF and the World Bank, this includes their Board and the board members represented. For the World Bank, this is considered an external influence in that the Board of Directors and the governments they represent are a mixture of "shareholders" and "customers" for Bank loans. For UNICEF, the main influences through the Board are through the government representatives that are UNICEF's main funders.
- d. The explicit and implicit influences of the recipient governments in their negotiation with the agency for grants, loans or credits; and
- e. Other external influences, including commercial interests and the influences brought by NGOs and other pressure groups.

Apart from specific questions addressed to these issues in each interview, two general questions were also asked which have relevance to understanding how projects are chosen:

who initiates projects and sets the priorities for projects; and what are the main constraints on the agency's effectiveness. As can be seen by the questions listed in Annex 2, the questions were phrased in such a way so as to avoid antagonizing the interviewee. Staff from each of these agencies, as in staff from any development assistance agency, are sensitive to questions relating to the priority they give to basic needs projects, in that a low priority to basic needs projects might make them a target of criticism. Outsiders who ask questions about the low priority to basic needs and why this is the case might be considered potentially damaging to the agency and such information used to generate hostile public reaction to its work. The political sensitivity of the questions may be one reason why it took me two years to obtain permission from the World Bank to undertake the interviews. Staff at Sida also explained how their agency had been subjected to a high level of criticism both from the Swedish government and from the Swedish media during the late 1980s.

To avoid the possibility of antagonizing the interviewees, they were not presented with a written list of questions prior to the interview, although letters to each in advance made clear the scope of the research. Key questions were also memorized, so that the interview could be kept informal, without referring to a formal list of questions to be answered in sequence. I took extensive notes during each interview, but did not tape them; again, the presence of a tape recorder when questions are being asked about potentially sensitive subjects was judged to be detrimental to obtaining detailed and accurate responses.

The main check on the accuracy of information provided during the interviews was the consistency between the responses of different interviewees. The access by each agency to internal documents about how sectoral priorities are established also provided a cross-check on the key influences on sectoral priorities.

4. THE WORLD BANK

4.1 Introduction

The World Bank is formed by two legally and financially distinct entities: the International Bank for Reconstruction and Development and the International Development Association (World Bank, 1993a). It also has two affiliates, the International Finance Corporation, and the Multilateral Investment Guarantee Agency. It is the loans of the International Bank for Reconstruction and Development (referred to as IBRD in the rest of this Chapter) and the credits of the International Development Association (IDA) which are of interest in an analysis of the priority given to basic needs. The International Finance Corporation seeks to promote growth in the private sector of member Third World nations "by mobilizing foreign and domestic capital to invest alongside its own funds in commercial enterprises" (World Bank, 1993a). Since it does not provide development assistance for basic needs, its activities will not be considered. The Multilateral Investment Guarantee Agency set up in 1988, aims to encourage foreign direct investment in Third World nations by protecting investors from non-commercial risks and its operations are also not considered here for the same reason.

Each agency or affiliate within the group is in effect owned by the governments which are its members. IBRD was set up in 1945, coming out of the agreement at Bretton Woods where representatives from 44 nations agreed to the setting up of the International Monetary Fund (to promote international currency stability) and IBRD to help finance the reconstruction and development of member nations, after the Second World War. IBRD made its first loan in 1946. The World Bank Group came into existence in 1956 when the International Finance Corporation was set up; IDA was formed only in 1960.

IDA is the world's largest multilateral aid programme for basic needs projects while the IBRD is the largest development assistance programme to basic needs.¹ IBRD can be considered as a bank which later acquired a 'developmental' focus (Wood 1986). It provides no aid; the loans it provides have to be fully repaid and carry no grant element. Its capital is subscribed by member nations but it finances its lending operation primarily from its own borrowing on world capital markets. A substantial contribution to its resources comes from its retained earnings and repayments from its loans.

By early 1996, IBRD had 180 member governments (World Bank 1996a). The number had increased considerably in the previous few years, largely through the joining of nations that

¹ See Satterthwaite 1997 for a comparison of the scale of funding for basic needs from different official multilateral and bilateral agencies

had previously been part of the Soviet Bloc; IBRD had 151 governments as members in 1989 (World Bank 1989a), 113 in 1970 and 68 in 1961 (World Bank 1970a). It had had only 45 members in 1947 (Mason and Asher 1973). During fiscal year 1993, 11 nations that had formerly been republics within the USSR joined, along with two Baltic states (World Bank, 1993a). Traditionally, the United States government has always been the most powerful member government and the largest share-holder. However, over the whole period under consideration, 1970 to 1996, its power declined and its share of total contributions to the Bank decreased.² By 1996, it had 17.4 per cent of the voting power (World Bank 1996a) which compares with 21.1 percent in 1980 (World Bank 1980a) or 24.5 percent in 1970 (World Bank 1970a). By contrast, the power of Japan and the importance of its contribution to the Bank increased notably during this period.³ However, what is perhaps most relevant is that a small group of OECD nations can control the institution since a block of nine or ten of them have more than half the voting power. Statistics in the 1993 Annual Report show that ten governments (the USA, Japan, France, Germany, the United Kingdom, Canada, Italy, Netherlands, Belgium and Spain) had more than half the voting power (World Bank 1993a).⁴

IDA was set up as an affiliate of IBRD to work with similar objectives. One of the most important influences leading to the setting up of IDA was the growing demand from Third World governments through their representatives within the United Nations system in the 1950s for a multilateral aid agency; this was originally conceived as a United Nations aid agency but certain OECD governments (especially that of the United States) were concerned about any multilateral aid agency which was not under the control of the main aid donors (Mason and Asher 1973). The location of the new aid agency (IDA) within the World Bank Group was a compromise since, as in IBRD, a small group of OECD nations retain more than half the voting power. Both IBRD and IDA are run by the same staff and they have similar methods of operation, although IDA depends on grants from its richer member governments to allow it to provide concessional loans (or what are usually termed credits, to distinguish them from IBRD loans). IDA also has the brief to concentrate its resources in poorer Third World nations. All governments which belong to IBRD can also apply for membership of IDA.

² This becomes evident when reviewing the changes over the period 1970-96 in the relative scale of United States government contribution to the Bank and its voting power. This review was done by examining the annual reports of the World Bank for each of these years; each annual report contains details of the contributions of each member government and their voting power.

³ See the major increase in Japan's voting power and contribution to subscriptions, comparing 1970, 1980 and 1990 (World Bank 1970a, 1980a, 1989a).

⁴ The expansion in the number of member governments has helped contribute to some dilution in the voting power of the richest countries; in 1970, just six governments had half the voting power - USA, UK, Germany, France, Canada and Japan.

By 1996, IDA had 159 members (World Bank 1996a), three times the number in 1961. This compares to 137 member governments in 1989, 121 in 1980 and 105 in 1970. IDA's capital for the credits it provides comes mostly from funds provided from the aid programmes of richer OECD nations although funds also come from member subscriptions and transfers from IBRD. In 1996, the government of the United States had 15.1 percent of the voting power (World Bank 1996a). In this same year the Japanese government had 10.8 percent (ibid). As with IBRD, a relatively small group of OECD nations has more than half the votes. Statistics in the 1993 World Bank Annual Report showed that the governments of the United States, Japan, the UK, Germany, France, Canada, Italy and the Netherlands had between them more than half of the votes (World Bank 1993a).

4.2 Types of Funding and Scale of Aid/Development Assistance Flows

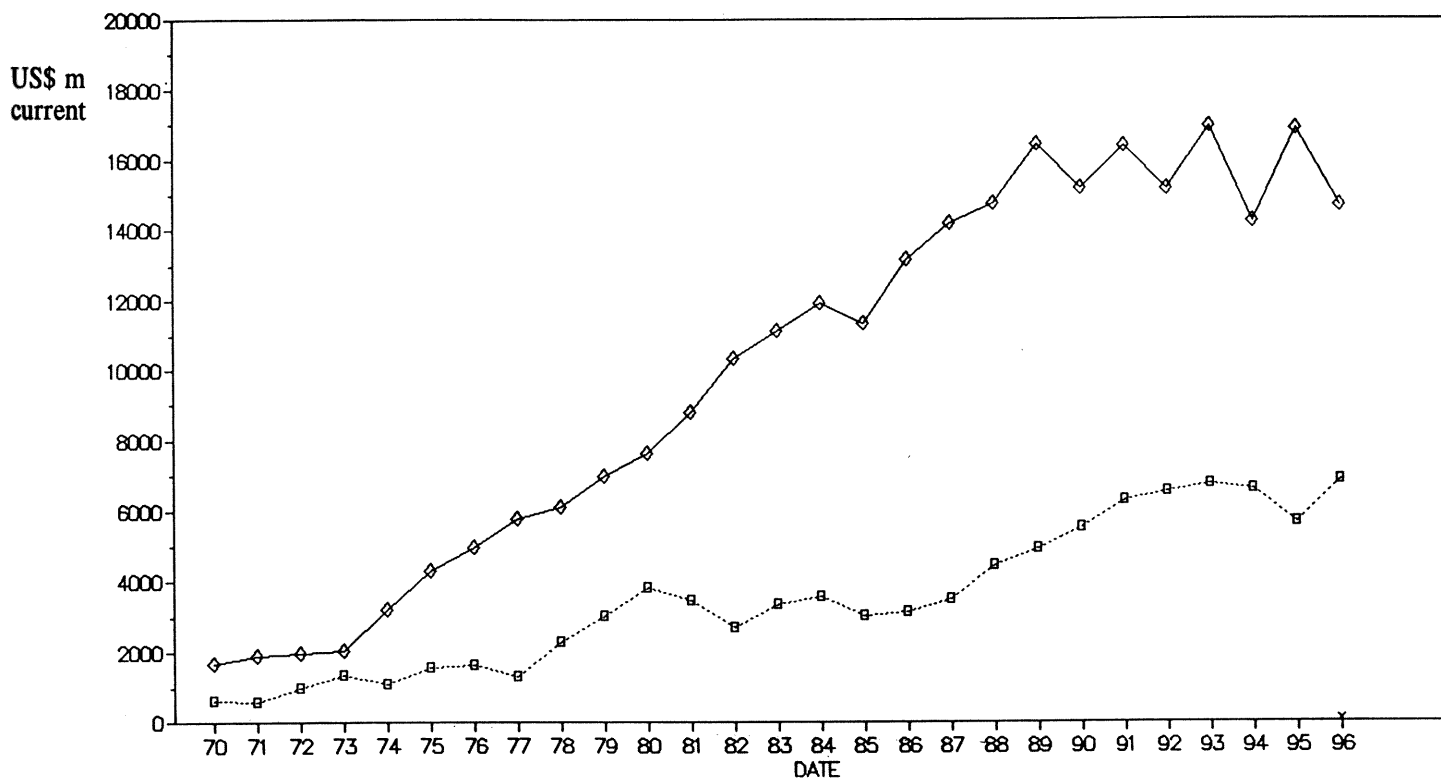
IBRD loans are directed towards "developing countries at more advanced stages of economic and social growth" (World Bank 1989a). Most loans are provided direct to member governments; if provided to another institution, the loan repayment has to be guaranteed by the government. The loan terms are not subsidized; they generally have a grace period of five years and are then repayable over a period of fifteen years or less.

IDA provides credits for the same kinds of projects and programmes as IBRD but at subsidized rates. This differs from the policy of certain other multilateral institutions which tend to use their soft loans to support basic needs projects (or projects with a larger social content) (Satterthwaite 1990) - although as this Chapter will describe, in the early 1990s, IDA began to give a higher priority to basic needs projects than IBRD. IDA credits are concentrated in Third World nations with relatively low per capita incomes since only countries with per capita GNPs below a certain ceiling can obtain IDA credits. In 1993, the ceiling was an annual per capita GNP of \$635 or less in 1991 US dollars (World Bank 1993a); in 1996, it was \$835 in 1994 US dollars (World Bank 1996a). IDA credits have 10 year grace periods, 40-50 year maturities and no interest, although a small service charge is included.

Graphs 4.1 and 4.2 show how the scale of the annual commitments of IDA and IBRD changed for the period 1970 to 1996. The first graph is for commitments at current US\$ millions, the second is for commitments in US\$ millions converted to the value of the dollar in 1990. Official World Bank documents tend to emphasize how the scale of the Bank's commitments continues to grow, but by comparing Graphs 4.1 and 4.2, it can be seen that if the Bank's annual commitments are converted to dollars at constant value, the long term trend within IBRD was for a substantial decline in the size of annual commitments from 1989 to 1996 and for IDA, only in the last few years of the period under consideration did its annual

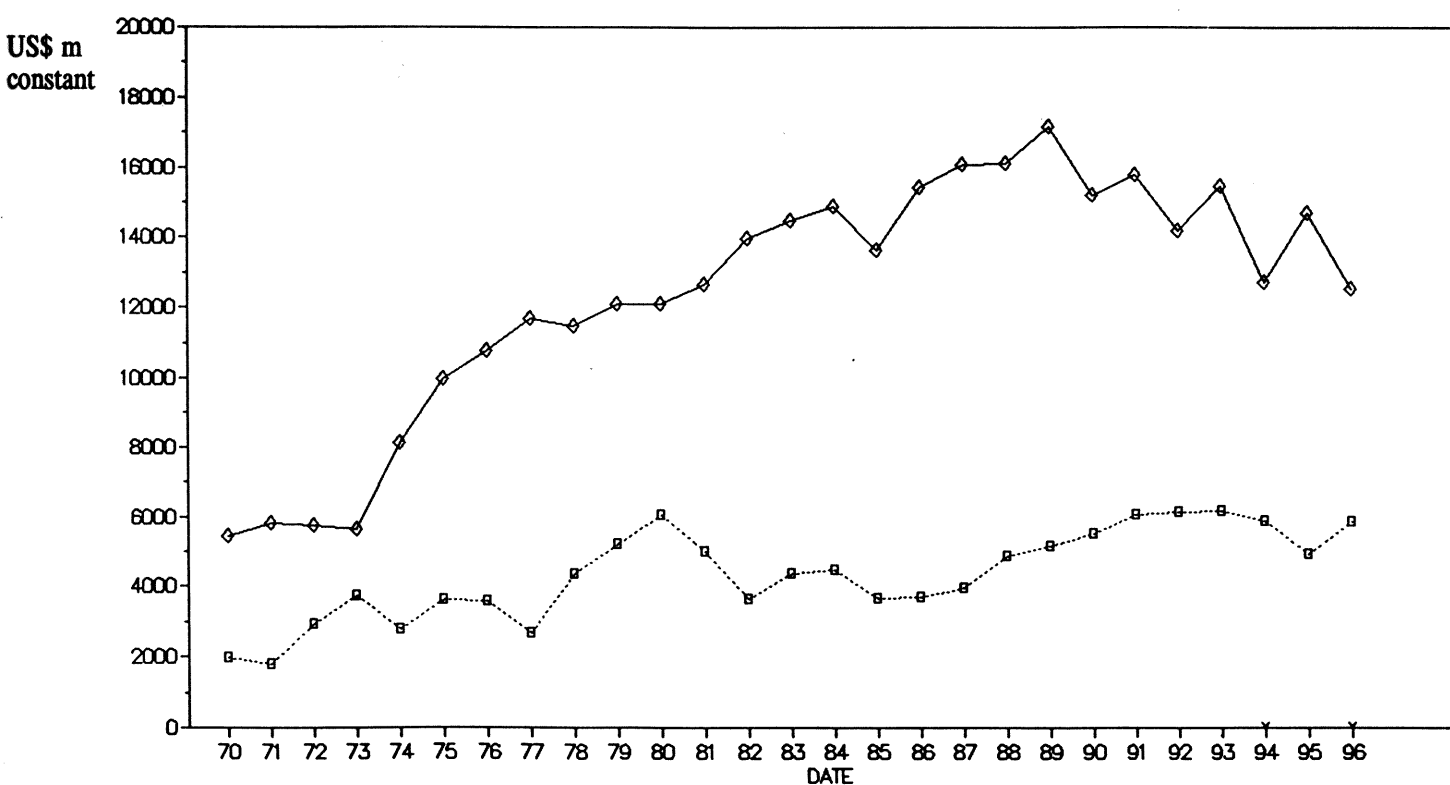
Graph 4.1: World Bank: total commitments by IBRD and IDA, 1970 to 1996 (current US\$ millions)

◇ Commercial loan - IBRD □ Soft loan - IDA



Graph 4.2: World Bank: total commitments by IBRD and IDA, 1970 to 1996 (constant US\$ millions, 1990 value)

◇ Commercial loan - IBRD □ Soft loan - IDA



commitments exceed the earlier peak in 1980.

The graphs also show how IDA commitments came to represent a smaller share of total Bank commitments during the 1980s compared to the 1970s but with an increase for the 1990s (see also Table 4.1 for more details). For much of the 1980s, IDA did not have a growing volume of capital with which to work; in real terms, commitments in 1986 were only 60 percent of the level in 1980. A considerable part of the problems faced by IDA during the 1980s relates to the reluctance of the U.S. government to maintain the real value of its contribution and the late payment of its contribution, even when this had been agreed. The proportion of total commitments that were IDA commitments increased in the late 1980s and early 1990s but this was associated more with the decline in the value of IBRD's annual commitments than with increases in the scale of IDA commitments.

Table 4.1: The scale and relative importance of total annual commitments made by IBRD and IDA, 1970 to 1996

YEAR	Total commitments (US\$ millions 1990 constant value)			Proportion of IBRD+IDA commitments made by		
	IBRD	IDA	IBRD+IDA	IBRD	IDA	IBRD+IDA
1970	5,420	1,954	7,374	73.5	26.5	100.0
1971	5,805	1,788	7,592	76.5	23.5	100.0
1972	5,740	2,919	8,660	66.3	33.7	100.0
1973	5,631	3,726	9,357	60.2	39.8	100.0
1974	8,113	2,761	10,874	74.6	25.4	100.0
1975	9,949	3,630	13,579	73.3	26.7	100.0
1976	10,780	3,585	14,365	75.0	25.0	100.0
1977	11,670	2,649	14,320	81.5	18.5	100.0
1978	11,451	4,344	15,795	72.5	27.5	100.0
1979	12,067	5,217	17,283	69.8	30.2	100.0
1980	12,070	6,060	18,130	66.6	33.4	100.0
1981	12,644	4,998	17,642	71.7	28.3	100.0
1982	13,959	3,630	17,589	79.4	20.6	100.0
1983	14,463	4,339	18,801	76.9	23.1	100.0
1984	14,858	4,445	19,304	77.0	23.0	100.0
1985	13,631	3,635	17,266	78.9	21.1	100.0
1986	15,399	3,669	19,068	80.8	19.2	100.0
1987	16,063	3,946	20,009	80.3	19.7	100.0
1988	16,089	4,860	20,949	76.8	23.2	100.0
1989	17,148	5,148	22,297	76.9	23.1	100.0
1990	15,180	5,522	20,702	73.3	26.7	100.0
1991	15,762	6,051	21,813	72.3	27.7	100.0
1992	14,178	6,127	20,305	69.8	30.2	100.0
1993	15,446	6,160	21,606	71.5	28.5	100.0
1994	12,695	5,875	18,570	68.4	31.6	100.0
1995	14,654	4,930	19,584	74.8	25.2	100.0
1996	12,505	5,866	18,371	68.1	31.9	100.0
ALL (1970-1996)	333,371	117,832	451,203	73.9	26.1	100.0

SOURCE: Figures for annual commitments taken from the World Bank Annual Reports, 1970 to 1996.

4.3 The extent to which Bank funding for non-Third World nations or for structural adjustment drew resources from basic needs (and other) projects

Before looking in detail at how the sectoral priorities of the World Bank - and of IBRD and IDA separately - changed between 1970 and 1996 (the focus of the next section), and which basic needs projects or categories received most support (the focus of section 5), consideration is given here to changes in priority for structural adjustment loans and credits and lending to nations from within the former Soviet Bloc. A fall in the priority given to basic needs projects in Africa, Asia and Latin America and the Caribbean may not be associated with an increase in priority to projects in other sectors, but to an increase in structural adjustment lending or (after 1989) lending to countries that were previously part of the Soviet Bloc. This analysis also permits a testing of the criticism levelled at the Bank that during the 1980s, poverty alleviation was demoted to priority zero so that structural adjustment could take place (Mosely, Harrigan and Toye 1991).

This consideration of how the World Bank's priorities changed is based on an analysis of the Bank's individual project or programme commitments each year for this 27 year period, and not on the Bank's own figures for its sectoral priorities. As noted already, this is because the World Bank does not publish statistics on the proportion of its funding allocated to basic needs and the categories it uses to report on its sectoral priorities are too aggregated to allow any estimation of the priority to basic needs. The figures for the scale or proportion of World Bank funding to basic needs each year in this analysis are the sum of all its project or programme commitments to basic needs in that year, drawn from a computer database into which details of all basic needs project commitments were entered for all years between 1970 and 1996. The methodology used for defining which projects or programmes are 'basic needs' has been presented already in Chapter 3.

To allow this broader analysis of sectoral priorities, within which to locate the analysis of what kinds of basic needs projects received support, details of all individual projects for education, health care and urban development were also entered into this database, along with all details of basic needs projects. In addition, each loan or credit for structural adjustment was also entered individually, separated from other loans and credits made within the broader sectoral category "non-project" within which the Bank reported its structural adjustment loans, up to 1996. In addition, total commitments to non-Third World nations were deducted from total commitments each year. This is for two reasons. The first is because the other two agencies that are the focus of this thesis (Sida and UNICEF) concentrate on Third World

nations⁵ - and so too did the World Bank during the 1970s and 1980s when only a small proportion of its loans and none of its credits went to nations outside of Africa, Asia and Latin America and the Caribbean. The second is that this allows a consideration of whether the scale of commitments to nations from within the former Soviet Bloc might be one factor in the low priority for funding for basic needs in the Third World, especially after 1989 when the political changes in Eastern Europe and the former Soviet Union encouraged many donor agencies (including the World Bank) to provide development assistance to countries in the region. For the World Bank, this was not a new trend, since several Eastern European nations had received loans prior to 1989. But the scale of the Bank's commitments to non-Third World nations increased to unprecedented levels from 1991 with the years 1991 to 1996 having the highest level of commitments for all the years under consideration. Virtually all of this was due to loans to countries that were previously part of the Soviet Bloc.

Graphs 4.3, 4.4 and 4.5 show World Bank commitments for each year between 1970 and 1996 to:

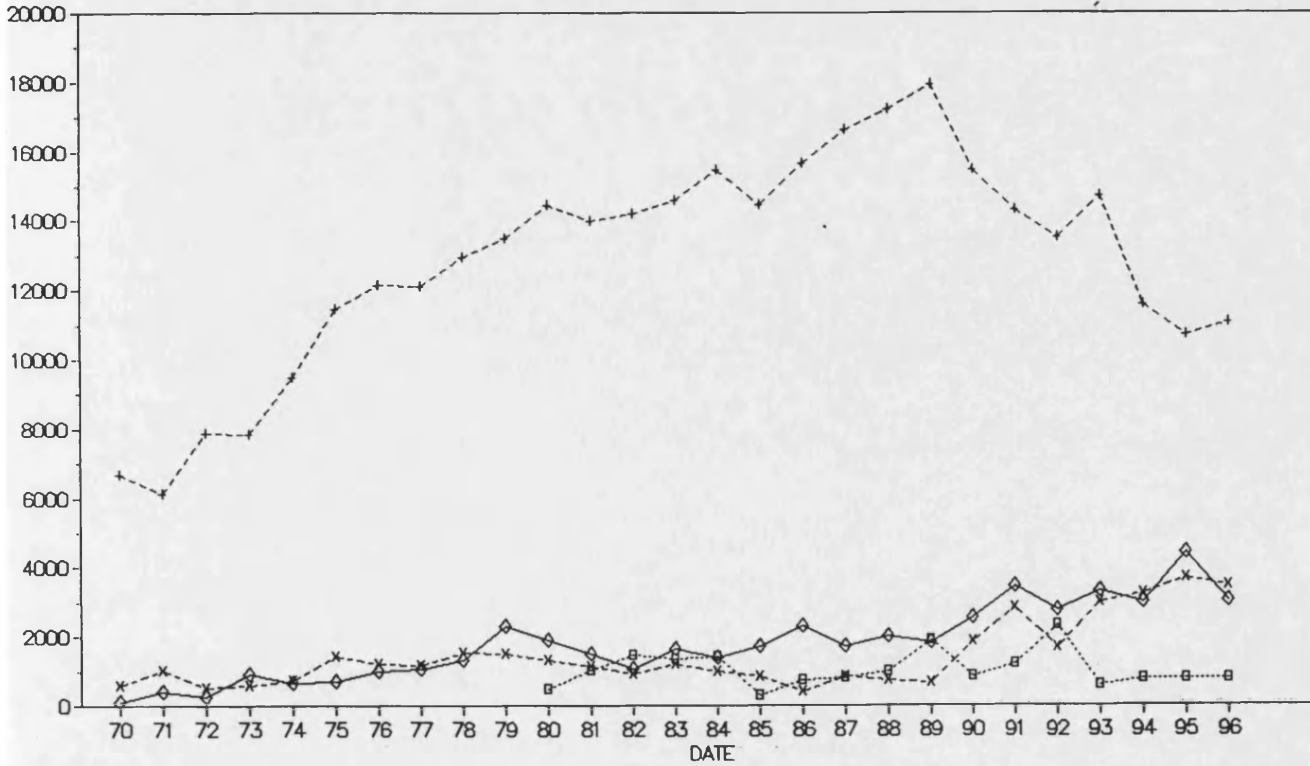
- a. Basic needs projects in Third World nations
- b. Structural adjustment loans to Third World nations
- c. Loans to non-Third World nations
- d. "Other" (which is almost entirely support for non-basic needs projects in Third World nations although it also includes sector adjustment loans and credits which came to be increasingly important during the late 1980s and early 1990s).

Graph 4.3 includes all IBRD and IDA commitments while Graph 4.4 shows only IDA commitments and Graph 4.5 only IBRD commitments. Certain points are worth noting.

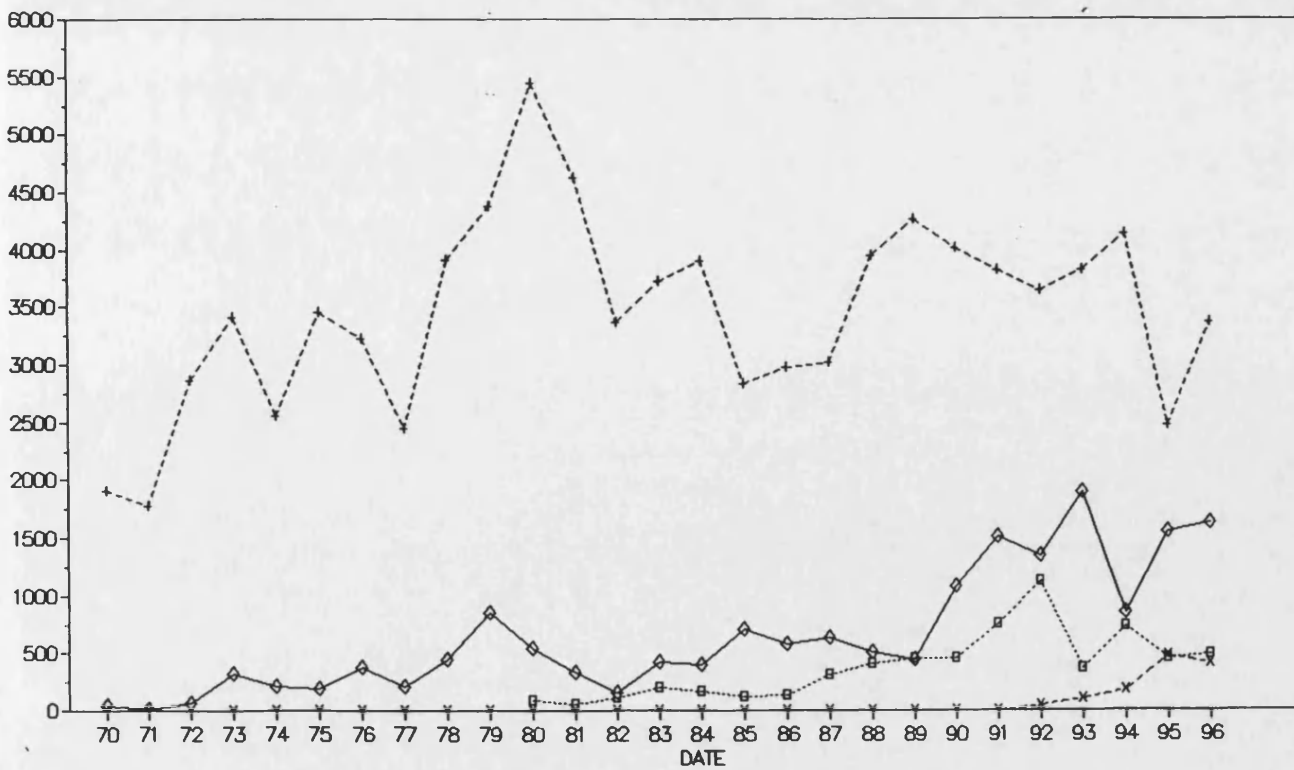
For total commitments (Graph 4.3), the Bank's commitments to basic needs projects have shown an upward trend from 1970 to 1996 that was interrupted by a considerable drop for the years 1980 to 1985 and again for 1987 to 1989. The drop between 1980 and 1985 does correspond to an increase in commitments to structural adjustment, although the graph highlights how commitments to structural adjustment loans did not represent a high proportion of total commitments in these years. Throughout the 1980s, they never reached 9 percent of total commitments and in many years they received less than 5 percent; they also represented a very low proportion of all Bank commitments for 1993 to 1996.

⁵ In recent years, Sida has come to manage considerable volumes of Swedish government funding to Central and Eastern Europe, although these are not considered part of Sweden's overseas development assistance. UNICEF also has some involvement in East Europe.

Graph 4.3: World Bank: total commitments by IBRD and IDA (combined) separated into 'basic needs', structural adjustment, and 'other' for Third World nations and commitments to non-Third World nations, 1970 to 1996 (constant US\$ millions, 1990 value)



Graph 4.4: World Bank: total commitments by IDA separated into 'basic needs', structural adjustment, and 'other' for Third World nations and commitments to non-Third World nations, 1970 to 1996 (constant US\$ millions, 1990 value)

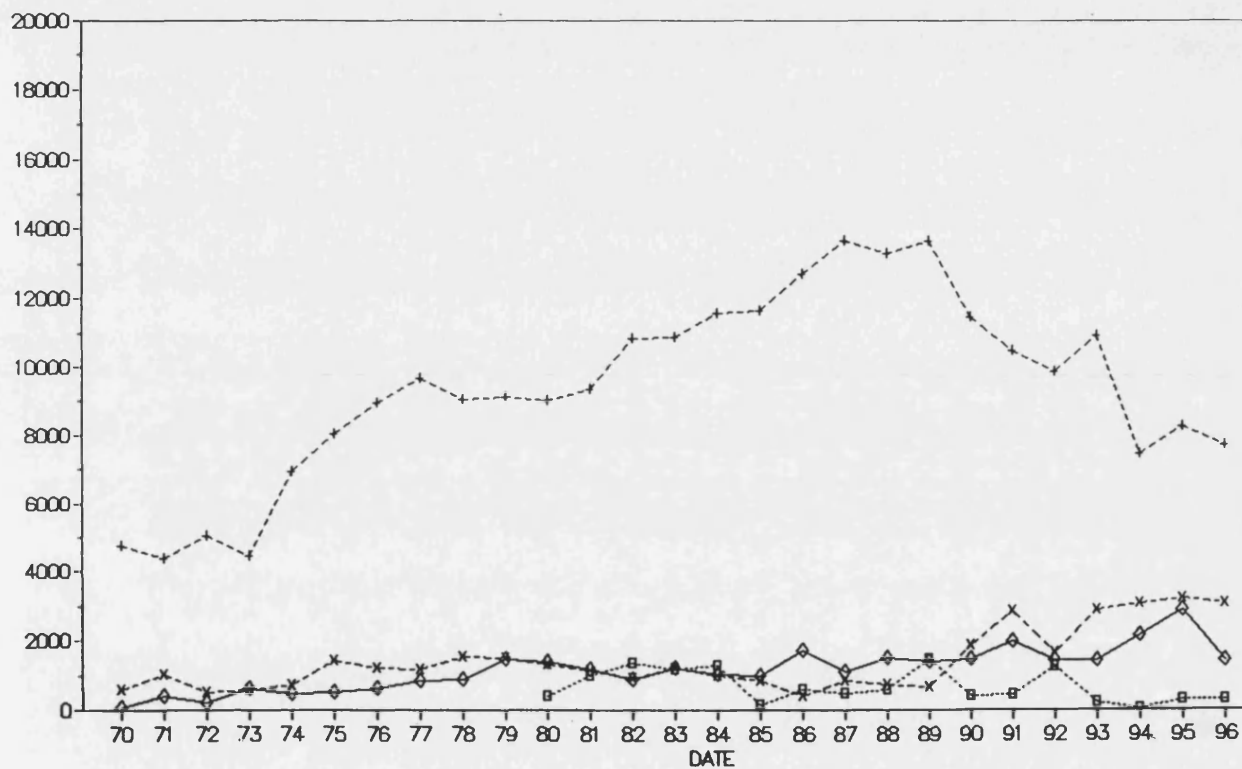


KEY FOR BOTH GRAPHS \diamond Basic consumption needs for Third World nations
 \square Structural adjustment for Third World nations
 \times Non Third World nations (East Europe, Russia, Central Asia mainly)
 $+$ Other

Graph 4.5: World Bank: total commitments by IBRD separated into 'basic needs', structural adjustment, and 'other' for Third World nations and commitments to non-Third World nations, 1970 to 1996 (constant US\$ millions, 1990 value)

- ◇ Basic consumption needs for Third World nations
- Structural adjustment for Third World nations
- X Non Third World nations (East Europe, Russia, Central Asia mainly)
- + Other

US\$m
Constant



Some of the factors that underlie the Bank's move to structural adjustment loans and credits and later sector adjustment loans and credits during the 1980s are worth noting. These 'policy-based' loans and credits had considerable importance for the Bank's capacity to increase lending or at least to maintain lending flows at a time when economic problems were inhibiting the preparation of projects in many countries. The process by which new projects are identified and developed for submission to the Board was also too slow and produced too small a flow of funds to help deal with the serious debt and balance of payments problems that many countries were facing (Mosley, Harrigan and Toye 1991). This same source notes how by the late 1970s, there was a danger of projects drying up from sub-Saharan Africa and new kinds of development finance were needed if the Bank's funding to the region was not to drop substantially. It also notes that loans and credits for policy based lending (both structural adjustment and sector adjustment loans and credits) became the Bank's major defence against the possibility of loan default with policy loans in effect helping the recipient governments to meet debt repayment schedules (although officially this is not allowed).

It was not so much basic needs that lost importance to structural adjustment and later sector adjustment loans and credits but non-basic needs projects in Third World nations. This is not so evident in Graphs 4.3 to 4.5 since because of incomplete information about which projects are 'sector-adjustment' as against conventional investment projects, sector adjustment projects were included with non-basic needs projects in 'other.' (The Bank's annual reports for 1994 to 1996 were not explicit about which loans and credits were structural adjustment and which were sectoral adjustment). But an analysis covering only 1982 to 1993 shows a dramatic fall in the priority given to the projects that since the 1960s have been the main *raison d'être* for the World Bank - projects in 'productive' sectors or the infrastructure to support them - agriculture, industry, energy, transport and communications - in Africa, Asia and Latin America. These took up most of the Bank's funding commitments throughout the 1960s and 1970s. Existing evidence also suggests that this move away from conventional 'productive' investment projects and the infrastructure to support it in favour of structural and sectoral adjustment programmes and basic needs projects is likely to have continued for 1994 to 1996.

Graph 4.3 shows no clear association between the scale of loan commitments to non-third world nations and the scale of lending to basic needs. Indeed, the sudden increase in lending to non-Third World nations for 1990 and 1991 coincides with a sudden increase in lending to basic needs. Similarly, commitments to basic needs for 1994 to 1996 are among the highest in the bank's history - and so too are commitments to non-Third World nations.

In Graph 4.4, which only includes IDA commitments, the declining priority to "Other" after the peak in 1980 is even more evident, as is the increased scale of commitments to basic needs

for 1990 to 1993 and for 1995 and 1996, after a fall in 1994. The drop in commitments to basic needs in the early 1980s does correspond with the sudden increase in priority to structural adjustment loans but the association becomes less obvious after that. Commitments to non-Third World nations only begin in 1991 and remain a very small proportion of total commitments up to 1993, although they become more significant from 1994 onwards.

In Graph 4.5, which only includes IBRD commitments, what is perhaps most notable is how small the commitments to structural adjustment are for most years from 1980 to 1996. Here, there is less decline in the scale of commitments to 'other' than for IDA. Loans to non-Third World nations increase notably from 1989 and come to exceed loan commitments to basic needs for each year between 1990 and 1996.

4.4 The sectoral analysis

For the sectoral analysis, the commitments made by the Bank in total and then separately for IDA and IBRD for each year between 1970 and 1996 can be divided into twelve categories:

1. Basic needs (in this section, considered in aggregate; section 5 will consider what this included and how priorities changed 1970-1996)
2. Agriculture and rural development (other than those oriented to meeting basic consumption needs which were classified in 1. above).⁶
3. Urban development (other than urban projects oriented to meeting basic consumption needs which were included in 1. above)
4. Transportation (mainly roads and highways; transport infrastructure for urban areas such as ports and airports and support for public transport in urban areas were included in urban development);
5. Industry (including support for Development Finance Corporations and Small Scale Enterprises)
6. Power and electrification (other than electrification projects which centred on providing electricity connections to people who had previously lacked them which were included as basic needs in 1. above and electric power projects specifically to improve services in particular cities which are classified within urban development).
7. Telecommunications
8. Technical Assistance
9. Structural adjustment
10. Other 'non-project lending'

⁶ Where a loan to 'agriculture and rural development' included as a major component provision for water supply for human consumption or for sanitation, primary education or primary health care, it was included as a basic needs project. Relatively few projects for agriculture and rural development were classified as such, as most had increasing production as their primary goal.

11. Loans to non-Third World nations

12. "Other" - loans or credits that did not fall into any of the above.

Tables 4.2 to 4.4 show in more detail the changing sectoral priorities - and these show how the proportions of total funding commitments between different sectors changed, rather than the priority given to basic needs projects in the South in relation to structural adjustment and to loans or credits to countries from the former Soviet Bloc which were the focus for Graphs 4.3 to 4.5. Table 4.2 shows how the broad sectoral distribution of commitments for the whole Bank changed over time with Tables 4.3 and 4.4 showing these for IBRD and IDA separately; the figures are presented for nine three-year periods; Tables in Annex 4 have figures for each year for these 27 years. These tables show changes in the distribution of total funding for each year or for each three-year period - and should not be confused with the scale of commitments in any one year which was the focus for Graphs 4.3 to 4.5. For instance, the scale of IBRD's annual commitments rose rapidly from 1973 to 1988 and thus while a particular sector might be shown to be losing priority during this period, the value of total loan commitments may not be falling - and in some instances it may still be growing.

Table 4.2 highlights how important lending to basic needs has become in recent years and how the Bank's sectoral priorities have moved away from 'productive projects'. Perhaps the single most important feature of both IBRD's and IDA's sectoral priorities since their inception has been a concentration on "projects" for increasing production or for the infrastructure to support this. While sectoral priorities within "productive activities" have changed significantly - for instance a sudden and substantial increase in the priority given to agriculture and rural development by IBRD in 1973 which was then sustained until the late 1980s - there has been less change in the concentration on productive activities or the infrastructure to support production. As the annual reports of the World Bank Group in the early and mid 1970s reported on the institution's increasing interest in reaching poorer groups, it was more through projects or programmes 'to increase their work productivity' than to meet their housing, basic service, health care and educational needs (World Bank 1976a). In its 1982 Annual Report, the Bank reported that "In addition to continued support for education, population and health programs, the Bank will intensify its efforts to understand how to increase the productivity and employment of such people" (referring to those without productive assets) (World Bank 1982a, page 37). In the second half of the 1980s, the nature of a significant proportion of the Bank's loan commitments may have changed - in particular away from 'projects' to 'sector adjustment loans' - but the priority to increasing production did not. This is shown in Table 4.2 where for all periods other than 1991-1993 and 1994-96, it is energy, transport, industry or agriculture that figure among the three sectors receiving the largest share of funding. Note that the proportion of funding allocated to commitments for

'structural adjustment' never came to match those proportions allocated to the main sectors of production or infrastructure (although note should be made that the sector adjustment loans and credits are classified within their sector in Tables 4.2 to 4.4).

Prior to 1970, the Bank's concentration on productive activities and on the infrastructure to support them was also evident. During the early years of its operations, 1947-52, most loans went to electric power, mostly in European nations which were rebuilding after the Second World War. Loans for transport and irrigated agriculture also received a high priority, with more emphasis on these in Third World nations. The priority given to power and transportation continued during the period 1953-1971 with industry as the third major priority. Agriculture only began to attract a larger share in total lending around 1969 (Blitzer, Hardoy and Satterthwaite 1983) and it was only in 1972 for IDA and 1973 for IBRD that commitments to agriculture began to grow rapidly. Prior to 1968, two thirds of total IBRD and IDA lending went to power and transport with agriculture and industry accounting for most of the rest (World Bank 1981a). For the period 1970 to 1996, power and transport were to receive only a quarter of total lending from IBRD and IDA while for the last three years in this period, they received just 19.6 percent. The Bank's lending to social development began during the 1960s, but with a very low priority. In 1963, lending for education projects began (Mason and Asher 1973). A few loans for water supply and sanitation were also approved during the 1960s but a review of all project commitments 1960-70 showed that these did not receive much attention. Table 4.2 highlights how the Bank's priorities to different sectors has changed over time - although these changes will be examined in more detail below, for IBRD and for IDA separately.

Table 4.2: Changes in the World Bank's sectoral priorities over time (based on the sectors which received the largest total commitments for the periods shown)

Prior to 1970	1970-72	1973-75	1976-78	1979-81	1982-84	1985-87	1988-90	1991-93	1994-96
Energy	Transport	Agri-culture	Agri-culture	Agri-culture	Agri-culture	Agri-culture	Agri-culture	Basic needs	Basic needs
Transport	Energy	Industry	Industry	Energy	Energy	Energy	Industry	Agri-culture	Non-Third World loans
Industry	Agri-culture	Transport	Transport	Industry	Industry	Industry	Energy	Urban	Agri-culture
Agri-culture	Industry	Energy	=Energy Urban	Basic needs	Transport	Urban	Basic needs	Energy	Other 'non-project' lending
	Urban	Urban		Urban	Urban	Basic needs	Transport	Non third-world loans	Energy

	Non-Third World loans	Non-Third World loans	Non-Third World loans	Transport	Structural adjustment	Transport	Urban	Industry	Urban
	Telecommunications	Non-project	Basic needs	Non-Third World loans	Basic needs	Other 'non-project' lending	Other 'non-project' lending	Transport	Transport

Notes to Table 4.2: For all but the period 'prior to 1970', all the main sectoral categories that are used in Tables 4.2-4.4 and described at the beginning of this section were considered, with the seven with the highest proportion of commitments included for each period. Only commitments to Third World nations are considered and 'loans to non-Third World nations' are considered as a separate category. For prior to 1970, it is the World Bank's own sectoral categories that were used - but since basic needs and urban development received a very low priority prior to 1970, neither of these two categories would have exceeded the priority given to the other sectors listed.

Table 4.3 summarises the changes in sectoral priorities in IBRD, comparing and contrasting sectoral priorities over the nine three year periods between 1970 and 1996. For the whole period, three of the four traditional priority sectors that focus on production or the infrastructure to support production, received the highest priorities: Agriculture and Rural Development (16.1 percent), energy (16.1 percent) and industry (14.3 percent); transport is fifth with (10.9 percent) - since loans to non-Third World nations received 11.4 percent. However, by the last two three year periods shown in Table 4.3, commitments to basic needs projects exceeded commitments to industry and to transport while for the last period (1994-6) it exceeded even agriculture and energy. The priority to agriculture and rural development for 1991-6 reached its lowest point since the early 1970s. And for 1994-6, commitments to industry almost ceased. Meanwhile, close to a quarter of all IBRD commitments for 1994-6 were to countries that had previously been within the Soviet Bloc.

The change in priority in regard to Agriculture and Rural Development was most notable at the beginning of the period with the very rapid increase when the period 1970-72 is compared to 1973-75 and the decline in the late 1980s and early 1990s.

Urban development never enjoyed a high priority during these 27 years, although in the last two periods, it received a higher priority than agriculture and rural development for the first time since the early 1970s. The increased priority to urban development for 1991-3 was due largely to a sudden increase in commitments for projects to control or limit air and water pollution and large commitments to improving higher education and hospitals.

Table 4.3: Changes in the sectoral priorities of the International Bank for Reconstruction and Development (IBRD) 1970-1996

Sectors	Percent of total commitments within three year periods									
	70-72	73-75	76-78	79-81	82-84	85-87	88-90	91-93	94-96	70-96
Basic needs projects	4.0	6.6	6.9	10.9	7.2	8.4	9.0	10.6	16.2	9.3
Housing and housing finance										
Water and sanitation		0.8	1.6	2.0	1.2	3.1	3.9	2.0	0.6	1.9
Primary health care	3.3	4.8	4.0	6.0	4.4	4.5	2.4	2.8	4.3	4.0
Primary/basic education	0.1	0.5	0.3	0.4	0.4	0.5	2.0	2.0	2.8	1.1
Community development and other	0.6	0.5	0.6	1.0	0.8	0.2	0.7	3.3	3.5	1.3
			0.5	1.5	0.4	0.1	0.2	0.6	5.0	1.0
Agriculture and rural development (excluding basic needs - see notes below)	7.6	21.4	24.5	18.7	17.5	20.3	14.3	11.8	7.7	16.1
Urban development	9.0	10.5	11.7	11.2	7.9	11.4	7.7	14.6	11.5	10.7
Urban infrastructure	5.6	6.2	5.4	5.0	3.9	5.5	2.6	2.9	3.0	4.2
Urban services	2.6	2.9	4.1	4.2	2.1	2.8	2.1	7.2	5.4	3.8
Tourism	0.8	0.6	0.9	0.7				0.3	0.0	0.3
Urban management					0.7	0.7	1.1	1.0	1.0	0.6
Natural resources and building materials		0.8	0.9		0.3	0.5	0.8	0.5		0.4
Integrated urban development			0.4	1.3	1.0	1.9	1.1	2.8	2.0	1.3
Transportation (excluding ports, airports, urban roads and urban public transport which are in urban development - see notes below)	20.3	14.4	12.9	9.9	12.4	8.4	9.4	8.8	9.4	10.9
Industry	17.1	16.9	18.9	15.9	17.1	16.2	19.2	9.8	0.5	14.3
Development finance companies	10.6	9.4	12.5	8.2	7.5	9.9	8.5	4.8	0.0	7.6
Small Scale Enterprise				1.6	4.0	3.2	2.5	0.4	0.0	1.5
Industry (other)	6.5	7.5	6.4	6.1	5.6	3.1	8.2	4.6	0.5	5.2
Energy	21.1	12.1	9.8	16.0	19.5	20.8	17.4	14.9	12.6	16.1
Electricity generation	21.1	12.1	9.8	12.0	11.7	15.9	14.8	10.8	11.1	12.9
Oil, gas and coal				4.0	6.8	4.9	1.9	4.2	1.4	3.0
Mining									0.1	0.0
Electrification (other)					1.0		0.7			0.2
Telecommunications	3.8	3.5	2.1	0.8	1.5	1.0	1.4	1.2	1.4	1.6
Technical assistance		0.2	0.1	0.2	0.2	0.3	0.3	0.5	0.0	0.2
Structural adjustment*				3.7	8.7	2.7	5.0	4.2	1.6	3.4
Other 'non-project' lending										
Non-project; imports	2.1	2.2	1.2	1.8	0.0	0.8	0.0	0.0	0.0	0.7
Non-project; financial sector reforms									8.1	1.0
Non-project; other	0.3	0.0	0.0	0.2	0.0	3.4	7.3	4.1	0.4	2.2
Loans to non-Third World nations	12.6	11.5	11.6	10.7	7.2	4.6	6.7	16.3	23.5	11.4
Other										
Education and health (other)		0.7	0.3		0.8	1.6	1.3	0.4	2.9	1.0
Other	2.0								0.8	0.2

* During the 1990s, the Bank's reporting of its adjustment loans and credits does not always specify whether they are sectoral adjustment or structural adjustment. Where it is not specified, usually the project description makes clear which it is. However, there is a possibility of one or two sector adjustment or structural adjustment loans being mis-classified.

The change in priority to industry was most marked at the end of the period when, for 1991-93, it received 9.8 percent of IBRD commitments - the first time it had fallen below 15 percent for all eight of the three-year periods - and for 1994-6 when it received virtually no commitments. Looking at the annual value of commitments to industry projects rather than the relative priority, in general, this rises from 1970 to a peak in 1989 (although with considerable variations between years and with a trough from 1978-81 and 1983-4) with a very rapid fall in annual commitments after that.

Energy remained one of the top priorities for IBRD commitments for most of the 27 year period. This was one of the most favoured of all sectors in the early 1970s (in several years this was the most favoured of all sectors) but it received a lower priority in the second half of the 1970s and then grew again in importance from 1980 onwards. A major factor in this growing importance in the 1980s was projects for oil, coal and gas which had received very little support prior to 1980. As the 1981 Annual Report notes, the higher price of oil that non-oil producing countries had to pay after the second sudden, large oil-price rise in 1979-80 made the exploitation of indigenous reserves of oil, gas, coal and hydroelectric more attractive (World Bank 1981a). In the early 1980s, the Bank's annual reports highlight this concern for supporting the development of indigenous energy sources - and the cap on the proportion of total Bank funding that could be allocated to energy projects was 25 percent, a much higher proportion than was permitted to structural adjustment. Although the switch to structural adjustment loans in the early 1980s is now perceived as one of the most significant changes in the Bank priorities during the 1980s, during the early 1980s, the Bank's annual reports suggest an equal concern with increasing indigenous energy production - on the assumption that oil prices would remain high or continue to grow (which did not prove to be the case). The steady decline in the priority given to oil, coal and gas from the mid 1980s up to 1996 may reflect this recognition.

Commitments to structural adjustment loans grew in importance from 1980, although only in one of the three-year periods did these loans receive more than 5 percent of total loan commitments. From the outset of structural adjustment loans, there was a concern among the Bank's Executive Directors that lending for structural adjustment should not exceed 10 percent of the Bank's overall lending programme (World Bank 1981a, 1982a). The Bank's Annual Reports in the early 1980s also suggest that at that time, structural adjustment lending was expected only to be applicable to a limited number of borrowers and that the increased support for structural adjustment was only temporary (World Bank 1985a). It was the 1985 Annual Report that noted how a far greater number of countries continue to face the kinds of problems that structural adjustment operations were designed to address (*ibid.*). The 1987 Annual Report also noted how the stress on adjustment had been longer than had first been

anticipated (World Bank 1987a).

The priority given to loans for non-Third World nations fell consistently from the early 1970s to the late 1980s (although the value of commitments made remained relatively constant for the period 1970-1984, within considerable annual variations). There was a sudden increase in the priority for the three year period 1991-1993 with commitments in each of these years being higher than any annual commitment in the preceding 20 years. The period 1994-6 brought another major increase in priority with annual commitments exceeding \$4 billion for the first time in 1995 and 1996. Nations such as Romania and the former Yugoslavia and to a lesser extent Eire, Portugal, Cyprus, Spain and Greece received substantial loan commitments during the 1970s and, to a lesser extent, during the 1980s. For the years 1990 to 1993, Poland received much the largest commitments (over \$3 billion worth) with Hungary and Russia also receiving large commitments (although for Russia these only began in 1993 - but it was to become one of the World Bank's largest clients in later years with commitments totalling more than \$6 billion for the years 1993 to 1996). Romania and Ukraine were also among the largest borrowers for this period.

The main impression presented by an analysis of IBRD sectoral commitments over this 27 year period is, as mentioned earlier, one of priority to what are understood to be productive activities and the infrastructure they need. Projects or funds for what this thesis terms 'basic consumption needs' receive more attention, especially in the policy statements and literature of the Bank during the 1970s and 1980s but only in the final three year period do they receive a relatively high priority in loan commitments - and even then, they receive much less than 'productive projects' and the infrastructure to support them. However, there was a notable increase in priority to these during the mid and late 1970s compared to the early 1970s and then in the late 1980s up to 1996, compared to the early 1980s. There were also some important qualitative changes that will be explored in more detail in the next section - for instance the fact that a higher priority was allocated to those education projects that are considered as basic needs (primary and basic education and literacy) within all IBRD commitments to education. For most of the period 1970 to 1989, these had received a small proportion of all loans committed to education.

As in IBRD, for IDA, agriculture and rural development received the highest priority for the whole period (see Table 4.4). But this sector receives a much higher proportion of total commitments when compared to IBRD - close to a third of all commitments for this 27 year period. As in IBRD, energy, industry and transport are important but each received a lower priority within total commitments - and basic needs received a higher priority than all three, while urban development received a higher priority than energy and industry.

Unlike IBRD, already by 1970, agriculture and rural development was the most favoured sector; during the second half of the 1970s and the first half of the 1980s, annual commitments to this sector usually represented more than 39 percent of all soft loans - in 1978 it received 58 percent of all commitments. It received less support in the second half of the 1980s and in the first seven years of the 1990s. The strong support in policy statements for an increasing priority to be given to agriculture and rural development starting around 1970 is translated into a much increased priority in aid commitments. Perhaps one of the reasons for the decline in priority given to agriculture and rural development in recent years has been the growing priority to structural adjustment credits. However, the priority to basic needs jumped much more than the priority to structural adjustment and around a quarter of all IDA commitments are to basic needs for the last two periods, the years when the priority to agriculture and rural development fell most significantly.

Table 4.4: Changes in the sectoral priorities of IDA, 1970-1996

Sectors	Percent of total commitments within three year periods									
	70-72	73-75	76-78	79-81	82-84	85-87	88-90	91-93	94-96	70-96
Basic needs projects	1.7	7.0	9.5	10.4	7.8	16.9	13.0	25.8	24.4	14.6
Housing and housing finance	0.4	1.1	1.2	0.4	1.0	1.7	1.0	0.0	0.4	0.7
Water and sanitation	0.8	3.1	3.0	6.5	2.9	5.7	2.5	5.9	2.2	3.9
Primary health care	0.6	0.4	0.1	1.8	2.5	2.6	4.1	8.3	8.2	3.8
Primary/basic education		1.5	2.0	1.4	1.0	4.8	3.6	5.3	7.9	3.5
Community development and other		0.9	3.2	0.3	0.4	2.0	1.9	6.3	5.7	2.7
Agriculture and rural development (excluding basic needs - see notes below)	35.2	34.0	45.2	39.0	37.5	34.4	31.2	22.5	23.5	32.5
Urban development	10.6	6.9	5.4	7.2	8.6	7.9	14.4	11.8	7.4	9.1
Urban infrastructure	3.5	2.3	2.1	1.1	3.1	1.6	2.6	2.9	2.2	2.3
Urban services	6.4	4.3	3.1	5.3	3.2	3.0	6.1	6.8	2.7	4.6
Tourism	0.6	0.4	0.2	0.5						0.2
Urban management	0.1				0.2	0.4	1.2	0.8	0.3	0.4
Natural resources & building materials				0.1	0.2	0.5				0.1
Integrated urban development				0.2	1.9	2.4	4.5	1.4	2.1	1.6
Transportation (excluding ports, airports, urban roads and urban public transport which are in urban development - see notes below)	23.9	12.4	9.9	9.2	9.3	10.5	10.7	7.3	8.1	10.2
Industry	5.6	9.7	6.0	8.0	7.2	4.0	8.4	7.2	1.9	6.4
Development finance companies	2.7	2.8	3.0	1.9	4.1	2.9	4.4	2.0	0.0	2.5
Small Scale Enterprise	0.1			1.0	1.3	0.3	1.2	0.2	0.0	0.5
Industry (other)	2.8	6.8	2.9	5.2	1.7	0.8	2.8	5.0	1.9	3.4
Energy	6.8	4.9	11.5	15.5	15.8	7.3	5.5	6.0	6.0	8.8
Electricity generation	6.8	4.9	11.5	13.1	13.4	4.8	5.0	4.4	3.5	7.3
Oil, gas and coal				2.4	2.4	2.5	0.5	1.7	2.3	1.5
Mining								0.2	0.2	0.0
Telecommunications	5.1	5.8	1.3	3.5	1.2	1.2	0.9	1.1		1.9
Technical assistance	0.8	0.2	0.8	1.2	2.0	2.3	1.4	2.5	0.0	1.3
Structural adjustment*				0.9	3.8	5.0	8.4	12.1	10.1	5.4

Other 'non-project' lending										
Non-project; imports	9.1	18.1	10.2	4.5	5.2	6.1	0.0	0.0	0.0	4.8
Non-project; financial sector reforms							0.3	0.6	6.2	1.0
Non-project; other	1.1	0.4	0.1	0.0		1.8	3.8	1.7	3.3	1.5
Loans to non-Third World nations							0.0	0.7	6.3	1.0
Other										
Education and health (other)		0.6		0.5	1.7	2.5	2.0	0.7	2.4	1.3
Other						0.1			0.3	0.1

* During the 1990s, the Bank's reporting of its adjustment loans and credits does not always specify whether they are sectoral adjustment or structural adjustment. Where it is not specified, usually the project description makes clear which it is. However, there is a possibility that one or two sector adjustment or structural adjustment loans were misclassified.

Taking the average for the whole period, basic needs projects received a higher priority than any other sector, other than agriculture and rural development - although this is largely due to a particularly high priority for the last six years. Basic needs projects received very little support up to 1972 - usually less than 3 percent of total commitments. It is worth recalling the discussions among member governments of the World Bank which led to the setting up of IDA. At that time, the Bank's management recognized publicly that capital was needed for education, health, sanitation and other purposes indispensable for development which were in its view inappropriate for World Bank loans (Mason and Asher 1973). In the discussion of what IDA should fund, the Latin American governments wanted IDA to concentrate on financing social projects - but in the end, IDA was authorized to finance projects such as water supply, sanitation and 'pilot housing' but the major part of its funding was expected to be for the type of project also financed by IBRD (*ibid*).

Table 4.4 shows that what the Bank terms 'non-project lending' into which structural adjustment loans are classified (until the 1994 Annual Report) had proved important before structural adjustment. This is especially so for IDA. For instance, non-project lending to finance imports received a high priority for the periods 1973-5 and 1976-8; this was primarily balance of payments support to help poorer Third World nations cope with greatly increased bills for oil imports, after the first large oil-price rise of 1973. However, there had long been a concern that non-project lending should only be permitted in special circumstances and this was especially evident within the Executive Board. The circumstances under which non-project lending was permitted were discussed by the Executive Board in 1971 and then reviewed in 1977 (World Bank 1977a). The 1977 Annual Report noted that 'program' or 'non-project' loans had accounted for about 10 percent of total commitments from IBRD and IDA between 1947 and 1970 and the Bank's Executive Directors noted that programme lending representing 7 to 10 percent of total commitments would not be unreasonable in special circumstances (World Bank 1977a).

Urban development received a relatively high priority in the late 1980s and early 1990s, with the priority dropping for the last three years within the period 1970 to 1996. Secondary and higher education received the highest priority for the whole period and it was largely the relatively large annual commitments made to this in the late 1980s and early 1990s that explained the higher priority to urban development in general. Integrated urban development projects (including those in response to disasters) were the next most favoured kind of project in the late 1980s and early 1990s with support for urban management and ports also important. Projects for water supply and waste water disposal in urban areas would have been among the most favoured categories, if the urban water and sanitation projects that were classified under basic needs had been classified under urban development rather than under basic needs. The 1990s also saw a much increased level of commitment to projects to control air and water pollution.

Energy became a high priority sector in the late 1970s and early 1980s but much less after that. As with IBRD, some IDA credits were provided to help develop Third World nations' own oil/coal/gas resources after 1980, spurred by the second round of oil price rises, but these never came to represent more than a few percent of total commitments.

Loans to non-Third World nations hardly figure up to 1993, because so few of the non-Third World member nations had per capita incomes low enough to qualify for IDA credits - but this changed for the period 1994-6, especially for 1995 and 1996 when IDA commitments to countries that had formerly been within the Soviet Bloc totalled more than \$400 million. By 1996, Albania, Armenia and the Kyrgyz Republic had IDA credits totalling more than \$200 million with several other countries with commitments of between \$100 and \$200 million (see World Bank 1996a, appendix 12).

Comparing the sectoral priorities of IDA and IBRD, they are quite similar for agriculture and rural development (although as noted already, the proportion of IDA funds going to this is much higher), transportation, basic needs and urban infrastructure, services and management. IDA gives a lower priority than IBRD to industrial development - perhaps not surprisingly with most IBRD commitments concentrated in the most industrialized Third World nations and virtually all IDA commitments in less industrialized and poorer Third World nations. IDA also gives a significantly lower priority to energy.

One final point worth noting is the extent to which IDA commitments consistently give a higher priority to basic needs projects than IBRD during the second half of the 1980s and for 1990-1996. Prior to this, the proportion of IDA credits to basic needs had not differed much from the proportion of IBRD loans to basic needs. In part, this may be because the poorest

nations were reluctant to take on IBRD loans for basic needs. For instance, there were no IBRD loans for basic needs projects in sub-Saharan Africa for the years 1992 to 1996 whereas there were several loan commitments to basic needs projects in this region for most years between the mid 1970s and 1991.

4.5 Aid/Development Assistance for Basic Needs

As Chapter 3 described, basic needs projects are taken to include all projects with the explicit intention of meeting essential human consumption requirements - i.e. sufficient calorie, protein, vitamin and mineral intake, safe and sufficient supplies of water, sanitation and environmental health (including primary health care), basic education and reasonable standards of housing. **"Basic needs projects" should be understood as those projects with a direct impact on the improvement of people's housing and living conditions, health and access to the services and facilities essential for health and well-being.** As such, they could also be understood to include all projects with an explicit intention to alleviate poverty. They might also be considered, in the development language of the 1990s, to be the core of 'human development' projects.

For the analysis of commitments to basic needs, projects are disaggregated into five broad categories:

1. Housing and housing finance
2. Water, Sanitation (including drainage) and Garbage Collection
3. Primary Health Care
4. Primary/Basic Education
5. Community development and other (including social funds).

Since what might be termed a "basic income" is the most widespread and important means by which most urban dwellers and rural landless labourers acquire the possibility of meeting many of these basic consumption needs, there is a strong case for including a separate category on "employment and basic incomes" within the above categories. This was not included as a distinct category because very few projects have as a principal objective increased incomes for those who lack the income to ensure their basic needs are met. The few such projects which have been implemented are included within "Community development and other". Reference should be made to the earlier Chapter on methodology for more details about the definition of basic needs projects.

The statistical analysis of the World Bank's support for basic needs was originally done up to 1990, to allow the interviews undertaken at the Bank to include questions about the relative priority given by the Bank to basic needs. This analysis was subsequently extended to 1993 to

see if there was any evidence of the changes described by Bank staff in regard to an increasing priority to basic needs. When this showed a considerable increase in the priority to basic needs for 1991 to 1993, the analysis was extended up to 1996. Since there is a considerable time-lag between the Bank stating a change in its sectoral priorities or in its policies which imply such changes and the possibilities of this showing up in changed sectoral commitments, because of the time taken to develop projects before an official commitment is made, this allows a comparison between the changes described by Bank staff in interviews in 1990 and what was revealed by commitments made up to 1996.

Considering first IBRD, what is notable is that over the 27 year period, some US\$ 31.1 billion (in \$ 1990) were committed to basic needs projects. While basic needs projects did not receive a high priority within total Bank commitments until the early 1990s, the scale of the Bank's total lending operations meant that even a relatively small proportion of total commitments to basic needs can still represent a major component of all development assistance flows to basic needs projects (Satterthwaite 1997). Graph 4.6 shows the general trend in the value of IBRD commitments to basic needs to Third World nations over time. The general trend is for a growth in the value of annual commitments from 1970 to 1979, a decline from 1979 to 1982 and an increase (with considerable annual variation) from 1982 to 1996. Table 4.5 gives more details of changes in priorities among the different kinds of basic needs projects.

Table 4.5: Changes in the relative priorities of IBRD funding for basic needs projects to Third World nations, 1970-1996

Sectors	Percent of total commitments within three year periods									
	70-72	73-75	76-78	79-81	82-84	85-87	88-90	91-93	94-96	70-96
Basic needs projects										
Housing and housing finance		12.7	22.7	18.8	17.0	36.3	42.9	19.0	3.7	20.6
Water and sanitation	82.7	72.5	57.5	54.8	61.9	53.6	26.2	26.7	26.6	42.9
Primary health care	1.4	7.4	4.2	3.7	5.8	6.4	21.8	18.4	17.1	12.0
Primary/basic education	16.0	7.3	8.3	8.9	10.5	2.1	7.4	30.7	21.7	14.1
Community development and other			7.3	13.8	4.9	1.6	1.7	5.2	30.9	10.5
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Housing and housing finance										
Upgrading slums & squatter sett.	111	2.9	0.6	3.4	7.2	1.7		1.2		1.8
Serviced sites	112	6.1		4.0	1.1			2.5		1.3
Combination of serviced sites, upgrading and/or other	113	3.7	14.2	6.0	4.6	7.2	1.5	0.8		3.7
Core/low cost housing units	114			0.8	1.6		0.4			0.3
Building materials (housing)										
Reconstruction after disaster	116					3.1				0.4
Housing finance	117				2.5	16.7	32.2	10.7		8.5
Public housing	118			3.2		2.5				0.7
Multi-component shelter project	119		7.8	1.4		5.2	8.8	3.8	3.7	4.0

Water and sanitation											
Water supply	121	68.4	46.4	19.0	19.2	21.7	19.4	8.6	5.1	11.0	16.5
Sanitation	122		7.2	20.1	3.6	7.0			0.5	7.4	4.6
Drainage (housing sites)											
Garbage collection	124		3.7				0.8			0.7	0.4
Combination of above	125	14.3	15.3	18.4	32.0	33.2	33.4	17.6	21.1	7.4	21.2
Primary health care											
Health care facilities	131		3.7	2.0		5.4	4.4	13.0	7.8	8.2	6.1
Immunization											
Health education	133									2.2	0.5
Nutrition	134			1.1						1.4	0.4
Family planning services	135				0.7				0.1	0.5	0.2
Health care & family planning	136	1.4	3.8	1.1	3.0	0.4	2.0	0.2	2.6	1.4	1.7
Control of specific diseases	137							5.1	1.8	0.4	1.1
Other	139							3.5	6.1	3.0	2.1
Primary/basic education											
Primary education	141		2.7	0.7		3.6	1.0	5.1	13.3	15.6	6.7
Basic education	142		1.2	1.0	3.6	3.3			8.6	4.4	3.2
Primary or basic education with other components	143	16.0	3.4	6.6	5.3	3.6	1.1		3.4		2.7
Other related to literacy or basic education	149							2.3	5.3	1.8	1.5
Community development and other											
Integrated community development	151			7.3	7.7	3.6	1.6	1.2		16.7	5.7
Employment support											
Electrification	153				6.1	1.3			4.0	5.4	2.6
Social costs of adjustment mitigation	154							0.5	1.0	1.4	0.5
Other	159								0.2	7.4	1.6

To consider first the relative priority given between the five major categories within basic needs, water and sanitation projects received the most during the 27 year period, although with a notable decline in relative priority over the 27 year period. For the first two three-year periods, water and sanitation received most of the funding; by the last three three-year periods, it received little more than a quarter of all funding.

Housing and housing finance was the second most favoured of the five categories for the whole period - although the priority they received varied considerably with the highest priority being in the second half of the 1980s and with very little support going to this for the period 1994-96. The second half of the 1980s was the period when most support within this category was for housing finance. During the period 1973 to 1981, as this project category came to have a significant share in total commitments to basic needs projects, it was not housing finance that received support but specific shelter projects (mostly 'slum' and squatter upgrading, serviced sites or a combination of the two). What is also notable is how low a priority these kinds of shelter projects received for the periods 1988-1990 and 1991-1993 with the period 1994-6 having the lowest priority to housing and housing finance for any three year period since IBRD loans began to housing in 1974.

Primary health care received a very small proportion of the funding allocated to basic needs projects until the late 1980s and the 1990s when it received a much larger share. Primary and basic education had a relatively small share in basic needs funding for most of the period,

except for a relatively high proportion right at the beginning (1970-72) when total funding commitments to basic needs projects were very small and for the last two three year periods.

Community development and 'other' briefly received a significant share of all commitments to basic needs (from 1979 to 1981) and then again for 1994-96. In both, this was largely as a result of support to integrated community development projects and electrification. This is also the project category within which social funds or other funds to mitigate the social costs of adjustment are included - and table 4.5 shows that these received a very small part of the total funding allocated to basic needs until the last period under consideration. Up to 1996, most of the funding for social funds had come from IDA, not IBRD. The high priority to 'integrated community development' for the period 1994-6 was due mainly to loans to particular city or regional authorities to fund improvements to a considerable range of infrastructure and services (for instance water supply, sanitation, roads and health care services) - some focused on poorer areas within cities, some focused on a large number of rural settlements.

If we consider IDA credits to basic needs for this same period (Table 4.6) perhaps the most obvious difference is the high proportion of IDA funding going to social funds or other projects to mitigate the social impacts of adjustment for the late 1980s and 1990-96. But there are also other notable contrasts with IBRD. For IDA, water and sanitation is also the category that receives most support during the entire period but from the late 1980s, primary health care comes to receive a higher priority, with water and sanitation receiving a very low priority for 1994-96. Primary and basic education receive an unusually high priority from 1985 onwards. Support for the housing and housing finance category had considerable importance during the 1970s (although none of this support was for housing finance) but less so during the 1980s and it received hardly any support at all during the period 1991-1996. In general, in both IBRD and IDA, the priority within basic needs has swung towards primary health care and to basic education and away from housing and housing finance and water and sanitation. For IDA, it also swung towards 'community development and other', especially social funds or other projects to mitigate the social costs of structural adjustment.

Graph 4.6 shows how the scale of IDA's total commitments to basic needs changed between 1970 and 1996. During this whole period, total commitments to basic needs projects were little more than half that of IBRD - a total of \$17.1 billion (in \$ constant 1990). Like IBRD, the scale of annual commitments tended to rise during the 1970s, peaking in 1979 and then declined. Commitments reached a very low level in 1982 and then rose to 1985, dipped to 1989, then rose rapidly to 1993 and varied but at a relatively high annual commitment for 1994 to 1996. More than half of all IDA commitments to basic needs in Third World nations

for this 27 year period were made in the last six years of this period. In 1993 and 1996, IDA commitments to basic needs projects exceeded IBRD commitments.

Table 4.6: Changes in the relative priorities of IDA funding for basic needs projects, 1970-1996

Sectors	Percent of total commitments within three year periods										
	70-72	73-75	76-78	79-81	82-84	85-87	88-90	91-93	94-96	70-96	
Basic needs projects											
Housing and housing finance	20.1	16.1	12.3	3.6	12.7	10.0	7.4	0.1	1.6	5.0	
Water and sanitation	46.8	44.7	31.9	62.7	37.6	33.9	19.1	22.9	9.1	26.8	
Primary health care	33.2	6.0	1.0	17.1	31.8	15.5	31.6	32.2	34.1	26.3	
Primary/basic education		20.7	21.6	13.4	12.7	28.5	27.6	20.4	32.9	23.9	
Community development and other		12.4	33.4	3.2	5.2	12.0	14.3	24.4	22.3	18.0	
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Housing and housing finance											
Upgrading slums & squatter sett.	111		1.5				4.9			0.7	
Serviced sites	112	20.1	4.5		3.5					0.5	
Combination of serviced sites, upgrading and/or other	113		3.8	10.7	3.6	9.2	9.0	0.1		2.7	
Core/low cost housing units											
Building materials (housing)											
Reconstruction after disaster	116		7.7							0.3	
Housing finance											
Public housing											
Multi-component shelter project	119					0.9	2.5		1.6	0.8	
Water and sanitation											
Water supply	121	37.0	9.5	10.2	11.7	15.5	10.5	8.2	6.5	0.4	7.3
Sanitation	122					3.0				0.5	0.3
Drainage (housing sites)											
Garbage collection											
Combination of above	125	9.7	35.2	21.6	51.0	19.1	23.4	11.0	16.3	8.2	19.2
Primary health care											
Health care facilities	131		4.3		29.3	4.6	4.7	13.2	7.9	8.4	
Immunization	132								2.1	0.5	
Health education											
Nutrition	134			3.0			6.2	0.1	1.7	1.4	
Family planning services	135	33.2					1.7	0.4	1.8	1.0	
Health care & family planning	136		1.8	1.0	14.2	2.4	10.9	10.8	8.0	8.9	8.4
Control of specific diseases	137						0.4	7.6	5.5	3.4	
Other	139						7.8	2.8	6.2	3.1	
Primary/basic education											
Primary education	141		5.2	4.3	3.7	4.7	16.4	23.1	10.9	25.0	14.5
Basic education	142				1.3			0.2	4.5	5.7	2.7
Primary or basic education with other components	143		8.6	17.3	8.4	8.0	11.5	2.1	4.0	0.4	5.4
Other related to literacy or basic education	149		7.0				0.7	2.1	1.1	1.8	1.3
Community development and other											
Integrated community development	151	12.4	21.1	3.2	5.2	4.3	4.8	1.4	8.8	5.8	
Employment support	152						1.1	2.2	0.9	0.9	
Electrification	153		12.3				7.1			1.5	
Social costs of adjustment mitigation	154					0.6	6.6	18.1	12.3	8.7	
Other	159						1.7	2.8	0.3	1.1	

Two further points are worth highlighting since they bear directly on one of my main conclusions: that one of the major constraints on development assistance agencies increasing the scale of their support to basic needs projects is an institutional structure poorly suited to funding many forms of basic needs interventions. The first is the apparent gap for much of

the 1970s and 1980s between the Bank's policy statements about its support for basic needs and actual funding commitments - and this is the focus of the next section. The second is a change in the kinds of loans to basic needs away from distinct 'World Bank' projects to funds for institutions in recipient countries to support projects, and this is discussed in section 4.7.

4.6 The Mismatch between Bank statements and actual commitments

4.6.1 Basic needs in general

A review of World Bank Annual Reports between 1970 and 1996 and of policy documents published during this period shows a consistent recognition of the importance of what are termed 'basic needs' projects in this thesis from the mid 1970s onwards. By 1993, the Bank was even making explicit its commitment to the universal provision of basic services as part of its renewed commitment to poverty reduction (World Bank 1993b). However, the justification given for a greater support to basic needs varies over time. In the second half of the 1970s, basic needs projects were seen as important because 'trickle down' was not working, but the stress was still on improving the productivity and income levels of the poor. During the 1980s, the support for basic needs projects remained, but within an emphasis on economic growth and market oriented economic policies. During the late 1980s, there appeared a greater concern for integrating concerns for poverty within macro-economic policies and within structural and sectoral adjustment lending. From 1990, the support for basic needs projects became more explicit, and by 1993, this was being mentioned as one of the main means of reducing poverty and with the Bank's main focus being the reduction of poverty. The Bank had also come to provide support for systems of transfers and safety nets for the poor, which in many instances included support for expanded or improved basic services. The early 1990s also saw more efforts to include a concern for poverty reduction within overall country programmes and these were further consolidated during the period 1993 to 1998 (Tjonneland and others 1998).

The various justifications given by Bank documents for support for basic needs between 1970 and 1996 tend to fall into three categories: because basic needs projects (especially health care, education and nutrition) can bring direct benefits to the poor when other projects do not; because basic needs projects can help improve productivity and can be justified by their functional value to economic expansion; and because basic needs projects address humanitarian concerns and bring improved conditions to the poor. The first and the third may appear to have some overlap - but in the first, basic needs projects are seen as ways of compensating 'the poor' for the fact that they receive little or no benefits from other interventions while in the third, it is the legitimate needs of 'the poor' that are recognized. The first of these justifications appear in two contexts: in the 1970s because of the recognition that the hoped for 'trickle down' from economic development was not bringing benefits to

large numbers of low-income groups; and in the late 1980s and early 1990s to help counteract the negative social impacts of the debt crisis and of stabilization and structural adjustment programmes. The importance of basic needs projects in helping to maintain social stability and in counteracting inequality (or the political instability it may help to create) is also sometimes acknowledged, although this is less often used explicitly as a justification for Bank support for these kinds of projects.⁷

From the mid 1970s, World Bank documents came to mention frequently the scale of absolute poverty in the South and the need for the Bank to address this (see for instance World Bank, 1975a). As Chapter 2 noted, a large part of the literature promoting more attention to basic needs from the 1970s was written by Bank staff members or by people who worked closely with the Bank. At first, the emphasis within the Bank's own publications was on what the Bank termed increasing the productivity of the poor, although the importance of meeting what are considered here as basic needs was also highlighted (ibid). The 1976 Annual Report included the "efficient delivery of basic services" as one of the priority lines in a global strategy to attack urban poverty (World Bank 1976a). In 1978, the World Bank began publishing a *World Development Report*, each year, which was widely distributed (and later published by commercial publishers rather than the Bank itself) and this can be seen as one way in which the Bank sought to influence debates about development and to increase the profile of key problems that it felt it should address.⁸ The 1980 *World Development Report* contained a long section on "Poverty and human development" which included sections emphasizing the importance of health care, education and other human development programmes for their contribution both to reducing premature death and ill-health and to increasing income (World Bank 1980b). The 1982 Annual Report noted how both IBRD and IDA had placed special emphasis on direct measures to alleviate poverty in the 1970s, which included increasing lending

"to sectors and subsectors considered more directly beneficial to large numbers of poor people - for example, rural and urban development, primary education, population, health and nutrition, small scale industries and water supply" (World Bank 1982a, page 35).

This Annual Report stated that in addition to continued support for education, population and health programmes, the Bank would intensify its efforts to understand how to increase productivity and employment for those without productive assets. It also noted that neither

⁷ These four categories are drawn from the discussions in Mishra 1981 of different forms of social policy that were described in more detail in Chapter 2

⁸ The reasons why the Bank launched this annual publication and continues to publish it each year deserve further investigation. One important reason would appear to be the desire to stimulate an interest within its member governments in taking loans for a wider range of projects. Another appears to be the desire to promote a more 'economist' orientation to social and environmental issues.

donors nor borrowers had been particularly adept at bringing about benefits to those without productive assets, including the rural landless, the urban jobless, most adult illiterates, and many female-headed households. A 1983 World Bank publication entitled *Focus on Poverty* noted how initially, the new poverty focus in the 1970s laid emphasis on increasing employment by removing price distortions but later recognized the need to get extra productive assets into the hands of poor people with a particular emphasis on small farmers (World Bank 1983b). This document acknowledged that it was difficult to reach the landless - and that basic needs programmes for shelter, health and education came to be seen as especially important to improve productivity (ibid). However, this publication promoting the economic as well as the humanitarian virtues of basic needs programmes came out after a considerable drop in total commitments to basic needs by both IBRD and IDA, from a peak in 1979.

Wood (1986) suggests that the espousal of basic needs by the Bank and other international agencies in the 1970s should be seen as a genuine attempt to respond to acutely perceived problems, within what he terms the institutional and normative confines of the aid regime. He also suggests that it can be seen as a way of responding to criticisms of aid coming from dependency theorists and from those who noted the progress in basic needs provision in some socialist nations - but within a belief that basic needs provision could be done without requiring major changes in development assistance.

The Bank's 1987 Annual Report noted how it had taken a lead in the 1970s in a global effort to reduce the pervasiveness of poverty with support provided to primary education, population and health services, integrated rural and urban development and nutrition (World Bank 1987a) - although as the earlier analysis of the priority given by the Bank to basic needs shows, the Bank did not give a high priority to these, at this time. This Report stated that a poverty orientation had been brought into other Bank operations. It also stated that these efforts continued during the 1980s, although noting that many recipient countries (often with the encouragement of the Bank) shifted their priorities to emphasize the development of adjustment programmes that could restore or maintain economic growth (ibid). Many external commentators suggest that there was a greater change in the Bank's orientation during the early 1980s than this implied. For instance, Mosley, Harrigan and Teye (1991) point to the change in the Bank evident between the Clausen era of the early 1980s with the emphasis on the retreat of the state from economic life and the opening up of economic activity to market forces to the Conable era of the late 1980s where again certain priorities such as poverty alleviation were elevated, and where the Bank publicly recognized the need to mitigate the social costs of adjustment. In the early 1980s, with the support for structural adjustment loans or credits which were only provided if explicit macro-economic policy changes were agreed

by the recipient government, the Bank's emphasis on poverty reduction was much less 'support for sectors which directly reach the poor with benefits' and more 'get the macro-economic policies right' on the assumption that this would then allow economic growth which in turn would reduce poverty and provide the economic conditions for more successful projects. Chapter 2 pointed to the Bank's initial reluctance to acknowledge that structural adjustment brought social costs or that the Bank had a responsibility to help mitigate these - and this coincides with Clausen's presidency. Interviews with World Bank staff in 1998 about the Bank's recent changes in regard to poverty reduction found some Bank staff admitting that they had under-estimated the social costs of adjustment and had been over-optimistic as to the extent to which adjustment would provide the basis for economic growth (Kanji, personal communication).

The amendment to this view that the priority must be 'getting the macro-economic policies right' can be seen in the 1987 Annual Report, now within the presidency of Conable. This still emphasized the Bank's desire to promote economic growth and its market-oriented concerns - but qualified with a recognition that the Bank must also recognize the social costs that these can bring:

"In broad terms, the Bank's approach today is to integrate the core of the poverty concerns of the 1970s into the growth and market-oriented concerns that have marked the first half of the 1980s. Accordingly, as experience with designing adjustment programs has evolved, the Bank is now giving more direct attention to addressing the social cost of adjustment" (World Bank 1987a, page 15).

The 1987 Annual Report reported on the establishment within the Bank of a Poverty Task Force to strengthen the capacity of its country assistance programmes to address problems of poverty. It also noted the Bank's increased collaboration with other agencies to address poverty concerns in the context of adjustment by supporting compensatory nutrition and employment programmes for the poor (ibid).

The 1990 Annual Report stressed again the importance of robust economic growth rates to reduce poverty but also noted the importance of interventions designed to improve the standard of living and life expectancy of the poor and mentioned nutrition, primary health care, water and sewerage and provision of food for those below a threshold consumption level (World Bank 1990a). The Bank's *Annual Review of Evaluation Results: 1990* (World Bank 1991b) admitted that in much of the programme and policy lending (within which structural adjustment loans are located), the alleviation of social costs which had become increasingly important since the mid 1980s seemed to have been handled mainly as an afterthought rather than as an integral part of adjustment planning.

It was in 1990 that the Bank's support for what is often termed the 'three prong' approach to poverty reduction became evident and these three prongs came to have considerable influence on Bank lending during the 1990s (Tjonneland and others 1998). The three prongs are: 'broad based' economic growth; human development (including health care and education); and safety nets. As will be described in more detail later, most 'human development' projects and much of the support for 'safety nets' consisted of basic needs projects and programmes.

The support for this three prong approach was made explicit in the *World Development Report 1990* which was on poverty (World Bank 1990c) - although at this point, the first two prongs were dominant with the first justified in terms of it promoting the productive use of the poor's assets (labour) and the second, not yet called 'human development' but 'basic social services to the poor' (ibid, page 3). This 'basic two part strategy' was then to be supported by "a program of well-targeted transfers and safety nets as an essential complement to the basic strategy" (ibid, page 3). This was echoed in the 1991 Annual Report which stressed that investment in social services was one of a two-part strategy to reduce poverty, especially basic education and health, family planning and nutrition (World Bank 1991a). This report also recognized that some people (with the old and the infirm explicitly mentioned) would not be able to respond to new opportunities or would not have enough income to pay for basic necessities or would be vulnerable to such income-reducing shocks as drought or loss of a family breadwinner. "To help these groups, a system of transfers and safety nets is needed as a complement to the basic two-part approach" (ibid, page 11).

Following recommendations from World Bank (1991e), in fiscal 1992, the Bank developed a mechanism to track which of its investment projects had components that sought to address poverty - the Program of Targeted Interventions (World Bank 1996b). A project was classified as being within the Program of Targeted Interventions if it included a specific mechanism for targeting the poor (so-called narrow targeting) and/or if the proportion of poor people among its beneficiaries was significantly larger than the proportion of the poor in the total population (so called broad targeting) (ibid, page 51 - note to Table A1). At least 25 percent of the loan or credit had to be targeted for it to be classified within the Program of Targeted Interventions (Tjonneland and others 1998).

Most projects that were classified as within the Program of Targeted Interventions up to 1995 were broadly targeted (World Bank 1996b) - and in general, there was an increase in the proportion of the Bank's investment lending that came to be classified within this Program of Targeted Interventions between 1992 and 1995 (ibid). There is a considerable overlap between what are defined in this thesis as 'basic needs projects' and projects which are classified by the Bank as within their Program of Targeted Interventions but there are also important

differences. The main difference between the two categories was the classification by the Bank of many agriculture and forestry projects and some road and other infrastructure projects as within their Program of Targeted Interventions and these did not have as their central focus the meeting of basic consumption needs. The rather broad criteria used by the Bank in the classification of projects within its Program of Targeted Interventions may mean that the increasing proportion of projects within this Program overstates the increase in the Bank's re-orientation to poverty reduction.

The 1993 Annual Report also includes an endorsement of supporting investment in the poor through expanded access to health, education and other social services (World Bank 1993a). Investment in human resources is said to be "at the heart of the Bank's development-assistance strategy for the 1990s" (ibid., pages 12-13). It mentions the importance within this of "intensified support of effective primary-level services..." (ibid page 13).

The Bank also published *Implementing the World Bank's Strategy to Reduce Poverty: Progress and Challenges* in 1993 which again made explicit its commitment to the universal provision of basic services as a central part of its renewed emphasis on poverty reduction. The three key elements in poverty reduction noted earlier - more 'efficient' growth, expansion in social services and safety nets - were again endorsed. Education, health and nutrition projects ('human development') and water and sanitation projects were noted, along with agriculture and rural development as being the "sectors on which the Bank has concentrated its direct efforts to reduce poverty" (World Bank 1993b, page 15). This document was also explicit in its support for primary-level services.

This report also described progress within the Bank for the Program of Targeted Interventions. When noting that most projects that met the criteria for inclusion as targeted interventions were broadly targeted, it said that, "The Bank's reliance on broad targeting reflects the importance placed on achieving universal provision of basic social services such as primary education and health care" (ibid, page 18). This report also noted how the Bank's sectoral and structural adjustment lending had become more poverty focused and this included more attention to safety nets, more protection for expenditures on social services, especially basic social services, within the restructuring of public expenditure, more attention to monitoring how reforms affect the poor and more conditionality related to the recipient government's efforts to reduce poverty.

With such attention given to basic needs within the Bank's own documentation, it is perhaps surprising that basic needs projects to Third World nations received only 8.0 percent of all IBRD commitments and only 10.1 percent of all IDA commitments between 1970 and 1990.

For IDA, it is only from 1991 to 1996 that it became common for basic needs to receive more than a quarter of all commitments in a year - with the average for these six years being 25.1 percent of all commitments. For IBRD, 13.2 percent of all its commitments during these six years went to basic needs - much lower than IDA but still with a higher priority than in previous years, except for relatively high priorities in 1979 (12.0 percent) and 1980 (11.4 percent). Table 4.2 earlier in this Chapter highlighted how it was only in the late 1980s that basic needs began to receive a greater priority. For the whole 27 years under review, it is really only within IDA for the last six years under consideration that the priority given to basic needs begins to match the attention given to basic needs in official Bank documents. Below, more attention is given to how support for different kinds of basic needs projects changed between 1970 and 1996 - but prior to this, there is a short discussion of the changes in the first half of the 1990s in regard to how the Bank sought to incorporate poverty reduction into its whole lending programme.

4.6.2 The Bank and poverty reduction, 1990-96

There have been important changes within the World Bank since 1990 not only in how poverty is understood but also in how concerns for poverty reduction are incorporated within Bank loans and credits and, more recently, in how the whole Bank is structured (Tjonneland and others 1998). The most important of these changes in regard to an understanding of the Bank's support for basic consumption needs up to 1996 are summarized below. Note should be made that major organizational changes were taking place within the World Bank during 1997 and early 1998 (Tjonneland and others 1998) but it is not possible to comment on their influence on the Bank's priority to basic needs, since the results of this influence will probably not become apparent for some time.

The first of the changes within the Bank in regard to poverty reduction is the greater emphasis given to integrating a concern for poverty reduction in all the Bank's operations. This can be seen in *Operational Directive 4.15* on poverty reduction issued in December 1991 which required poverty assessments to be prepared in all countries where the Bank has an active lending programme with a new *Poverty Reduction Handbook* to provide guidelines for these studies (World Bank 1993c, Tjonneland and others 1998). The second is the greater importance given to country programming, especially to the development of Country Assistance Strategies, with the new poverty assessments seen as the main means by which a concern for poverty reduction becomes integrated into all Bank loans and credits, including sectoral and structural adjustment loans (ibid).

The likely influence of these two changes on the scale and nature of support for basic consumption needs remain unclear as World Bank documents during the first half of the 1990s

are a little contradictory in how basic consumption needs are viewed in relation to poverty. On the one hand, the definitions of poverty and the ways in which it is measured within the Bank documents remained centred on income levels. Here, the implication is that a lack of access to health care, education and other basic services is not part of poverty. Most poverty assessments up to 1996 concentrated on 'income-poverty' and Tjonneland and others (1998) noted that most staff within the Bank working on poverty issues are macro-economists with very few from other social sciences.⁹ On the other hand, as also noted above, many World Bank documents stress how its increased commitment to primary health care, primary education and population and nutrition during the 1990s was an important part of its increased commitment to poverty reduction (see for instance World Bank 1993b, World Bank 1996b). A third element to be considered is the increased role given to country assistance strategies, with their explicit intention of giving a greater influence to recipient governments on what the Bank funds. This could work against a higher priority to basic consumption needs, if recipient governments do not regard this as a priority (Tjonneland and others 1998).

4.6.3 Education

The Bank's 1970 annual report gives strong support for an increasing priority for education (World Bank 1970a), although this was justified through its importance for economic growth. Comparable statements of support were given in documents published in later years (see for instance World Bank 1971a, 1972a, World Bank 1975a - which also included a comment that more attention should be given to basic education - World Bank 1976b, World Bank 1983b) and also in the book *Redistribution with Growth* published in 1974 which reported on the findings of a joint study by the World Bank and the Institute of Development Studies (Chenery, Ahluwalia, Bell, Duloy and Jolly 1974). In terms of the priority to primary or basic education within total education lending, the 1982 Annual Report mentioned how increased lending to primary education was one part of its much increased focus on poverty alleviation from 1968 to 1980 (World Bank 1982a).

An analysis of commitments shows that the priority to education did increase in the early 1970s but after that showed no clear signs of increasing until the late 1980s and early 1990s. Overall, education remained at below 5 percent of total commitments for all three year periods between 1970 and 1987 - see Table 4.7. This table shows the shift over time in the emphasis within the education sector in terms of the kinds of education which received priority from secondary and higher education and vocational training to 'basic needs' education (mainly primary education and literacy programmes). This shift was also noted in World Bank 1993b

⁹ There is evidence from some of the most recent poverty assessments of a wider view of poverty, including the role of inadequate or no provision of basic services (Tjonneland and others 1998).

and 1996b.

Table 4.7: Changes in the proportion of World Bank funds to Third World nations going to education and health and within these to 'basic needs' education and health care

	Percent of total commitments within three year periods									
	70-72	73-75	76-78	79-81	82-84	85-87	88-90	91-93	94-96	70-96
Education										
All education	3.6	4.3	4.1	4.9	4.0	4.7	5.3	8.4	8.8	5.7
"Basic needs" education	0.5	0.8	0.9	1.1	0.8	1.1	1.4	3.8	4.8	1.9
Health care										
All health care	0.6	0.6	0.5	0.8	0.9	1.3	2.8	4.4	6.2	2.2
"Basic needs" health	0.2	0.5	0.2	0.8	0.9	1.0	2.5	3.8	4.4	1.8

4.6.4 Health services

Policy statements about the importance of health services were being made in the early 1970s, especially in the 1975 and 1976 Annual Reports (World Bank 1976a) and in the speech of the President to the Bank's Board of Directors in 1975 (McNamara 1975). The book *Redistribution with Growth* also stressed the greater effectiveness of primary health care compared to urban-based curative focused health services (Chenery et al, 1974). So did the Bank's 1975 Annual Report (World Bank 1975a) and many of the "basic needs" publications written by Bank staff or staff associated with the Bank in the mid and late 1970s and early 1980s (see for instance ul Haq 1976, Burki and ul Haq 1981, and Stewart 1985). The analysis of Bank commitments shows that health services never enjoyed a high priority, although there was a switch in the 1980s towards primary health care within loans to health and a sudden increase in the Bank's priority to health for the last seven years of the period under consideration (1990-96). Table 4.7 shows how small a proportion of the Bank's total commitments went to health care for most of the period under consideration, especially during the 1970s and early 1980s. The proportion of total commitments going to health care rose slowly during the 1980s but the average for the 1980s was still only just over 1 percent. The average for the last three year period (1994-6) was more than 6 percent. The table also shows the increased priority within health care lending to primary health care.

4.6.5 Water, sanitation, garbage collection and drainage

The Bank's 1970 Annual Report contained a long section on urbanization detailing the problems that rapid urbanization in the South were causing and stating that the Bank had an important role to play (World Bank 1970a). The 1971 Annual Report mentioned that lending to urban water supply and sewerage improvements (and education) were the most notable shifts in its distribution of loans and credits and described how it was developing a

cooperative agreement with the World Health Organization to help prepare water supply and sewerage projects (World Bank 1971a). It also mentioned that IBRD and IDA had lent more to the improvement and extension of water and sewerage in fiscal 1971 than in all its previous history - although this was not difficult, given how little had been allocated to water and sanitation prior to 1971. The importance of water supply and sanitation was stressed in many Bank documents, including McNamara 1975 and the 1976 and 1982 Annual Reports (World Bank 1976a, 1982a). The Bank documents which from the second half of the 1980s begin to make clear the Bank's renewed commitment to basic needs generally exclude water and sanitation when mentioning the kinds of projects that this renewed commitment implies (education, health and nutrition) - but as noted earlier, the 1993 document on *Implementing the World Bank's Strategy to Reduce Poverty: Progress and Challenges* includes water supply and sanitation as among the sectors on which the Bank has concentrated its efforts to reduce poverty.

However, the proportion of the Bank's loans and credits committed to projects which increase the proportion of people served by water and sanitation or improve the quality of the services has not grown significantly since the early 1970s. If the average in terms of the proportion of total commitments to water and sanitation is compared for the 1970s, the 1980s and the first seven years of the 1990s, it is the 1970s in which this category receives the highest proportion, followed by the 1980s with the period 1990-96 with the lowest proportion. This does mask the considerable annual variations but the overall trend is not an increasing priority to water and sanitation from the early 1970s. However, there are certainly components of projects classified within other categories that have some components for improving provision for water and sanitation. For instance, during the 1970s and early 1980s, all the slum and squatter upgrading and serviced site programmes had some components related to improving water and sanitation, although these never received a high proportion of Bank funding, and as discussed below, the level of support for these fell in the late 1980s and early 1990s. More recently, some of the social funds and the integrated community development projects have components for water supply and sanitation. If it were possible to extract from these and other projects with components for improving or extending provision for water for domestic use and sanitation, this would increase the proportion of Bank funding going to water and sanitation, but it is unlikely to do so by enough to show a significant increase in the Bank's priority to water and sanitation.

4.6.6 Social Funds and Safety Nets

A new kind of loan or credit became increasingly important during the late 1980s and early 1990s for the Bank that was targeted at poorer groups. Most of them were said to be aimed at protecting poorer groups who would otherwise be adversely affected by structural adjustment

programmes. These included support for Social Funds (sometimes called Social and Economic Funds) which usually sought to combine support for a wide range of social projects (for instance health care centres, schools) with employment generation. The Bank also supported various social employment programmes - for instance, public works programmes that provided a minimum income for those working on them with wages set sufficiently low for them to attract only the poorer groups. These only began to receive support in the second half of the 1980s but by 1990 they had become a regular and significant part of the Bank's annual commitments; total commitments exceeded \$200 million in 1991 and 1992 and exceeded \$570 million in 1993.¹⁰

The World Bank's 1992 Annual Report stated that these programmes were at various stages of design or implementation in twenty different countries and that support for this kind of programme would expand over time (World Bank 1992a). Although originally seen mainly as means to protect those adversely affected by adjustment, they later came to be seen as means by which to finance interventions targeted at 'the poor' (World Bank 1993b). In most instances, a special new agency was set up within the recipient country to manage the funding. The proportion of funding allocated to these social funds remained very small: little more than one tenth of one percent of total commitments for 1987-89, around 0.9 percent of commitments for 1990-1992 and 2.7 percent of total commitments for 1993. These Funds have particular importance for the Bank because they provide intermediary institutions through which the Bank can channel funds to small basic needs projects or other projects that alleviate poverty. It is the intermediary institution that has to identify and fund the initiatives, not the Bank and this makes it easier for the Bank to support them. However, as Tjonneland and others (1998) noted, although the Bank talks about the provision of safety nets as part of its three prong strategy to reduce poverty and it generally classified social funds as part of such safety nets, in reality, most social funds deal with the provision of infrastructure and services and so fall within the second prong - and as such do not provide a safety net for the poorest and most vulnerable groups.

4.6.7 Improving housing and living conditions

In the 1970 Annual Report, the Bank stressed the good results which can be achieved through self-help housing projects (World Bank 1970a). The 1975 Annual Report also stressed the importance of housing projects (World Bank 1975a). The importance of governments encouraging self-help housing was also stressed in 1976 (World Bank 1976a). During the 1970s, the Bank helped popularize two forms of housing project that differed considerably from the conventional public housing projects that remained common in many Third World

¹⁰ Although this was largely the result of a single commitment of US\$500 million for a social safety net programme in India

nations¹¹: serviced sites, and slum and squatter upgrading. Serviced sites provided cheaper units than public housing projects by providing only a house site within a residential subdivision with roads, often electricity and provision for water supply (and sometimes for sanitation). The construction of the shelter was left to the households who received the plot. The hope was that unit costs would come down to the point where these could be afforded by relatively low-income households. In some projects, the serviced site also included a one room "core" house. The World Bank had the largest donor programme in the world for serviced site schemes, although US AID's Housing Guaranty Programme also had a major programme of support for serviced sites or core housing schemes and several other donors also funded these kinds of projects (UNCHS 1996, Satterthwaite 1997b).

"Slum" and "squatter" upgrading schemes sought to improve conditions within existing low-income settlements by providing or improving water supply, provision for sanitation and drainage and, often, community facilities. Some projects also provided secure tenure to the inhabitants whose house or occupation of the land (or both) had previously been considered "illegal". Although such upgrading schemes had been implemented before the international agencies began to support them - indeed some had been implemented many decades previously¹² - the international support they received (especially from the World Bank) helped legitimize this approach. They helped contribute to a change in official attitudes among some Third World governments (Hardoy and Satterthwaite 1989, Kessides 1997). The World Bank was much the largest international donor for upgrading projects worldwide.¹³ The fact that what a government labelled as a "slum" or an "illegal settlement" was upgraded means a recognition that these settlements and the shelters they contain have value. Conventional shelter assessments assign no value to such settlements and assume they must be replaced - and such assumptions also underlie the large-scale bulldozing of illegal or informal settlements that was common practice for much of the 1970s and early 1980s (ibid.). The fact that upgrading programmes provide infrastructure and services to illegal or informal settlements also means a recognition of the right of their inhabitants to such infrastructure and services. This is also an important shift, as city and municipal authorities or national agencies often refused to provide infrastructure and services to any settlement that was "illegal". Upgrading also builds on the incremental efforts of low-income groups to build and improve their own housing - unlike most other forms of housing intervention. Although upgrading was in effect

¹¹ Hardoy and Satterthwaite 1989 review how national housing policies changed within Third World nations from the 1960s to the 1980s, and highlight how many nations still had large and generally ineffective public housing programmes in the early 1970s

¹² For instance, upgrading programmes were implemented in Indonesia both prior to and during colonial rule - Silas 1994

¹³ I undertook analyses comparable to this for other agencies; the findings were summarized in UNCHS 1996 and Satterthwaite 1997b.

a pragmatic response to the fact that a high and increasing proportion of most cities' populations (and workforces) were living in illegal settlements, these underlying changes in attitude that they promoted were also important (ibid).

Despite the fact that the World Bank had much the largest programme of support for these forms of housing projects throughout the 1970s, shelter projects never received as much as 2 percent of total commitments in any year and in many years received less than 1 percent (including 1994 and 1996). The category "housing and housing finance" received a higher priority in the 1980s, especially for the period 1986-90 - but this was almost entirely the result of loans or credits to housing finance systems rather than support for the 1970s type of specific housing projects. This move away from funding 'housing projects' to supporting housing finance systems reflected a broader trend within the Bank from funding projects to funding institutions that fund projects and in part illustrated the difficulties that the Bank has in supporting projects, especially small, relatively cheap basic needs projects. This issue is explored in more detail in the section below.

4.7 The shift from funding basic needs projects to basic needs institutions

The Bank's attempts to improve housing conditions in urban areas went through changes that mirror and in some ways anticipate broader changes within the Bank. The first is the recognition that funding individual projects was not the solution, as these did not address the more fundamental factors constraining the possibilities of low-income households being able to buy, rent or build adequate quality housing. The second was the recognition that one of the main constraints on improving housing conditions was the weakness in the institutional capacity of recipient governments to implement projects. Rather than support projects, the Bank needed to help develop the capacity of recipient governments to implement projects. In the long term, the Bank could much more easily fund basic needs projects if recipient governments had capable and effective institutions that could implement the projects. Later, the Bank came to recognize that it was not only a question of 'capacity-building' within recipient governments (including the capacities of local governments who were generally responsible for much infrastructure and service provision) but of making the whole macro-economic, policy and institutional context more appropriate for basic needs provision.

The Bank's recognition of this was helped by the various difficulties it had with the new housing projects it supported. The difficulties that the Bank faced in implementing many of these (and the long project overruns in terms of time for implementation) were documented in considerable detail both by staff at the Bank and by outside groups (for instance Laquian 1982, Payne 1984, Payer 1982, Cohen 1983, World Bank 1991c, Mayo and Angel 1993). The difficulties that the Bank and recipient governments had in implementing serviced site

schemes (Payne 1984, Mayo and Angel 1993) also helps explain why the Bank made few project commitments to serviced sites after 1985.

There was also a growing recognition within the Bank that both upgrading and serviced site projects "projectized" housing (and other urban) problems when more fundamental reforms were needed - for instance improving the availability of housing finance, reforming city and municipal government, and changing building codes and land-use regulations and their application so it was cheaper, quicker and easier to develop legal housing and land sites (Cohen 1990). These projects also relied too heavily for their implementation on public authorities who usually had very limited capacities and this too diverted attention both from more fundamental reforms and from the need to catalyze and support private and community investments (ibid).

The Bank's first response to the difficulty in implementing "projects" and to the need for more fundamental changes was to channel funding to housing finance - in recognition of how many countries lacked an efficient housing finance system. Between 1970 and 1996, two fifths of its support for 'housing and housing finance' went to support "slum" and squatter upgrading, serviced sites and core housing projects with 36 percent to housing finance. But housing finance receives a particularly high priority within the funding for housing and housing finance from 1986 to 1993 but nothing during 1994-6. Although the scale of funding commitments in each year fluctuated considerably, the largest annual commitments were generally in the late 1980s when most of the funding was for housing finance. This contrasts with the period 1972-84 when housing finance received very little support and most funding within 'housing and housing finance' was for projects for upgrading slums or squatter settlements, serviced sites or low-cost housing. If the late 1980s and early 1990s are compared with the earlier period, the average size of loans also increased considerably, and an increasing proportion of loans went to middle income countries (Mayo and Angel 1993).

The other shift within the World Bank was to "housing policy development" that sought to address some of the wider structural constraints that had limited the impact of "projects". In this third shift, the aim of loans or credits was to improve the performance of the housing sector as a whole and with a greater role for government in facilitating private sector provision of land and housing (ibid) - although there was little evidence of loans supporting this shift between 1991 and 1996. However, it is clear that many of the integrated community development projects and social funds include upgrading as important components.

This third shift locates support for shelter within the broader macro-economic framework and includes within it explicit goals for improving macro-economic performance as well as

improving housing conditions (Pugh 1994). It couches support for housing within a broader framework of "enabling markets to work" - the title of the 1993 World Bank policy paper on Housing was *Housing: Enabling Markets to Work* (Mayo and Angel 1993). This fits within what might be termed a new urban agenda that centred on three aspects: institutional building within recipient governments and policy reform; funding for intermediary institutions within recipient governments (including those that provide housing finance and finance for municipal authorities to invest); and funding for major urban projects (including upgrading) (Cohen, personal communication).

This evolution in the World Bank's support for housing is consistent with broader changes of thinking about development within and outside the Bank. The Bank's housing policies of the 1970s were developed before the major shift in the economic orientation of most governments in the North towards a much reduced role for the public sector in housing. In addition, part of the reason may also be that the Bank's economists are more influenced by current thinking in the United States whereas economists in Europe and Japan remain more ready to accept government welfare and state development roles (Pugh 1994). It is also likely to relate to the Bank's proximity to a U.S. Congress that was very market oriented during the 1980s and was always concerned that the World Bank might not share its orientation. But it also relates to the difficulties that the Bank had faced in funding successful, relatively small projects.

Another reason for the Bank seeking to change the policies of recipient governments was the recognition that the funds available to the Bank (and to other development assistance agencies prepared to support housing and urban infrastructure) were small in scale, in relation to need, in most countries. For instance, despite the fact that the World Bank's loan commitments to urban shelter, infrastructure and service projects in Latin America represent much the largest commitments from any agency to the region (Satterthwaite 1990, 1997) it was estimated that total capital investments by sub-national governments in the region were more than 45 times the volume of Bank loans (Guarda 1990) - and despite this, urban investments in the region still failed to keep up with urban growth.

This shift from projects to what was at first called building or strengthening institutional capacity and later included as supporting 'good governance' can also be seen in the greater emphasis given by the Bank to urban management. The World Bank was among the first international agencies to support improved urban management, rather than specific urban projects, and it became much the largest donor in the world in terms of financial support for this (Satterthwaite 1997). This is evident in the increasing scale of loans that were specifically to increase the institutional capacity of Third World governments to address their own needs with regard to urban development and to enhancing urban government's capacity to install and

maintain infrastructure and services. The World Bank made over 50 project commitments during the period 1970 to 1996 to building the institutional and financial capacity of urban governments or to institutions which support urban development. All but two were made since 1983. Although some of its urban projects have long had institution building components relating to urban government and many "integrated urban development" projects have strong institution building components, it was only in the 1980s that project commitments were made specifically to institution building for urban areas, training in urban management, local government finance and urban planning. Commitments to building the institutional and financial capacity of urban authorities within recipient governments totalled close to \$2.5 billion between 1983 and 1996 with close to three quarters of this committed in the years 1988-1995 (with no commitment made during 1996). One reason for this move may stem from a recognition of the unsustainability of many of their previous urban projects (Hardoy and Satterthwaite 1991). Another reason for strengthening the capacity of urban authorities is that this will increase the capacity of recipient governments to manage and invest in infrastructure and services, and thus increase their demand for World Bank funding.

There was also an increasing number of loans provided to national or municipal institutions responsible for providing funding to local governments - as in loans to support the work of the Cities and Villages Development Bank in Jordan, the Autonomous Municipal Bank in Honduras and the Fonds d'Equipement Communal in Morocco. Other loans to Zimbabwe and Brazil have provided credit direct to certain urban authorities. These are also examples of the Bank funding intermediary institutions that in turn fund projects, rather than the Bank funding the projects themselves. The importance of this shift was highlighted in a Bank document (Kessides 1997) both for urban projects and for those for water and sanitation. This was a desk study of 70 completed or ongoing World Bank projects which highlighted the shift within the Bank from 'retailing to wholesaling' of urban development finance, as the Bank would no longer develop specific urban projects, but provided funds to a recipient government that would support the development of many sub-projects by municipalities or communities. This shift was also evident in water and sanitation as the Bank moved from funding the construction of the infrastructure to funding the transformation of institutions within recipient governments to make them more responsive to low-income communities' preferences and willingness to pay (ibid). This shift meant increasing Bank involvement in working with municipal governments and in changing central-local government relations (ibid). Comparable shifts from funding projects to funding institutions that fund projects or funding changes in the institutional structure of whole sectors that are responsible for basic services are also evident in education and health (see for instance World Bank 1993b). By the early 1990s, many sector adjustment loans were for reforms within social services or had within them components for social service reform. An increasing number of structural adjustment loans also included

provisions to try to widen access to basic social services (ibid) or to ensure that funding for primary level services did not fall, within overall cuts in government expenditures (Tjonneland and others 1998).

4.8 The constraints on a Greater Priority to Basic Needs

4.8.1 *The range of constraints*

This section seeks to identify the internal and external factors which influenced the priority that the Bank gave to basic needs during the period 1970 to 1996 and discusses their relative importance and changes in their relative strengths over time. It should be noted at the outset that the statistics presented in earlier sections, showing the allocation of funding commitments across different sectors (and different kinds of basic needs projects) reveal the final outcome of the many and complex processes internal and external to the Bank. For such a large and complex institution, with pressure from a considerable range of external factors (including the many member governments that are seeking loans or credits and the pressure from the governments that are its major funders or guarantors), it is difficult to gauge with precision the relative importance of different influences and how these changed over time.

It was suggested in Chapter 3 that the factors which influence any development assistance agency's sectoral priorities can be grouped under those that are internal to the agency and those that relate to external pressures. Interviews with World Bank staff sought a more detailed understanding of these and this section concentrates on reporting on the findings from these interviews (Annex 2 gives details of the questions asked and Annex 3 lists the persons interviewed). This section draws principally on semi-structured interviews with World Bank staff members which concentrated on questions as to what were the main constraints on increasing Bank funding to basic needs projects. It also draws on more informal discussions with other World Bank staff, a review of World Bank official documents, and a review of internal Bank documents made available by Bank staff, especially those of the Operations Evaluations Unit which acts as the main review process on project and/or loan performance, within the Bank.

4.8.2 *The key questions*

Interviewees were asked what they considered to be the main constraints on increasing Bank funding of basic needs projects. The questions sought to separate out five distinct influences: the first two being internal to the Bank; the other three being external:

- a. Conscious decisions made by staff at the Bank as to sectoral priorities, with a low priority to basic needs projects being a conscious choice on the part of Bank staff as country programmes were developed. Consideration of this had to include the explicit and implicit influences of senior staff as well as more junior staff involved in managing projects - with a special interest in the influence of the Office of the President.

- b. Sectoral biases created as a result of the institutional structure of the Bank and the norms and procedures by which it works (for instance basic needs projects proving to be relatively difficult for Bank staff to develop and to perform well according to the criteria used within the Bank to monitor and evaluate project performance);
- c. The explicit and implicit influences of the Bank's Board of Directors and the governments that they represent (this is considered an external influence in that the Board of Directors and the governments they represent are a mixture of "shareholders" and "customers" for Bank loans);
- d. The explicit and implicit influences of the recipient governments in their negotiation with the bank for loans or credits; and
- e. Other external influences, including private sector interests, given the very large funding that many construction and consultancy firms receive from World Bank funded projects and pressure brought by NGOs and other pressure groups.

Apart from specific questions addressed to these issues in each interview, two general questions were also asked which have relevance to understanding how projects are chosen: who initiates projects and sets the priorities for projects; and what are the main constraints on the Bank's effectiveness.

4.8.3 The constraints internal to the Bank on funding for basic needs projects

In regard to constraints internal to the Bank, the interviews emphasized that it was the institutional structure of the Bank and the rules and procedures it followed that helped to restrict the scale of funding to basic needs projects. Two particular constraints were highlighted by most interviewees. The first was that basic needs projects were generally staff intensive relative to the value of the loan or credit, and that this helped to ensure that they did not perform well, according to one of the main criteria by which project performance was judged and monitored: staff time spent per \$ million committed. The second, linked to this, was that many kinds of basic needs projects were difficult to implement - one reason being the lack of time that Bank staff could spend in their design and implementation, the other (linked to this) being the weak institutional capacity within most recipient governments to design and implement them.

Many of those interviewed stressed that the Bank was not set up to implement development projects (especially small, staff intensive projects) but to act as a Bank. As a Bank, it seeks to provide large capital sums to recipient governments (who should implement the projects). Thus, the scale of its funding for basic needs is dependent on recipient governments being able to implement basic needs projects and being willing to request funding from the Bank to do so. Two interviewees stressed how the Bank cannot act like UNICEF which has most of its staff within offices in recipient countries and can work directly with community organizations. As a Bank, it also seeks to guarantee cost recovery (although it is not the

project itself that needs to generate cost recovery) and to keep down overhead costs, so that interest rates can be kept to a minimum. Several of the interviewees used the metaphor of the Bank as a funding wholesaler, not a retailer. One divisional chief with over 20 years service in the Bank stressed that the whole political economy of the Bank was about how to channel large volumes of funding from world capital markets to investments in the Third World. In addition, many stressed that the Bank's main asset was its capacity to draw on international capital markets and obtain capital at relatively low interest rates (because of its high credit rating) and to on-lend to member governments at relatively low interest rates, despite achieving full cost recovery on the loans.

The interviewees also stressed that the Bank's weakness was not as a Bank but as a development institution that sought to improve the incomes and living conditions for poorer groups. This was especially evident in the promotion and support of basic needs projects that allowed the intended beneficiaries to participate in project design and implementation. The constraints that are internal to the Bank for this include: the very limited amount of Bank staff time available for project design, implementation and evaluation, relative to funding; and the high level of centralization (with most of the Bank staff based in Washington DC with relatively few staff in country offices). Support for participatory basic needs projects implies the need for substantial staff input in the process by which needs are identified with the beneficiaries and the negotiation on project design, implementation and monitoring. The Bank is not set up to provide this staff input itself and if recipient governments are not able or willing to do so, it proves very difficult for the Bank to fund such projects. As noted earlier, the Bank was not set up as a development institution but as a Bank to provide long term loans for capital investment to (mostly European) governments who could not raise such funding from private sector sources. To a considerable extent, it retains this basic character today, despite its much enlarged size, its much enlarged membership of governments and the fact that it has long been judged to be a major development institution as much as a Bank. There is some contradiction between an institution that is set up as a Bank to lend to governments who are Bank shareholders with a clear orientation towards 'productive' projects becoming the leading international institution that is meant to support poverty reduction.

Virtually all interviewees stated that the staff-intensive nature of most basic needs projects was a constraint on an increase in Bank support for them while more than half the interviewees stressed this as a major constraint. The reason that this proves such a major constraint relates to the criteria set up by the Bank through which both project performance and staff performance is evaluated. The main criteria by which progress on the Bank's projects are monitored are banking criteria, not development criteria. For instance, one of the key criteria by which project performance is judged is the amount of staff time spent on preparing and

implementing a project, relative to the size of the loan. Low ratios of staff months to loan size are regarded as a positive achievement. The speed of implementation, especially the avoidance of time overruns in project completion, is another criterion widely used in judging projects. A third, although not used much for social projects, is whether the anticipated economic rate of return was actually achieved.¹⁴ Several interviewees also stressed that the incentive system within the Bank favoured staff who were most successful in setting up large project loans or credits for submission to the Board. This would tend to bias project portfolios away from too much support for staff intensive projects and from the type of project which were known to be difficult to implement and to risk overruns in project completion. It would also bias project portfolios away from relatively cheap capital projects and many basic needs projects do not have high capital costs.¹⁵ The Bank is not able to support a large number of small basic needs projects that cost only a few million dollars. Of the 654 loan or credit commitments made by the Bank to basic needs projects between 1970 and 1993, none were under \$2 million (at \$ at their 1990 value) and less than 10 percent were under \$10 million. Many of the smaller loans or credits were to the very small-population countries that are Bank members - such as St. Lucia, Vanuatu, Bhutan, Cape Verde, Guinea Bissau and Djibouti. The average size of loans and credits to basic needs was \$59.7 million over the 27 year period and had shown some tendency to increase, during the 27 period, although perhaps not as much as might have been expected - see Table 4.8. This Table also shows how IBRD loans to basic needs are generally larger than IDA credits.

Table 4.8: Changes in the average size of World Bank loans or credits for basic needs to Third World nations, 1970-1993 (US\$ million 1990)

	Average size of loans or credits (\$US m 1990)									
	70-72	73-75	76-78	79-81	82-84	85-87	88-90	91-93	94-96	70-96
IDA	23.2	30.8	31.4	47.1	27.5	46.3	33.0	55.0	43.7	41.7
IBRD	68.0	54.3	48.6	71.4	63.4	76.1	103.7	96.3	101.0	78.2
IDA and IBRD	53.1	43.9	41.7	61.9	48.5	62.7	61.9	70.2	67.1	59.7

Another aspect of this difficulty in funding relatively cheap projects is the pressure that the Bank is under to increase its lending. When combined with the pressure to keep down staff costs, this would tend to bias lending towards those projects, sectors or loans that most easily permit increased lending. It was noted earlier that the Bank came under greater pressure to lend during the 1980s as the Bank began to receive more funding from Third World nations repaying their debts than the Bank was lending (Mosley, Harrigan and Toye 1991) and that

¹⁴ Interviewees reported that economic rates of return had not been required for water projects since 1980 and had never been required for health, education and population projects.

¹⁵ See for instance Orangi 1995, Stein 1996, Espinosa and Lopez Rivera 1994, Schusterman and Hardoy 1997 and Bolnick 1997.

loans and credits for policy based lending (both structural adjustment and sector adjustment loans and credits) became a way of rapidly increasing its lending and also the Bank's major defence against the possibility of loan default. Structural adjustment loans and credits were also, on average, larger than loans and credits to basic needs; their average size to Third World nations was \$100 million between 1980 and 1993, nearly twice the average size of basic needs loans and credits during this same period - although if IBRD and IDA are separated, the differential between the two was much larger for IBRD than for IDA. The pressure to lend also helps explain why the Bank continued to allow disbursements on many structural adjustment loans, despite slippage in many of the conditions set for the loans (ibid). Tjonneland and others (1998) in reviewing the recent changes in the Bank's policies towards poverty reduction in sub-Saharan Africa also noted that there was still pressure within the Bank to ensure positive net transfers and expected levels of IDA disbursements.

The pressure to increase lending also helps explain why in the past, the Bank often sought to set up new institutions or project units within recipient countries to implement Bank-funded projects, because working within the existing institutional structure was judged to be too slow or ineffective. Several interviewees were critical of this because it meant not working to develop the capacity of existing institutions and inevitably the new project units or institutions were resented by those within the existing institutions in recipient governments. One interviewee suggested that Bank staff were too impatient to get projects developed and implemented and this helps explain why Bank staff imposed such 'solutions'. Another noted how the Bank now admitted that setting up new units to implement Bank projects was the wrong thing to do in the interests of building long term institutional capacity. Some of the Social Funds that the Bank has supported in recent years were also criticized by some interviewees as they too had set up special institutions to implement them and bypassed local government structures that needed reform.

In one particular sense, the World Bank is unlike a conventional bank in that the risk of loan default is minimal - even if many countries are late in loan or credit repayments.¹⁶ Member governments need to avoid, at all costs, defaulting on loan or credit repayments since this not only denies them future access to Bank funds but also means no access to IMF funds and could risk expulsion from the Bank and the IMF. In addition, from the early 1980s, most bilateral donor agencies would also withdraw support, if a Third World government was in conflict with the World Bank or the IMF. Loan or credit repayment by recipient governments

¹⁶ At least up to 1993, this was partly because it was the Bank that was first in line to get its debts repaid - see Caufield 1997. It is also because the Bank sought wherever possible not to classify governments that were late in paying loan repayments as defaulters (ibid, Mosley, Harrigan and Toyé 1991). See also the special provisions made to help countries pay their IBRD debts (Caufield 1997, World Bank 1994a, World Bank 1995a).

does not depend on a successful project, although the Bank does have project evaluation criteria which judge the economic performance of most projects (through setting anticipated "economic rates of return" at project appraisal stage and judging on project completion whether this rate had been achieved). But a particular project may produce few if any tangible benefits for a government and thus contribute nothing to the government's capacity to repay the loan - and this does not stop the requirement to repay the loan.

One interviewee also pointed out that Bank staff rarely follow a project from its formulation and inception through to its completion and evaluation as they have moved on to other work. This means that they are not associated with the poor performance of a project they helped design and get funding for. This could help limit staff responsibility for good projects. It also inhibits the capacity of staff to learn from mistakes; one interviewee stressed how poor the Bank staff were in admitting to the difficulties they faced in developing and implementing projects and in identifying the mistakes that had been made and applying this learning for future work. Another stressed how difficult it was for the Bank to learn because of the lack of feedback about how well particular projects are working. Another who stressed the importance of keeping down staff costs to keep the institution 'lean' also noted that this stress on keeping down staffing coefficients made it difficult to monitor and follow up projects - both of which are necessary for good performance. Another noted how the pressure to keep down staff costs also meant too little time available for monitoring and auditing projects and this encouraged a contracting out of some such work, which also means little possibility for learning from these, within the Bank itself. The fact that the changes initiated under the Presidency of Wolfensohn in 1996 were meant to make individuals more accountable for how projects perform, to ensure incentives for promotion were linked more to the quality rather than the quantity of work done and to stop measuring success by the number of loans presented to the Board (Prest 1996) also gives weight to the suggestion that pressures to keep down staff time were inhibiting good quality work. Chapter 6 will describe how staff at Sida also pointed to a tendency within their agency to contract out work that would normally be done by agency staff to keep down staff costs and how this also inhibited learning within the institution.

Virtually all interviewees also stressed that a lack of Bank staff time available for the monitoring and mid-course correction of projects was a major constraint on good project performance. This was strongly stressed by interviewees with experience in education and in community water supply. In regard to education, much of what makes an education system effective is the nature of its organization. A loan to improve the effectiveness of an education system is staff intensive for the Bank, both in setting up and in monitoring and evaluation; by contrast, funding the construction of school buildings is much less staff intensive, relative to

the size of the loan. The Bank's institutional structure is better suited to funding the construction of schools than to helping improve the effectiveness of a recipient nation's education system.

In regard to water supply, one interviewee pointed out that community based rural water supply programmes were too staff intensive to permit much Bank funding. This meant the need to find funding from other agencies (who could provide grant funds to help cover the staff inputs). However, this interviewee and several others noted that developing a collaboration with other agencies to fund projects was also staff intensive. One interviewee suggested that project officers did not like to co-finance projects with other agencies because this complicated the whole process - not least because each agency has their own agenda. Another noted that bilateral agencies not only have their own agenda but also their own procurement procedures which may clash with those of the Bank.

Two interviewees, both working in operations, differed slightly in their perception of this problem. One, a departmental chief, noted that some basic needs projects were more staff intensive (and that there was never enough staff time for project formulation and implementation) but that it was possible to support basic needs projects within a broad project portfolio which kept down staff costs relative to total loans but which also permitted higher staff costs relative to loans for basic needs projects. Their view was that the staff intensive nature of basic needs projects was not the major constraint; a more serious constraint was the weakness of World Bank staff "in country" (i.e. based at the World Bank's resident missions within recipient countries) and that the real need was for more specialists in such missions to permit better project design and implementation. The other commented that although many basic needs projects were relatively staff intensive, this should not constrain funding to them since within a portfolio of projects, others, requiring little staff time per \$ loan value, would balance them out. This same person also commented that the constant monitoring of staff time spent on each project was also a useful check on keeping the Bank's operations efficient.

The interviewees did not give much weight to the possibility that it was conscious decisions made by staff at the Bank that explained why basic needs projects should not receive a high priority. Several interviewees noted that the Bank's terms of reference as to what it can fund are relatively broad. A conscious choice not to fund basic needs projects might have been an important constraint during the 1950s and 1960s, when perceptions as to what were the priorities for economic recovery in Europe and "economic take off" elsewhere might have suggested a concentration on production and on economic infrastructure. But the World Bank has been lending to most kinds of basic needs projects for over twenty five years.

Most interviewees stressed that the re-organization of the Bank in 1987 has increased the power of recipient governments to influence sectoral priorities. Prior to this re-organization, the sectoral divisions had more power and influence. After this re-organization, it was the country and regional offices that had responsibility for loans and credits and thus for negotiations with recipient governments. One interviewee commented that after this reform, there was no longer one bank but many banks as each country department came to have its own policy. In 1987, the sectoral divisions and departments came under one office (Sector and Operations Policy) which included such divisions as "infrastructure and urban development" and "population and human resources" and which in turn were divided into divisions (for instance the urban development division and the Education and Employment Division). Staff from these sectoral departments or divisions could be called on, by staff in the regional and country departments, for advice and most of the interviewees from the sectoral departments were actively engaged for part of their time in working on specific projects with the regional and country offices. However, each country or regional department has its own sectoral specialists within its own Technical Department which makes them less reliant on the sectoral departments. Thus, a country department developing a loan for (say) strengthening the capacity of urban municipal governments need not necessarily call on the urban specialists in the urban development division within the Office of Sector and Operations policy. One interviewee noted that prior to the 1987 reform, the Bank had had a strong Urban unit and now this was less powerful, with urban staff also more fragmented - some as technical staff in regional and country office departments, some in the Infrastructure and Urban Development Division. This helps explain the fall in the priority given to urban development within IBRD and IDA for 1994-6 (see tables 4.3 and 4.4). The more recent organizational changes under the Presidency of James Wolfensohn have further increased the power of those working on country programmes, especially the power of the Country Director (Tjonneland and others 1998) but this change is too recent to allow a consideration of whether this has influenced the Bank's sectoral priorities, since changes in policy towards investment projects take some years to become manifest in funding commitments, because of the time taken to develop projects before they are approved.

To obtain a more detailed understanding of the relationship between the sectoral departments and the country departments responsible for loans in 1990, specific questions were addressed to staff interviewed from the Sector and Operations Policy Office (especially the infrastructure and urban development, which facilitated the interviews). These questions sought clarification as to how the Sector and Operations Policy Office influenced sectoral priorities. The responses pointed to the need for staff in Sector and Operations Policy to influence and support staff in the regional and country departments in developing loans within their particular sector. One example of this was the publication by the (then) Urban Development

Division of "A World Bank Policy Paper" *Urban Policy and Economic Development: an Agenda for the 1990s* (World Bank, 1991d). Interviewees suggested that this was not so much "the Bank's policy" as first, a reflection on what the Bank was already doing and secondly a justification as to why country offices should take urban issues seriously. Its importance was as much to influence opinions and perceptions within the Bank as a formal statement of Bank policy for those outside the Bank. The document also had an important role in informing recipient governments as to the Bank's priorities and through this, stimulating recipient governments to request loans for urban development. A similar explanation was given by one interviewee in the Education and Employment Division of the Population and Human Resources Department (which at this time was also within the Sector and Operations Policy office). This Division also produced a policy paper on *Primary Education* (World Bank, 1990b) and this was also meant to have an important role in stimulating interest in primary education within the Bank's own regional and country offices.

It was also clear from some of the interviewees that there was considerable tension between country offices and the Bank's senior management. One interviewee suggested that many Bank staff working in country programmes were cynical about the promises made by the Bank's President in his speeches - especially in regard to the Bank's apparent commitment to gender equality, in its estimates as to the scale of poverty and how it had changed, and in the promises made about development. The attitude within many country offices was for senior management to leave them alone because they knew best the most appropriate country programme for the country for which they had responsibility. And as was also apparent in UNICEF (see Chapter 5), there was also some resentment among country programme staff in the additional tasks demanded of them by senior management in preparing projects and in monitoring their implementation to make them more poverty oriented, gender aware or environmentally benign.

A final internal constraint on funding for basic needs projects that was stressed by several interviewees was the fact that officially, the Bank's Articles of Agreement state that Bank's funds must be for productive purposes and this includes not being able to fund recurrent costs. Many basic needs projects - especially primary education and the preventive and curative aspects of primary health care (including the provision of nutritional supplements) - have relatively low capital costs but high recurrent costs. Several interviewees noted that many Bank loans do, indirectly, cover some recurrent costs which in theory are in violation of the Articles of Agreement. One interviewee, the head of a country department in Africa, stressed this constraint since in some of the nations in which that Department worked, the teachers, doctors and nurses were simply not being paid and this was what underpinned the ineffectiveness of the health and education systems. This person also noted that while the Bank

can push recipient governments towards more effective organizational structures, the Bank cannot take over the running of their health or education systems. This contradiction between the institutional structure of donor assistance being set up to fund capital projects and the need within recipient countries for funding for staff to expand, extend or improve basic needs provision (or during economic stagnation, simply to keep basic service provision going) is a theme that will recur in the Chapters looking at UNICEF and Sida and will be considered in more detail in the final concluding Chapter.

4.8.4 Strengthening recipient governments' institutional capacity - the constraints internal and external to the Bank

Many interviewees stressed the very limited capacity within most recipient governments (especially at district/local government level) to design and implement basic needs projects. There was broad agreement that if recipient governments gave a higher priority to requesting funds for basic needs projects and themselves had the institutional structure capable of preparing and implementing projects, this would make it much easier for the Bank to lend for basic needs projects. One interviewee also stressed that Bank loans to the Newly Industrialized Countries (NICs) were regarded as much easier to implement because there was a good institutional structure within the recipient government for implementation. Many interviewees also stressed that what are termed "repeater projects" within the Bank (loans or credits for a project in a particular sector in a particular country which follow on from an earlier loan or credit to that same country and sector) are generally much less staff intensive and this fact could bias future loan commitments to follow past patterns in sectoral priorities. One interviewee gave the example of population projects. When the Bank began population projects, these proved to be very staff intensive but with experience and with a more realistic idea of what can be achieved (and thus less change in project focus when moving from pre-appraisal of the project to appraisal and implementation), the staffing coefficients came down.

This realization and the Bank's experience over more than twenty years in basic needs projects has helped to change the nature of much of the Bank's support for basic needs. There are clear qualitative changes in the kinds of basic needs projects that the Bank has supported between 1970 and 1996 from what might be termed 'pilot projects' in which Bank staff took a major role in implementation (which proved very staff intensive) to loans which provided recipient governments with the funding to develop projects. Some examples of this were given in the previous section - for instance the move away from loans for low-income housing projects to loans for national housing finance systems. Another example is the move away from funding specific urban infrastructure and service projects (for instance the piped water system in a particular city) to providing a loan for a national agency which provides funds to city governments for infrastructure and services. Social Funds are also mechanisms by which

World Bank finance is provided to an agency within the recipient country which then develops and funds projects. As one interviewee commented, the Bank is trying to make the borrowers (i.e. the recipient governments) do more of the work in project formulation and implementation, since this diminishes the workload on Bank staff and also increases the likelihood of good project management. However, some interviewees noted the difficulties for the Bank in ensuring that the intermediaries fulfilled the conditions of the loan or credit. One interviewee stressed how difficult it was to set up an accountable and transparent social fund and noted examples of where social funds had not functioned as intended.

Another important qualitative change is the increasing priority given by Bank loans to enhancing the institutional capacity within recipient governments to themselves implement basic needs projects. Most interviewees stressed the importance of building such institutional capacity, since this would permit a more efficient implementation of projects. It also makes it easier for the Bank to provide large loans or credits to recipient government's institutions who then take responsibility for project formulation and implementation. However, in the short term, funds for building or strengthening institutional capacity do not necessarily ease the Bank's constraint on staff time - although in the long term, they should increase the capacity of the recipient government to develop and implement projects that in turn will diminish the need for Bank staff involvement.

Many interviewees noted that Bank loans and credits provided to governments to help build institutional capacity were often staff intensive and that they often mismatched the Bank's own expertise. An institution whose main experience and expertise has tended to be as a Bank that funds projects is not necessarily well equipped for the long and complex process of building or strengthening institutional capacity within recipient governments. Changing institutional structures within recipient governments is also likely to be complex and political, and not necessarily amenable to what the Bank staff might judge to be the best technical solution. In addition, most recipient governments are reluctant to take on a commercial loan for institutional strengthening; several interviewees noted that most governments wanted grants or soft loans for institutional strengthening and for most, the Bank can only offer non-concessional loans. Several interviewees also noted that institution building is also difficult, when there is a constant change in staff both at the Bank and within the recipient government.

Many interviewees stressed the need for the Bank to have grant funding for technical assistance and institution building. Their judgement is that the Bank cannot have a successful programme to fund the strengthening of institutional capacity of member governments without such funding. Several interviewees also stressed the inappropriateness of conventional accounting systems in evaluating Bank projects to support institutional strengthening. One

senior economist at the Bank, working in research at the time of the interview but with many years experience in operations, stressed the need to develop new accounting and evaluation methodologies by which to judge loans provided for strengthening institutional capacity. One example he gave was of funding provided for developing the land management capacity of urban governments which often demanded a high staff input, especially in relation to the size of loans, with no clear returns direct from that particular loan. However, in the longer term, increased institutional capacity in urban land management can bring high returns in, for instance, cheapening the cost of land for housing, infrastructure and services and avoiding the settlement of lands subject to risks from flooding and landslides.

The Bank has developed a variety of mechanisms by which to draw in additional funding to pay for research and technical assistance. For instance, it has a considerable number of 'trust funds' established by donors during the late 1980s and early 1990s under which the donors provide grants to support World Bank operational work. Most of these are consultant trust funds and 26 were in operation by 1994 and with the programme allocating \$52 million in fiscal 1994 (World Bank 1994a).¹⁷ In addition, in 1990, a much larger special fund, the Policy and Human Resource Development Fund was established with funds from the Japanese government - to finance technical assistance, studies and training (World Bank 1991a).¹⁸ During 1996 alone, this provided \$162 million to support the project-preparation activities of Bank-financed operations (World Bank 1996a). A considerable part of the Bank's support for household surveys and other measures to more accurately measure poverty and monitor changes in poverty in sub-Saharan Africa came from special funds supported by bilateral donors (Tjonneland and others 1998).

One interviewee, an engineer with over 20 years experience within the Bank in project implementation put forward a rather different point of view in regard to institution building. His recommendation was that the Bank should concentrate on what it is good at doing, with its limited staff time: funding large, relatively simple capital projects. He noted that this can be done within a coherent developmental strategy, and that this, in the long run, also helped develop institutional capacity. He also suggested that most of the Bank's problems were self-inflicted, as they sought to fund things that were inappropriate for the Bank. He stressed the difficulties for the Bank in implementing what Bank staff term 'Christmas tree' projects (i.e. with many components from different sectors), although there was pressure within the Bank to

¹⁷ World Bank 1996a mentions a total of 49 consultant trust funds funded by 26 donors. Although the World Bank official documents do not state this, it seems that most (or all?) these consultant trust funds only fund consultants from the donor country.

¹⁸ This fund actually became an umbrella for five funds that had existed previously that the Bank administered on behalf of Japan (World Bank 1991a).

develop such projects. This interviewee also admitted that he was isolated within the Bank in promoting this point of view. However, Kessides in 1997 also noted that the 'Christmas tree' projects had fallen out of favour within the Bank because many had proved too ambitious in trying to combine many disparate elements. They were also too much of a standard package, and so were inappropriate to the diverse interests of local governments, utilities and communities.

4.8.5 Other external influences

Three possible groups of external influences on the relative priority given by the Bank to basic needs projects were noted earlier: the explicit and implicit influences from recipient governments in their negotiation with the Bank for funding; the explicit and implicit influences of the Bank's Board of Directors and the governments that they represent; and other external influences (for instance private sector interests, citizen lobbies or NGOs).

A distinction is drawn between explicit and implicit influences to permit a separation of institutional factors from explicit policies. For instance, the weak institutional capacity of most recipient governments to implement basic needs projects has been stressed already; this is not necessarily the result of an explicit government policy - although the fact that national governments have kept in check the power and resources available to local governments is clearly an explicit policy followed by many if not most Third World governments, at least until the growing number of decentralization programmes in the late 1980s and early 1990s (Cochrane 1983, Nellis, Rondinelli and Cheema 1983, Stren 1991, UNCHS 1996). Another example of an implicit influence is the fact that in the negotiation process between the Bank and a member government seeking a loan or credit, the negotiation generally takes place (initially at least) with the Ministry of Finance and this fact is likely to influence the nature of loans and the chosen sectoral priorities.

It is clear that the nature of the requests for funds from recipient governments influences the sectoral priorities of the Bank. The Bank's sectoral priorities are the outcome of all the successful negotiations between the Bank and its member governments who seek loans or credits and as such, the Bank's sectoral priorities are determined by the aggregate of the sectoral priorities for successful loan/credit negotiations. But here, it is difficult to determine the extent to which the sectoral priorities in recipient governments' requests are shaped by explicit policy statements by the Bank or by the recipient governments' judgement as to what the Bank is likely to fund. The interviews with the Bank staff and with staff from other development assistance agencies suggest that, perhaps not surprisingly, governments who approach donor agencies for funds shape their requests to what they perceive to be the donor agencies' own priorities. And as noted earlier, many Bank documents are seen as ways by the

Bank of emphasizing to potential loanees what the Bank would like to fund. For instance, the *World Development Report* which the Bank has published every year since 1978 can be seen as one means by which the Bank lets its potential loanees know what it regards as important. For instance, the strong stress in the 1993 World Development Report of the need for more attention to primary health care and specifically to a particular relatively low-cost package (World Bank 1993d) can be seen as an explicit encouragement for member governments to apply for funding for this.

Interviewee responses to the question as to which of the actors in the negotiation process between the Bank and the member government initiated the idea of a particular project produced some interesting responses. Most interviewees stressed that the exact way in which a project idea is initiated and developed varies too much to make any valid generalization; the original initiator may be a Bank staff member who suggests to a government representative that they might like to consider developing a particular project or a member of the recipient government suggesting it informally to a staff member of the Bank or a choice during discussions between Bank and government staff. One interviewee stressed that in the country programmes in which they work, each ministry in the recipient government seeking a loan often competes for funds and this produces a long list which the government presents to the Bank - and it is during discussions with the Bank that agreement is reached as to which, within this list, receive funding. Another interviewee stressed that the quality of the dialogue between the Bank and recipient governments varies greatly; for some, requests for project support are made within a coherent framework, with good knowledge of what the Bank is likely to fund; for others, the requests are simply what the government cannot get funded by other donor agencies (especially those which provide grants or higher subsidies in loans than the Bank). This was reinforced by another interviewee who commented that some recipient governments have the knowledge and capacity to know how to use the Bank while others lack the capacity and knowledge, and the sectoral priorities in their requests to the Bank will be much more influenced by what the Bank staff suggest.

One of the division chiefs interviewed, who had been working in the Bank for some twenty years (which also means an extended period when Robert McNamara was President) noted that the Bank's sectoral priorities were always the aggregate outcome of the hundreds of Bank-member government negotiations. The response of the Bank's country programmes to recipient government's requests was a major factor in determining the Bank's sectoral priorities. Thus, the increasing priority given by the World Bank to support for agricultural and rural development in the early 1970s was much less a conscious decision by the Bank to promote this as a priority but more a recognition of the fact that more recipient governments were requesting funding for this particular sector. But here too, it is impossible to separate out

the extent to which recipient governments pick up signals from the Bank that they are likely to be more favourable to particular requests. For instance, an increasing priority to rural and agricultural development produced by a greater demand from recipient governments for support for such projects would have been reinforced by the recognition by member governments that the Bank was giving this sector greater importance. More recently, the rapid growth in the scale of Bank funding for Social Funds must reflect the growing demand from member governments for such funding - but this in turn is influenced by member governments perceiving that the Bank regard these as important and thus finding it easier to obtain Bank funding for these.

However, many interviewees also stressed that there was a certain inertia within the Bank to rapid change since projects regarded as successful in one particular country and sector were often followed by another. As noted already, such "repeater" projects were also seen as important in that they often demanded much less staff time relative to the value of the loan than the initial projects. And as one interviewee stressed, a successful project in a country often prepares the way for a sectoral loan there.

The Bank is also too centralized an institution to provide for a continuous dialogue between itself and recipient governments. As noted already, most Bank staff including those working on country programmes are based in Washington DC. This may lessen, with the organizational changes that are occurring under Wolfensohn and some country directors may come to be located within World Bank offices within the recipient countries. However, interviews in Zimbabwe, Zambia and Malawi with staff from other international donors, NGOs and government staff conveyed a relatively uniform picture: donors and NGOs and - to a lesser extent governments - complained that the Bank did not properly interact, consult and liaise with them (Tjonneland and others 1998). This report noted that this had also been confirmed by recent Bank-commissioned client feedback surveys (ibid).

One external influence that shapes the Bank both now and at its inception is that coming from the member governments who are its main shareholders. These are represented on the Bank's Board of Directors and within this, the interests of the U.S. government have been particularly prominent. Although the shareholding of the U.S. government has been declining, partly because of the U.S. government's reluctance to fund the Bank, it still remains much the largest shareholder. One of the most critical influences on the Bank coming from the U.S. government and from other governments with large voting rights is the demand that the Bank's staff costs relative to loans are kept down. One interviewee stated that it was politically impossible for the Bank to expand its staff at that moment and this was essentially imposed on the Bank by the U.S. government and by the Executive Board. This interviewee

also noted that the media promoted this view: it is commonly accepted that the lower the proportion of the total budget spent by a development assistance agency on its own staff and administrative costs, the more effective the agency is. The Bank has always had to operate within what is considered acceptable to the Western governments at that time, without whose funding or guarantee it cannot operate. Those who were responsible for developing the Bretton Woods institutions could not have anticipated certain key developments which shaped demand for development finance - for instance, the speed of decolonization, the influence that the Cold War came to play in development assistance until relatively recently, and the expansion in the number of countries. There were also the political circumstances that led the U.S. government to support the original Bretton Woods institutions - not least the fact that they were seen as critical to helping rapidly rebuild the economies of nations which were the main foreign markets for U.S. companies and to removing protectionist barriers and unconvertible currencies. There is also the fact that the Bank was never considered as a funder of social development when it was set up; for instance, during its first decade of operation, it did not consider loans for education, health or sanitation - and indeed criticized other agencies that did.¹⁹ It is also worth recalling that the Bank only came to be an aid agency in 1960 as a compromise between the non-aligned nations within the United Nations who were seeking a multilateral aid agency and Western donor governments (especially that of the United States) who did not want a multilateral aid agency that was under the control of the United Nations (Mason and Asher, 1973). One of the interviewees stressed how the Bank might perform better if it had stuck only to non-concessional loans since the IDA credits have a large grant element which also means competition for who receives the grant element - and there were generally difficulties in getting the concessionality passed onto the project. It is difficult to justify a soft loan for poverty reduction if the grant element is absorbed by the government and not used to the benefit of low-income groups.

More recently, there is the question of the extent to which the conservative political climate during the 1980s within the U.S., British and German (and many other) governments who have most power within the Bank's Board influenced the Bank. A detailed consideration of this is beyond the scope of the research. But certainly, in the case of UNICEF, as Chapter 5 describes, the conservative political climate within the USA influenced the strategy taken by UNICEF during the 1980s which in turn influenced its sectoral priorities during this decade. The World Bank was also subjected to considerable political pressures by the U.S. Government (especially during the terms of Ronald Reagan) in regard to which governments

¹⁹ Mason and Asher (1973) describe how Paraguay requested a loan from the World Bank for the water supply system of its capital, Asunción, in 1953 and was turned down because the Bank regarded the project as providing an 'amenity' rather than an increase in output. Such projects, in its view, should be funded by domestic resources. The Bank was critical of the U.S. Government's Export-Import Bank for agreeing to provide a loan to this water supply system in 1954.

should receive Bank funding, despite the fact that this contravenes the Bank's articles of agreement to permit any member government to influence this.²⁰ But this influence was more on what nations should or should not receive funding than on what sectoral priorities the Bank should have. It is also likely that such a political climate influenced the kinds of social investments that the Bank felt able to make including the decline in support for basic needs in the early 1980s although as noted earlier, this might also be explained by other factors such as the higher priority to structural adjustment loans and energy sector loans. The Bank's orientation towards basic needs projects was also influenced by the conservative climate, as it lessened its support for recipient government-funded projects and increased its support for changing the financial and institutional basis for basic service provision. It could also be suggested that the Bank's more explicit support for poverty reduction during the 1990s which includes an explicit support for universal provision of basic services and of safety nets for the poorest and most vulnerable groups would not have been possible in the political climate of the early 1980s.

The influence of the U.S. government can also be seen in the fact that the Bank is located in Washington DC rather than New York (where virtually all other U.S. offices of United Nations agencies are located) and that its charter states that its "principal office....shall be located in the territory of the member holding the greatest number of shares" (Payer, 1982). The Bank's President has always been a U.S. citizen and most have come from successful careers in U.S. private banks. Three of the first four Presidents were bankers (including Eugene Black who had been Vice President of the Chase National Bank) while the fourth (John McCloy) was a lawyer who specialized in advising banks. All the Presidents since Robert McNamara have had substantial banking experience. Several had had extensive previous experience working within the U.S. government - for instance, John McCloy was a former assistant secretary for war within the U.S. Government while Robert McNamara, although not from a banking background (he had been a Professor of Business Administration at Harvard) had been the U.S. Government's Secretary of Defence.

It is also clear that external pressure groups have had some influence on the Bank, although it is difficult to gauge the extent of their influence, especially in regard to sectoral priorities. Those interviewed did not see such external pressures as a major factor in influencing the scale and nature of the Bank's commitments to basic needs projects, although one interviewee noted that the Bank had to ignore population issues during the 1980s, because of the anti-abortion pressures from within the United States that in turn influenced the US government.

²⁰ See for instance Payer (1982) and Hayter with Watson (1985). Both sources also suggest that generally, the only loans or credits that are put to the Bank's board are those for which it is known that the US government representative will approve or at least abstain.

The move by the Bank to address the social costs associated with structural adjustment after initially claiming that there were no such costs or that they were very short term or that such costs were some-one else's responsibility was likely to have been influenced by UNICEF and various international development NGOs who demanded such a change. These are also likely to have influenced the Bank's more explicit commitment to poverty reduction during the 1990s. The Bank has also sought to respond to the many criticisms of its work and its mode of work by environmental NGOs and networks - which might be one factor in the decline in the relative importance of funding for large productive projects and productive infrastructure that was described earlier.

The interviewees also did not consider that pressure from private sector interests had been a significant influence on the scale and nature of the Bank's commitments to basic needs projects. It is obvious from the scale of the Bank's lending operations that it brings major benefits to a very large number of businesses. As Caufield 1997 notes, each year, Bank projects result in the awarding of several thousand multi-million dollar contracts and tens of thousands of smaller ones to construction firms, engineers, equipment makers and other businesses. The Bank began to include detailed information about which countries benefited from its foreign procurement in its 1984 Annual Report - no doubt partly in defence against a U.S. Administration that at that time was particularly hostile to the Bank. These figures stressed how much the wealthy nations benefited from the Bank's project spending. The history of the Bank up to 1973 had commented that the Bank was under pressure from the Northern governments who expected that there would be some correspondence between the proportion of money they provide for the Bank and the proportion of procurement that come to companies in their country (Mason and Asher 1973). Table 4.9 shows that in general, the countries with the largest voting power and shares (or funding contributions) are also the countries which receive the highest share in foreign procurement.

The Bank has also been under pressure from the borrowing countries who object to the difficulties that their companies have in getting World Bank contracts (Payer 1982). Payer (1982) recounts how in 1962, the Bank did respond to complaints from borrowing countries that their suppliers should get some preferential treatment in bidding for World Bank contracts - but also quoted a Bank attorney as saying that

"At least in the experience of our Bank, there has been some feeling at times that by insisting on international competitive bidding we do a disservice to the borrower in special cases. On the other hand we have to take into account that the providers of our capital are very interested and we have to strike a balance between the interest of exporters of equipment and goods and recipients of loans".²¹

²¹ In Payer 1982, drawing from Rubin 1971

Table 4.9: The five most powerful member governments of IDA and IBRD and their share in foreign procurement

	IBRD				IDA			
	Voting power %	Shares %	Share in foreign procurement (%)		Voting power %	Subs & comm* %	Share in foreign procurement (%)	
	1996	Up to 1996	Up to 1996	1996	1996	Up to 1996	Up to 1996	1996
United States	17.2	17.7	19.6	18.7	15.0	23.9	9.8	7.8
Japan	6.1	6.3	13.1	5.3	10.8	22.1	10.1	3.9
Germany	4.7	4.8	11.3	10.9	7.0	11.4	8.5	4.5
France	4.5	4.6	7.1	5.9	4.2	7.1	10.5	12.1
UK	4.5	4.6	7.5	6.0	5.0	7.1	13.2	12.0

* Subscriptions and commitments

SOURCE: Drawn from Tables in World Bank 1996a

On various occasions, the Bank has sought to gain greater support for itself from its most powerful member governments by emphasizing the direct economic benefits its operations generate for companies in the North and the extent to which it helps open up foreign markets for Northern businesses (Payer 1982, Hayter with Watson 1985). But the figures in the Bank's Annual Reports on which countries benefit from foreign disbursements can be used both to reassure the wealthy Northern countries that they still receive most of the benefits and reassure Third World countries that over time, they are generally receiving a higher share.

4.8.6 Conclusions

In reviewing the discussion above in regard to the main internal and external influences on the Bank's priority to basic needs, this Chapter does not seek to contradict the explanations advanced by many commentators on the World Bank that there are external factors which constrain the capacity of the Bank in poverty alleviation or reduction - of which provision of basic consumption needs is an important part (see for instance Payer 1982 or Hayter with Watson 1985). It also confirms the point made by many external commentators on the Bank of the pressure that its staff are under to increase lending (see for instance Hayter with Watson 1985, Mosley, Harrigan and Toye 1991, Caufield 1997). However, it does seek to highlight certain constraints on the Bank's support for basic needs which are internal to the Bank and are related to its institutional structure and internal norms and procedures. Apart from the point about the Bank staff being under pressure to increase lending, these have received relatively little attention, to date, in the discussions about the scale and nature of the bank's commitment to social development. These constraints have to be understood within the context of a Bank whose role within development has changed and broadened, more than the

institutional structure and framework within which it has to operate. For instance, the scope of its lending has come to encompass basic needs which were not envisaged as part of its role, when it was set up - yet at least up to the early 1990s, there has been little adjustment to the conditions under which funding is provided and the criteria by which projects are evaluated. The Bank has also changed, fundamentally, the nature of the activities for which it provides loans/credits. One of the most telling, in this context, is its original and almost exclusive concentration on economic infrastructure (ports, airports, dams, bridges, transport systems) to its relatively recent concentration on providing loans and technical assistance to strengthen institutional capacity within recipient governments. The institutional structure and the staff skills needed to provide large capital loans to governments with no lack of technical staff and competent institutional structures are not necessarily the same as those needed to develop governments' institutional capacity.

The understanding of the importance of "participation" within all development projects has certainly increased considerably over the last two decades or so. Yet again, the structure of the Bank (especially its centralization) and some of its primary goals (maximizing lending totals, minimizing staff costs) hardly advance the Bank's capacity to work in participatory ways. This mismatch between the changes in what are perceived as the Bank's role within development and its institutional structure can be partially explained by external factors such as the conservative nature of its major shareholders. But some of the constraints discussed in this Chapter are also evident in UNICEF and Sida, two agencies that operate within very different political circumstances, with fewer political constraints and with the spending on projects not subjected to evaluation by "banking criteria". This suggests that there are constraints which might relate to the current institutional structure of many development assistance agencies which cannot only be explained by the political economy of the external forces which determine or shape their development assistance programme.

5. UNICEF

5.1 Introduction

One of the central hypotheses of this thesis is that the organizational structure of a development assistance agency is itself a significant influence on its sectoral priorities, especially in the limits that it sets on the agency's capacity to give a high priority to meeting low-income groups' basic consumption needs. One reason for the low priority accorded to basic needs projects by most development assistance agencies is the mismatch between the agency's fund-allocating and spending procedures and the pre-conditions necessary for successful basic needs projects. For instance, one of these mismatches is the difficulty for any external agency in funding the high personnel costs involved in setting up or strengthening an effective and participatory delivery system for basic needs. This incapacity to give a higher priority to basic needs in turn relates to the weakness or incapacity of delivery systems within recipient nations; external agencies could more easily fund basic needs projects if there were effective institutional mechanisms within recipient nations to implement them.

For the two other agencies that are the focus of this thesis, the World Bank Group (IBRD and IDA) and Sida, the main test of this hypothesis is the statistical analysis of their project commitments, which shows a low priority to basic needs and the responses to semi-structured interviews where agency staff elaborated on the constraints their agency or department within the agency face in funding basic needs. In the case of UNICEF, this same comparison cannot be made, since UNICEF's mandate requires that all its spending goes to projects or programmes which fall within this thesis's definition of basic needs. However, it is clear that UNICEF faces comparable constraints to both the World Bank and Sida in its capacity to fund the setting up or strengthening of recipient government basic service delivery systems or the setting up of alternative service delivery systems - for instance, those run by UNICEF or by non-government organizations or by community organizations. One of the main reasons for this is the demands made by UNICEF's senior management, Board and funders to keep down staff costs. In all three agencies that are the subject of this analysis, there is agreement among most of the staff with responsibility for projects that this inhibits the agency's capacity to give a higher priority to basic needs projects. The constraints on the amount of funding which can be allocated to staff who are responsible for projects, relative to other project expenditures, represent one of the most important reasons why a low priority is given to basic needs projects. This is because basic needs projects tend to be more staff intensive, per dollar spent, especially where they seek a high level of community participation and where the recipient country has a weak or inefficient official delivery system for basic needs. In addition, many

basic needs projects are relatively cheap compared to (say) industrial or infrastructure projects, and there are important economies of scale for agency staff time in more expensive projects.

Within UNICEF, it is possible to identify two distinct categories of project, which can be distinguished by major differences in their orientation with regard to participation and in the amount of staff time needed to implement them, per dollar spent. The first category is support provided by UNICEF to governments for relatively easily implemented, centrally directed medical interventions to improve child health and survival (for instance child immunization, making oral rehydration salts more widely available and, more recently, guinea worm eradication). Child immunization programmes can also be implemented as one-off campaigns, utilizing government staff; they do not have high recurrent costs¹, they make relatively few demands on UNICEF staff and do not need permanently functioning health centres (although their effectiveness is much increased by the existence of such centres). Within UNICEF, this set of interventions has been given the acronym GOBI (Growth monitoring for children, Oral rehydration therapy, Breast feeding promotion and Immunization).

The second category is a more complete set of basic services (including provision for piped water, improved provision for sanitation, health care services, schools and pre-school/young child centres) that can incorporate a strong element of community participation and require effective local institutions which function on a continuous basis. Their effectiveness depends on recurrent costs being met. Within UNICEF, this second category is generally referred to as 'Area Based Programmes' since they are implemented within a defined area. The Area Based Programmes are never national in scope, although some UNICEF funded Area Based Programmes have been much expanded by certain governments. Many of the "Area Based" basic services programmes have been implemented as part of UNICEF's Urban Basic Services Programme (UNICEF 1992b, Padmini 1995).

Within UNICEF, there has been an intensive debate about the relative merits of these two categories of project for at least 20 years. These two categories fall into the two types of basic needs projects outlined by Wisner (1988) - as described in Chapter 2: the support to GOBI corresponding to 'weak' basic needs; the area based programmes to 'strong' basic needs. There was also a debate about the relative merits of these two categories of project within many development assistance agencies in the late 1970s and early 1980s, between those

¹ Immunization programmes that seek to reach dispersed rural populations or the populations currently not served by existing health care systems - which often includes the more peripheral and less accessible illegal and informal settlements around cities - can have much higher recurrent costs, especially when there is adequate follow-up to ensure all infants and children complete the full set of immunizations.

who promoted the concept of primary health care as outlined in the 1978 Alma Ata Conference and those who promoted the concept of 'Selective primary health care' (Briscoe, 1986). The original concept of primary health care demands a multisectoral approach (including education, nutritional interventions, water and sanitation and curative and preventive health care) and is seen as participatory (WHO, 1978); this is very similar to the UNICEF basic service strategy and the area based programmes. Indeed, a former senior urban advisor to UNICEF commented that UNICEF's urban basic services initiatives are almost synonymous with urban primary health care, as they have all the elements that make up the original primary health care concept endorsed at Alma Ata in 1978 (Padmini 1995). Selective primary health care reduces the interventions to an almost exclusive concentration on medical interventions that are judged to be most cost effective (especially immunization programmes with a special focus on pregnant mothers and children and oral rehydration therapy for combatting diarrhoeal diseases) (Walsh and Warren, 1979). It excludes nonmedical interventions which are central to the original concept of primary health care - community water supply, sanitation and nutrition supplementation since these are regarded as "non-cost effective" (Briscoe, 1986). The validity of the claim that selective primary health care is more cost-effective has been questioned (Briscoe, 1986; WHO, 1991). However, it is clear that selective primary health care is easier for an external agency to support. It may not be more cost effective in terms of improving the health of poorer groups but it is clearly more cost effective from the point of view of an external agency seeking to keep down its own costs. It also produces results that are easily measurable in, for instance, the increase in the proportion of children immunized against the vaccine-preventable diseases. What within UNICEF is termed GOBI corresponds in general to support for 'selective primary health care'.

As will be described in more detail later in this chapter, throughout the 1980s, there were major disagreements within UNICEF as to the relative priority that should be accorded to these two categories of projects. These disagreements were also evident between UNICEF and other agencies with whom they had long worked - especially the World Health Organization. The support given by senior management (especially the Executive Director) to GOBI (especially child immunization) during the 1980s was strongly opposed by many UNICEF staff who felt that more resources should be devoted to participatory community based basic services and who also felt that sectoral priorities should be determined by country programmes, not by senior management based in UNICEF's headquarters in New York. However, as the statistical analysis presented later shows, there was a rapid increase in the priority given to GOBI between 1982 and 1990 and a decrease in the support given to the original, broad conception of primary health care that included improved water supply and sanitation and health care services available within each locality with a strong element of participation. This chapter seeks to explain why this is so, and the way that this change was

influenced by forces external to UNICEF, especially the economic crisis in most countries that were the main recipients of UNICEF support, the move to the right in many of the governments that were major funders of UNICEF, and the increasing disenchantment among many governments with the UN system as a whole. The early sections describe UNICEF's key characteristics and consider how UNICEF's sectoral priorities have changed since its formation in 1947, demonstrating how many of the constraints facing UNICEF today relate to an institutional structure that was formed when UNICEF had other priorities. As with the World Bank and Sida, UNICEF today has an institutional structure that retains elements of its original structure when it was founded with different aims and objectives to those that are its current concerns, and this institutional legacy limits its capacity to change its sectoral priorities.

As described in Chapter 3, the quantitative analysis of the changes in UNICEF's sectoral priorities drew on official UNICEF statistics, many of them unpublished, that UNICEF headquarters made available. The information on what factors influenced the changes in sectoral priorities drew mainly from interviews with twenty UNICEF staff members based in UNICEF headquarters in New York and interviews with UNICEF staff from the Tanzania office and with the director of the Kenya office in Nairobi and the Argentine office in Buenos Aires. This was supplemented by informal discussions with other UNICEF staff and with an analysis of returns from a questionnaire sent by UNICEF's (then) Senior Urban Advisor to UNICEF country offices in late 1990 (with returns coming back in late 1990 and early 1991) that sought to identify the constraints that the country offices face in developing or expanding an urban poverty-focused programme.

5.2 UNICEF Features

One of the most interesting features of an analysis of changes in UNICEF's sectoral priorities is the possibility of linking them to contemporary discussions about the purpose and nature of development. Many of the changes in sectoral priorities in UNICEF over the 47 year period can be linked to changes in thinking within UNICEF about the most effective ways for an external agency to intervene in promoting mother and child health and to a recognition that existing priorities were not proving effective. For instance, changes in UNICEF's priorities during the 1950s and 1960s can be linked to changes in knowledge about such issues as the role of water supply and sanitation in health, the difficulties facing any outside agency in eradicating most communicable diseases and the most effective outside interventions to promote better child (and maternal) nutrition. Changes in UNICEF's approach in regard to the importance of public participation and community development also mirror the debate among development specialists and UNICEF was among the first development assistance agencies to promote participation as an end in itself. The changes in its sectoral priorities can also be linked, as described in more detail below, to changes in the perceived role of UNICEF within

the United Nations system and within the wider development assistance business. UNICEF was originally set up by the UN General Assembly in 1946 with an initial mandate of three years to provide large scale emergency relief to child victims of World War II (NGLS 1994). It was not intended either as a development agency or as any more than a temporary Fund (originally to be closed in 1950) whose main task was to get humanitarian relief to children in need. At this time, it was seen as an organization that had to have an efficient and rapid capacity to deliver food, medicines and other needed goods to needy children. Its first transition was from an emergency relief fund working mainly in Europe to a "humanitarian/welfare" agency for the Third World in the 1950s. During the late 1950s and the 1960s, it changed from an agency which regarded itself as a "humanitarian" or "welfare" agency guided by the technical knowledge of other agencies (especially the World Health Organization) into a more autonomous, development oriented agency and this was also an important influence on its sectoral priorities.

UNICEF also has certain characteristics that are important in understanding its role and structure. The first is an apparent absence of the strong commercial vested interests that are a significant influence on the sectoral priorities of many bilateral aid programmes and some multilateral institutions. One reason for this is the way in which UNICEF obtains funding. UNICEF is the only UN agency that raises a significant proportion of its funding direct from the public and this does not have commercial obligations tied to them. In 1996, UNICEF had 38 national committees which contributed about 30 percent of its income (UNICEF 1996). Most of the rest comes from Northern governments which allocate funds to UNICEF as voluntary contributions - with national UNICEF committees in these countries having a major role in promoting this. Officially, these contributions are untied² and most of UNICEF's major donors are governments which have a strong commitment to untied aid. In addition, most UNICEF country programmes - where most of the funding is actually spent - do not have the scale of funding to attract large companies and the nature of its brief restricts the possibility of UNICEF funding being spent on expensive capital goods or large civil construction contracts. Some possible influence of drug companies might be expected to be evident, given that a considerable proportion of UNICEF funding is spent on drugs (especially vaccines) but no evidence of this was found, nor was this mentioned by those interviewed. Many of the supplies and equipment required by UNICEF-supported programmes in the South

² Officially, no bilateral agency is permitted to tie its funding to UNICEF to goods or services from its own country but several interviewees reported on the fact that unofficially, one or two bilateral programmes did insist on UNICEF spending a portion of the funding it received in their own country. The Italian aid programme became a major donor to UNICEF in the 1980s. UNICEF staff commented that some of this aid was unofficially "tied" to the purchase of Italian goods or services - although this is illegal, according to UNICEF's constitution. No suggestion had been made of other governments whose aid programmes were major donors to UNICEF seeking to tie this aid to their own goods and services.

are supplied by UNICEF's Supply Division, based primarily in Copenhagen and New York. This allows UNICEF to buy in bulk and UNICEF has long used competitive tendering and other procedures that are designed to limit or avoid commercial influences. UNICEF's Supply Division also acts as a procurement agency for governments and NGOs (UNICEF Annual Report 1992).

A second characteristic that should be noted as likely to have influenced UNICEF's sectoral priorities is its need to present a public image of cost-effectiveness in addressing the problems of women and children. Three possible reasons can be put forward to explain this. The first is the importance of voluntary donations made by individuals to its total budget; UNICEF's fund raising capacity depends on its public image as an effective institution. The second is its need to justify its existence, especially to the U.S. government (which remains its single largest funder) and the U.S. public. The U.S. government only supported the setting up of UNICEF in 1946 on the understanding that it would be a temporary emergency fund and initially, it led the campaign to prevent UNICEF's continuance in the early 1950s. One reason why the U.S. government changed its position on UNICEF was a successful lobbying campaign by UNICEF and by U.S. charity and voluntary organizations, on UNICEF's behalf (Black, 1986). During the McCarthy period, an attempt was made to halt U.S. government and public support for UNICEF by accusations of its communist staff and outlook and Black (1986) suggests that it was the effectiveness of UNICEF's public relations that greatly limited the impact of this attempt. It is notable that all five of UNICEF's Executive Directors have been U.S. citizens and each has had strong political links with the U.S. Government's own aid programme. This is despite the strong pressure placed on the U.N. Secretary General by the Nordic countries who are among the largest contributors to UNICEF for a Nordic executive director, both in 1980 and in 1995 (Black 1986, Black 1996).

A third reason for UNICEF's need to present a public image of cost effectiveness goes back to its origin - as an off-shoot of the U.N. Relief and Rehabilitation Agency (UNRRA) with many former UNRRA staff members drawn into the early UNICEF. Jackson (1986) suggests that it was the failure of UNRRA to keep the U.S. public informed as to what it was doing in the very large relief operations it ran after World War II and to ensure a good public image that accounted for U.S. Government hostility to its continuance and thus to its winding down in 1946, even though its work had not been completed. Both Jackson (1986) and Black (1986) suggest that the experience of UNRRA and of staff that moved from UNRRA to UNICEF helped ensure that UNICEF gave a high priority to public relations. The question of UNICEF's origins will be addressed below because the fact that it was an offshoot of UNRRA helps explain its sectoral orientation in its first few years of operation and its unusually decentralized structure.

5.3 The Change in UNICEF's Sectoral Priorities 1947-93

5.3.1 The sectoral categories used

Tables 5.1 to 5.4 are calculated from a computer database, prepared with statistics drawn from official UNICEF publications and from information made available by UNICEF staff in New York. For the years 1970 to 1993, information was available on UNICEF's annual expenditures disaggregated into the categories shown in Tables 5.1, 5.2 and 5.3. Since the definition of some of these categories and their scope has changed over this 21 year period, some adjustments were needed both to the expenditure figures for some earlier years and for expenditures prior to 1970. UNICEF documentation is explicit as to how the definitions changed and provided sufficient information to allow these adjustments to be made. During the 1980s, it was also possible to disaggregate annual expenditures in child health into three further sub-categories - as presented in Table 5.4.

The categories used in this sectoral analysis are not the same as those used in the analysis of sectoral priorities of the World Bank and Sida - and the other donor agencies in Chapter 3. There are two reasons for this. The first is that UNICEF's mandate demands that all its aid is directed to improving infant, child and maternal health. Although the breadth of its activities have expanded considerably, virtually all its aid falls within the criteria set for the analyses of other agencies as constituting "aid for basic consumption needs". There is no scope, as in other agencies, for comparing sectoral priorities in non "basic consumption needs" to "basic consumption needs" categories.

The second reason is the difference in the ways in which UNICEF spends its funding. Most development assistance agencies allocate funds to specific projects or programmes and these allocations are made (or approved) at their central offices. Complete information about commitments is available from these offices and this allows an analysis of their sectoral priorities by assigning each project commitment to defined sectors, as was shown in Chapter 3 and 4. Most UNICEF funding allocations are determined by staff working in country offices within each Third World nation - although influenced by guidelines and priorities set by UNICEF Headquarters (and UNICEF's Executive Board) within a system of supervision, monitoring and evaluation run by Headquarters. The funding in any country programme is not allocated to specific projects but to a multi-year programme in which UNICEF expenditures are meshed with government expenditures and policies in ways which UNICEF staff feel will bring the most impact on fulfilling their mandate. The most detailed information available on UNICEF funding commitments are reports of expenditures made by all country offices to UNICEF Headquarters in New York. These expenditures are broken down into nine categories:

1. Child health;
2. Child nutrition;
3. Community/family based services;
4. Education;
5. Water and sanitation;
6. Emergency relief;
7. Planning\project support;
8. Programme support;
9. Administrative costs.

In some instances, it is possible to further disaggregate these categories - for instance for education into formal and non-formal education and for child health, into immunization, oral rehydration therapy and other (as in Table 5.4).

Child health (also called in recent years child survival and development) covers all interventions aimed specifically at child health - for instance the supply of medicines and vaccines; treatment for diarrhoeal diseases (with an emphasis in recent years on oral rehydration therapy); support for health centres including mother and child centres with both equipment and with training courses for doctors, nurses, public health workers, medical assistants, midwives and traditional birth attendants; and early diagnosis and treatment of acute respiratory infections. It also includes a family planning component and, in the early years, the control of diseases.

Child nutrition covers food and nutrition surveillance (including community based monitoring of children's growth through regular checks on age to height/weight ratios), promotion of breast feeding, identification and treatment of micro nutrient deficiencies in children (for instance vitamin A and iron deficiencies), and support for household production of food. It includes stipends used to train village level nutrition workers and the development of applied nutrition programmes in nutrition centres and demonstration areas.

Community\family based services (also called social services for children) includes support for government social service programmes. It also includes support for the supply of equipment to child welfare and day-care centres, youth clubs and women's centres. It includes the provision of equipment to training institutions for social workers and training stipends for child welfare workers.

Water supply and sanitation is self explanatory; most UNICEF funding to this category is for rural water supply, especially the digging or rehabilitation of wells and the installation of handpumps. Funding in this sector can also include training for those involved in installing or maintaining wells and pumps.

Support for education is mainly in primary and non-formal education and includes stipends for refresher training for teachers, equipment for primary schools, teacher training institutions and vocational training centres and the preparation of textbooks.

Emergency relief is expenditure specifically for short term relief in response to natural or human-induced disasters. UNICEF expenditures in nations or regions in which it has helped in emergency relief are often followed by additional support for rehabilitation and longer term development and such expenditures are usually classified under one of the other sectoral headings.

Planning and project support is largely expenditure by each UNICEF country office on developing the country programmes in collaboration with governments. Thus, it covers the cost of preparing plans and projects and running programme support services. It includes what is termed within UNICEF "social mobilization and programme communication". This includes a wide range of activities to disseminate an understanding of children's services and to mobilize people in mass campaigns (for instance for child immunization). It is sometimes used to support publicity campaigns to change public opinion - for instance UNICEF's office in Brazil worked with many Brazilian NGOs to change the public perception of street children. This category includes expenditures on the training of networks of health motivators working in low income communities. In recent years, it also includes expenditures on the "Facts of Life" initiative which disseminates through the media facts related to child health and development.

Programme support is staffing and personnel services; in most agencies, this would be included with administrative costs and it seems that this category was developed to reduce the percentage appearing in UNICEF reports, linked to administrative costs.

5.3.2 1947-70

One limitation for any quantitative analysis up to 1970 is the lack of figures for annual expenditures prior to 1970. For the years prior to 1970, information was only available for annual averages for the periods 1960-64 and 1965-69 and for total expenditures for 1951-59 and 1947-50. In the absence of annual data, it would also have been preferable to have expenditure data for 1947-69 for constant time periods - not for a period of four years followed by a period of nine years, then two five year periods. However, available figures do allow comparisons to be drawn between sectoral priorities for 1947-50, 1951-59, 1960-64 and 1965-9 as well as comparisons between these periods and the following two decades.

For the first four years of its operation, the priorities of UNICEF were essentially determined

by the fact that it was a direct off-shoot of the U.N. Relief and Rehabilitation Agency (UNRRA) whose operations had been wound down in 1946 (Jackson, 1986). One of UNRRA's main tasks had been health and nutrition programmes for children and in 1946, the Governing Council of UNRRA recommended that an International Children's Fund be set up, with its initial budget being supplied by funds left in UNRRA, when it was disbanded. UNICEF was initially seen not as a permanent agency but as a temporary emergency fund set up to take over UNRRA's emergency relief programmes for children (hence the acronym UNICEF which originally stood for United Nations International Children's Emergency Fund). The new fund for children not only received the funds left in UNRRA but also took over many of the office facilities, vehicles and bank accounts of UNRRA and hired many former UNRRA staff (Black, 1986).

Table 5.1: Percent of total UNICEF expenditures to different sectors for the period 1947-1969

	1947-50	1951-59	1960-64	1965-69
Mass disease control campaigns	10.7	35.2		
Child health	7.0	16.1	50.1	40.4
Child nutrition	4.7	11.8	16.8	10.8
Community/family based services			1.7	3.2
Education	0.0		2.7	14.0
Water and sanitation			6.8	5.4
Emergency relief	71.6	21.6	2.9	3.3
Planning\project support			1.4	2.3
Programme support	0.3	8.7	10.7	13.1
Administrative costs	5.7	6.6	6.8	7.4
TOTAL	100.0	100.0	100.0	100.0
TOTAL in US\$ millions (current)	114.9	161.3		

NB. Mass disease control campaigns came to be classified under child health, as their importance declined during the late 1960s. However, \$82.2 million was still expended on such campaigns during the period 1961-69 which represented 46 percent of total expenditures on child health and 23 percent of all expenditures

This helps explain why the funding priorities for these first four years were heavily concentrated in emergency relief. The very high proportion of total funding allocated during these four years is a little misleading since in subsequent years, a considerable proportion of the funding for emergency relief is registered under the sectoral categories. For instance, in Table 5.1, a large part of the emergency feeding programme for children implemented in the late 1940s is contained under "emergency relief" rather than "child nutrition". Support for mass disease control campaigns is also very high for these initial years and this proved to be the main priority in the next period.

The period 1951-59 can be seen as the transformation of UNICEF from an emergency relief programme to a permanent U.N. agency with what at that time was regarded as a humanitarian welfare organization with a special mandate focusing on children. The agency survived attempts to have it disbanded; there had been strong pressure from parts of the U.S. government to end its operations in 1950 or to transfer responsibilities for children to a children's section within the United Nations (Black, 1986). The main priority throughout the 1950s was disease control, especially the control of malaria (see Table 5.1) and by the end of this period, close to half of UNICEF's annual budget was going to mass campaigns against disease. In this period, UNICEF's public image was associated with disease control and national campaigns against tuberculosis, malaria, yaws or some other major diseases received large amounts of publicity. Large national campaigns against diseases also attracted a high public visibility which in turn helped to raise funds. UNICEF was at that time (and still is) the only U.N. agency which raised a significant amount of money direct from public appeals.

Various factors justified this priority on disease control including: the scale of infant and child mortality and morbidity from diseases which appeared amenable to control from well organized mass campaigns (especially malaria); the widespread availability of the insecticide DDT which appeared to make malaria control much cheaper and more effective; and the initial very falls in disease and death rates, when spraying began (Black 1986). . DDT had been widely used by the UNRRA after World War II in those parts of Europe where malaria was endemic and this had produced very rapid declines in the disease and rapid declines in infant and child mortality rates. In addition, the World Health Organization which served as the technical advisor to UNICEF had endorsed this as a key priority. UNICEF also supported the control of tuberculosis in a campaign which pre-dated its support for malaria, influenced by the high incidence of tuberculosis found in the children for which it set up emergency feeding and medical programmes after World War II. This was the first large-scale support to an immunization programme.

Child nutrition was another priority during this decade; expenditures were divided between "emergency relief" and "child nutrition". Although the provision of dried milk was initially considered an emergency relief measure, UNICEF was encouraged to continue the supply of such milk for child nutrition as it received large supplies from the U.S. government seeking to dispose of surplus farm produce. Certain categories which in later years would come to absorb a significant proportion of UNICEF funding received little or no support in these years - including water and sanitation and education and training. One reason was that at this time, these were not seen as interventions appropriate for a welfare/humanitarian agency with a special mandate for children's welfare.

According to Black (1986) and to other commentators (for instance Cousins, 1989) the most significant change in UNICEF policy during the 1960s was the transition from a humanitarian relief agency to a development agency. UNICEF's first secretary to its Executive Board, described this shift:

"In the 1960s, UNICEF gradually moved into wider fields of social concern; to its humanitarian aims, it added development objectives with a special emphasis on children. This stemmed from a new UNICEF premise: activities benefitting children were more effective if they took account of the inter-relationship between health, nutrition, education, community development and social welfare and of the interrelationships between all these and other aspects of national policy" (Jack Charnow quoted in Cousins, 1989).

This shift can be seen in Table 5.1 in the decreasing support for emergency relief. It is also evident in changes in the structure of UNICEF and the way it worked - especially in the increasing support given to UNICEF country offices where staff based in each nation worked with governments to ensure child priorities were met within national development plans. This followed the recommendations of a survey commissioned in 1960 by the (then) Executive Director on the needs of children. This developed into the model still used today; 80 percent of UNICEF staff are currently based in country or regional offices. UNICEF expenditures are also still planned within national programme cycles, rather than the allocation of funding to specific projects. This makes it unusual within development assistance agencies where it is common to have most staff based at headquarters, with country offices more to service and inform headquarters than to take a major part in determining policies and sectoral priorities.

Table 5.1 shows three noteworthy changes in sectoral priorities between the 1950s and the 1960s: the rapid decline in support for emergency relief; the much increased support for education, especially for the period 1966-9; and the increased support for water and sanitation. Disease control still received a large share but much less than for the period 1951-60 and the trend during this decade was for a rapid decline. In part, this was related to the escalating costs of disease control programmes, the refusal of governments to take over meeting costs and the fact that malaria was not being eradicated.

UNICEF discovered that one of the main limitations on the effectiveness of disease control campaigns was the lack of health service centres. Disease control campaigns could in theory reach most people with the use of volunteer staff but they needed constant support, after the campaign, and this needed a system of health care centres which provided national coverage. Increased support was given to mother and child health services since these were seen as essential components for any health system and malaria control became integrated into the mainstream of health services. As Black (1986) notes, the 1961 Executive Board meeting was a turning point since disease control campaigns and milk conservation were recognized as no longer the main priorities.

Support for water supply projects initially expanded in the early 1960s. Prior to this, UNICEF would only provide support for water and sanitation within health care facilities and schools. In the late 1950s, the World Health Assembly (the governing body of the World Health Organization) adopted a policy that gave greater emphasis to community water supply and sanitation as a key to health. The World Health Organization was still the main source of technical advice for UNICEF. In 1960, UNICEF's Executive Board agreed that UNICEF could fund water supply schemes serving a community although within the context of a health care programme. Beyer (1987) notes that the perception at that time was that water and sanitation projects were large public works that were beyond the means of an agency such as UNICEF.

Support for water and sanitation initially expanded quite rapidly, although the emphasis was on small demonstration projects in most instances. The Executive Board requested a survey of UNICEF's involvement in water and sanitation in the mid 1960s and the poor results reported in 1965 of the largest project - a rural water supply project to provide water to 1000 rural communities in what was then West Pakistan (later Bangladesh) - discouraged greater UNICEF involvement.

Decreasing support for Emergency Relief when comparing expenditures during the 1960s with the period 1947-59 is partially explained by a greater emphasis in emergencies on rehabilitation and longer term investments after the emergency with such expenditures included in the other sectoral categories. UNICEF was also less involved in emergencies. As will be described later, the priority given to emergency relief in subsequent years expands and contracts, linked to specific emergencies - for instance emergency relief after the Biafran war in the early 1970s, the large expenditures on emergency relief in Kampuchea and Vietnam in the late 1970s and early 1980s, and the relief programmes in the Sahel in the mid 1980s.

5.3.3 1970-79

From 1970, the data were available to chart annual changes in sectoral priorities. Three changes in priorities in Table 5.2 are worth highlighting: steadily decreasing support for child health and child nutrition; a rapid increase in support for water and sanitation; and declining support for education. However, even with declining support for education, this still received a higher share than it had during the 1960s. A considerable part of the increase in support for water and sanitation was due to UNICEF involvement in emergencies in the early 1970s and it was UNICEF's experience in water supply in these emergencies which laid the basis for a major commitment to rural water supply for the second half of the 1970s and the 1980s (Beyer, 1987). UNICEF's increased involvement in water supply were supported by various factors - for instance advances in well drilling technology, requests for help from the Indian

government, and droughts in Bihar and Orissa in 1966-67 (accompanied by a major famine). The civil conflict in what was to become Bangladesh also led to a major water supply programme both to rehabilitate wells damaged by the cyclone in 1970 and to drill new ones where supplies were short or ground water too saline. The drought in the Sahel 1972-3 and the floods in Bangladesh in 1973 also stimulated more support for wells with emergency programmes then developing into more sustained, development initiatives. A Water and Environmental Sanitation Unit was established in UNICEF's New York headquarters for the first time in 1973. The concentration throughout the 1970s was on rural water supply systems; very little support was given to sanitation or to urban water supply (ibid; Black, 1986).

Table 5.2: Percent of total UNICEF expenditures to different sectors by year and by decade for the period 1970-79

	70	71	72	73	74	75	76	77	78	79	1970-79
Child health	33.9	31.4	31.5	28.3	26.8	25.2	26.6	28.9	26.3	22.4	26.7
Child nutrition	11.0	10.3	7.4	5.6	7.3	12.6	8.0	6.2	6.3	5.5	7.5
Community\family based services	3.5	3.6	3.8	2.9	2.9	3.1	4.3	4.9	5.4	4.8	4.2
Education	21.2	24.2	17.1	16.2	20.8	21.1	15.4	16.4	16.2	13.2	17.0
Water and sanitation	4.9	5.7	10.9	13.5	11.0	11.3	12.0	12.6	14.5	20.5	13.6
Emergency relief	2.0	1.6	4.7	5.2	4.9	0.8	0.9	0.5	2.8	8.1	3.7
Planning\project supp	2.3	2.8	4.4	4.5	6.0	5.3	5.7	5.2	6.1	6.1	5.3
Program support	13.5	12.8	12.6	14.7	12.7	13.0	16.7	15.5	13.9	11.7	13.6
Administrative costs	7.6	7.7	7.5	9.1	7.7	7.7	10.4	9.7	8.7	7.2	8.3
Other										0.4	0.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The decreasing support for child nutrition was partly a result of the disenchantment in the 1960s first with the various milk programmes (including the import of skimmed milk into Third World nations and support for developing the dairy industry and indigenous dried milk production) and then with other initiatives to produce food supplements. A report to the Executive Board in 1975 recommended that child nutrition be integrated into support for mother and child health centres (Black, 1986).

The increasing support for education in the 1970s was partly the result of a change in concept in regard to the scope of social programmes in which UNICEF could engage. Two debates within the Executive Board during the 1960s had been on whether UNICEF should support education for mothers and its role in family planning. By 1971, it was agreed that family planning and education should be part of health services so support for literacy, women's education and family planning were permitted. During the decade, this developed into what came to be known as the "Basic Services Strategy" which according to Black (1986) came to dominate UNICEF policy during the second half of the 1970s. This strategy was presented to the 1976 Executive Board. It was seen as a coordinated package of interventions which

included water supply, sanitation, child nutrition and education integrated into improved health services which focused on women and children. It was also in the second half of the 1970s that UNICEF increased its support to urban projects and the Basic Services Strategy was a central feature of most of these projects (Cousins, 1989).

The need for a Basic Services Strategy for both rural and urban areas was discussed within UNICEF and its executive Board in the early 1960s (see for instance UNICEF, 1962) . But it was not until 1971 that UNICEF's Executive Board agreed to strengthening what became the Urban Basic Services Programme, largely it seems because of senior UNICEF staff's belief that it should concentrate its activities in rural areas. Four features of the slowly developing Urban Basic Services programme are worth noting: its attempt to integrate different interventions aimed at the improvement of child and mother health (e.g. water, sanitation, pre-school education, nutrition and health care); its stress on self help, local leadership and community participation since UNICEF did not want to become involved in high cost, project-type interventions; its cooperation with local Non Government Organizations; and its use of auxiliary personnel drawn from the low income communities in which it worked as para-professionals who received health training.

Although various Urban Basic Services projects were approved in the early 1970s, it was in the second half of the 1970s that this received major support. In 1976, UNICEF staff presented the Urban Basic Services Strategy to its Executive Board where it was approved. It was seen as the most appropriate means of meeting essential needs of mothers and children in both rural and urban areas (UNICEF, 1976). This Basic Services Strategy was also endorsed by General Assembly at the end of 1976. The Strategy was explicit in advocating community involvement in the provision of essential low cost services - including Mother and Child Centres, family planning and responsible parenthood, safe water supply, environmental sanitation, increased production and consumption of better quality food, basic education, appropriate technology to ease women's burden and measures to increase community participation (Cousins, 1989). It is difficult to detect the increasing support for the Basic Services Strategy in Table 5.2, since the Strategy included components from different sectors. The growing priority to planning and project support is likely to be partly the result of the increasing importance given to training para-professionals and auxiliary workers. In addition, the increasing support given to community/family based services is also likely to be partly the result of the new Basic Services Strategy.

5.3.6 1980-93

Five trends can be highlighted from an examination of the figures presented in Table 5.3. The first is the rapid increase in the priority given to child health from 1984 to 1990, with a

considerable drop after that; figures from UNICEF 1996 confirmed that the lower priority that is evident for 1990 to 1993 was maintained for 1995 and 1996. The second is a higher level of support for emergency relief compared to the 1970s with the priority to emergency relief increasing in particular in 1992 and 1993 with much increased levels of emergency relief to Iraq, Somalia and the former Yugoslavia and the need for continued high levels of emergency relief in Sudan being the major reasons (UNICEF 1994a). The third is the rapid decline in support for education from the first to the second half of the 1980s and the relatively low proportion it received in the 1980s being maintained for 1990-93. The fourth is the slow and steady decline in support for water and sanitation after 1984 with 1991-93 having the lowest priorities for these 14 years. The fifth is the rapid growth in the importance of planning and project support.

Table 5.3: Percent of total expenditures to different sectors by year and by decade for the period 1980-89 and for 1990-93

	80	81	82	83	84	85	86	87	88	89	1980-89
Child health	18.4	16.8	17.6	17.5	18.5	21.7	27.2	30.1	30.7	32.1	24.6
Child nutrition	6.0	4.8	6.6	5.8	5.8	4.5	3.9	5.0	4.5	4.4	5.0
Community and family based services	4.4	6.0	5.4	5.3	4.6	3.8	3.7	5.2	5.6	5.5	5.0
Education	11.0	11.1	10.1	12.2	8.8	8.6	7.1	7.3	7.2	5.8	8.5
Water and sanitation	16.1	15.6	20.8	20.5	19.7	15.6	13.3	13.6	13.4	12.0	15.4
Emergency relief	18.6	13.0	5.6	4.0	4.6	9.4	7.3	5.2	6.2	7.6	7.8
Planning & project supp	5.8	7.4	7.6	8.8	8.9	10.3	12.1	9.8	10.1	11.7	9.6
Programme support	12.2	15.5	13.7	13.5	17.3	15.6	15.1	14.2	12.3	11.2	13.8
Administrative costs	7.4	9.9	12.7	12.4	11.8	10.3	10.3	9.6	9.9	9.2	10.2
Other	0.2									0.5	0.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

% Column	90	91	92	93	1990-93
Child health	34.1	26.8	24.5	21.1	26.0
Child nutrition	4.0	4.1	3.4	3.1	3.6
Community/family-based services	5.6	5.2	5.7	5.7	5.6
Education	7.8	6.4	7.7	7.2	7.3
Water supply and sanitation	11.2	9.7	9.0	8.4	9.5
Emergency relief	6.7	14.7	17.9	22.4	16.1
Planning and project support	10.2	11.5	11.6	12.7	11.6
Programme support	11.1	11.4	9.9	9.3	10.3
Administrative services	9.4	9.9	9.2	8.7	9.3
Other		0.4	1.1	1.3	0.8
TOTAL	100.0	100.0	100.0	100.0	100.0

Thus, the priority to education dropped very considerably in the early 1990s, compared to the 1980s, and in the 1980s, compared to the 1970s. When comparing decades, the priority to water and sanitation did not fall significantly between the 1970s and 1980s, although viewing annual figures shows steadily increasing support for water and sanitation up to 1979, with this high level of support maintained in most years up to 1985 and a rapid decline since then.

Table 5.4 shows that the rapid increase in priority to child health up to 1990 was largely due to the increasing scale of support for "EPI" - the expanded programme of immunization - and to a lesser extent to Oral Rehydration Therapy. The falling priority to child health evident in

Table 5.3 for 1990 to 1993 also meant declining support for EPI (UNICEF 1992b).

Table 5.4: Changes within the sector child health - percent of total expenditures allocated to different elements of child health; 1980-90

	80	81	82	83	84	85	86	87	88	89	1980-89
E.P.I.			3.5	3.9	5.8	8.0	13.0	18.0	16.3	18.0	10.3
O.R.T.	na	na	0.3	0.3	0.6	0.8	0.7	1.5	1.4	1.9	0.9
Other health			13.8	13.3	12.2	13.0	13.5	10.6	13.0	12.2	10.7
<hr/>											
	1990										
E.P.I.	20.3										
O.R.T.	1.2										
Other health	12.6										

These figures are not from published UNICEF sources but provided by UNICEF'S statistical office, when I was undertaking the interviews there in 1990.

One reason for the increasing priority to child health (especially to child immunization and to Oral Rehydration Therapy) was that this became the priority promoted by James Grant who was Executive Director of UNICEF between 1980 and 1995. Many UNICEF staff have expressed reservations about the priority given to child immunization and ORT in a package known within UNICEF as GOBI (Growth monitoring, Oral rehydration therapy, Breast feeding promotion, and Immunization) but from 1982 to 1990, GOBI was at the centre of UNICEF'S publicity campaigns and of Mr. Grant'S own public statements. For instance, between 1983 and 1985, Mr. Grant is reported to have visited 39 heads of state or national governments to promote GOBI (Black, 1986). This priority represents a change from the consolidation of the "Basic Services Strategy" of the 1970s. It is worth noting that the Deputy Executive Director of UNICEF, Dr. Richard Jolly, stated in an interview that the increased publicity given to GOBI had not meant a decline in the level of support for water and sanitation and other components of a primary health care system. This is not borne out by the figures in Tables 5.3 and 5.4, although it may be that UNICEF staff themselves were not aware of the extent of the change in their expenditure patterns. While the data to assemble Tables 5.3 and 5.4 were drawn from UNICEF official sources and archives, they had to be assembled from a considerable range of different publications and there was no analysis (or table) in any UNICEF publication which considered long term trends in their priorities.

It is also possible to link the decline in support for water and sanitation in the second half of the 1980s to the change in Executive Director in 1980 and the priority he chose to give to promoting GOBI over UNICEF'S other areas of intervention. Martin Beyer who was one of the UNICEF staff who built the water and sanitation programme commented:

"There were at first fears among some UNICEF colleagues that Water and Environmental Sanitation would be dropped from UNICEF'S repertoire of leading activities in favour of

measures, like those symbolized by GOBI, which were thought by some to be more cost effective. Apart from this, questions about the value of water and sanitation investments had been raised for some time by specialists and economists at the international level. The debate still goes on, with neither proponents nor opponents having the last word, but with a number of newly discovered considerations to be taken into account" (Beyer, 1987).

Interviews with UNICEF staff certainly emphasized the fact that senior management regarded water and sanitation systems in urban areas as too expensive for UNICEF to become involved in; the (then) Deputy Director, Richard Jolly, in particular emphasized this. However, the actual decline in support for water and sanitation may be less than that implied in Table 5.3. Beyer (1987) notes that water and sanitation interventions were coming to be more closely integrated into other interventions so that increasing importance was given to health and nutrition components, within water or sanitation projects. Health education components came to be included in all water and sanitation projects and primary health care services became increasingly important. UNICEF's input into water and sanitation also changed in character away from the large scale delivery of equipment and parts to training the people in villages and urban settlements who were to take primary responsibility for maintaining water systems (especially hand pumps) and undertaking simple repairs (Beyer, 1987). This suggests that the declining support for water and sanitation in the second half of the 1980s and the first four years of the 1990s was perhaps less significant than that indicated in Table 5.3, although informal discussions with UNICEF staff in New York in July 1990 suggested that the Water and Environmental Sanitation group were being given less support by the office of the Executive Director (with James Grant still the Executive Director) than they had received under the previous Executive Director. The very rapid expansion in UNICEF's support for the Expanded Programme of Immunization - from 3.5 percent of all expenditures in 1982 to 18 percent of expenditures in 1989 and 20.3 percent of expenditures in 1990 - also supports the idea that the priorities promoted by Mr. Grant and other senior staff in UNICEF headquarters came to be reflected in UNICEF's expenditures.

It is important to consider what internal and external factors help explain this change in priority up to 1990 and its partial reversal for the years 1991-93. The increasing priority given to planning and project support is also likely to reflect UNICEF's move away from specific projects where the concentration was on community mobilization and support for local initiatives to national programmes which worked with national government on "national immunization campaigns." The proportion of all UNICEF expenditures allocated to this sector grew from 5.8 percent in 1980 to between 10 and 13 percent a year for the years 1985-93. But this increase in support for this sector is also likely to reflect the increased priority given to health education and to training networks of health motivators working in low income

communities.

The very large allocations to emergency relief in particular years can be linked to particular emergencies: for 1980 and 1981 to Kampuchea and Viet Nam; for 1985 and 1986 to the Sahel; and, as noted above, to Iraq, Somalia and countries within the former Yugoslavia in 1993.

Interviews with UNICEF staff and reviews of UNICEF documents show how two developments at the end of the 1980s also proved important influences on UNICEF's sectoral priorities: the Convention on the Rights of the Child and the 1990 World Summit for Children. The pressure to develop a Convention on the Rights of the Child was not so much a UNICEF initiative as an initiative promoted by a broader lobby of European NGOs and UNICEF national committees. Black (1996) notes that initially UNICEF headquarters did not welcome this move, since it would widen UNICEF's agenda and that Mr. Grant was sceptical about whether governments would accept that children had independent rights of their own. Only in the late 1980s did UNICEF headquarters provide strong support for the Convention and become active in ensuring that its concern for child survival and development was included in the Convention (ibid).

The idea of a World Summit for Children was a UNICEF initiative to further reinforce the commitment of Northern governments to fund UNICEF and the commitment of Southern governments to child health and development. But the agenda at this Summit in 1990 was strongly influenced by the Convention on the Rights of the Child. For instance, this influence can be seen in *The Goals for Children and Development in the 1990s* that was adopted at the World Summit for Children - and these goals are wider in scope than the concentration on GOBI during the 1980s. Both UNICEF documents and interviews with UNICEF staff confirmed that these goals and the Convention serve as the main framework for UNICEF's work during the 1990s (see for instance UNICEF 1991a, UNICEF 1992b, UNICEF 1993a). These goals included quantifiable targets, as in the campaign to promote universal child immunization, but the goals include 'universal access to safe drinking water and to sanitary means of excreta disposal', 'universal access to basic education' by the year 2000, as well as specific goals linked to nutrition and a broader based primary health care system (UNICEF 1992b). National Plans of Action were to be developed within each country, to specify how the goals were to be met.

The interviews with UNICEF staff in 1990 and various UNICEF documents from the early 1990s indicate a greater support for area-based programmes, especially the urban basic service programmes that had been developed in the late 1960s and early 1970s but which had fallen

out of favour with UNICEF headquarters during the 1980s (see for instance UNICEF 1992b, UNICEF 1993a, Padmini 1995). Urban basic service programmes were also discussed as ways of ensuring that GOBI reached the urban poor, as well as helping to meet the new goals agreed at the World Summit.

The growing support for work in urban areas is also in part due to UNICEF's growing recognition that it needed to work with local governments as well as national governments. This can be seen in its Mayors' Initiative to encourage municipal plans of action, which are similar in scope to UNICEF's National Plans of Action but focused on specific cities. The catalyst for this was when several Italian Mayors, inspired by the Convention of the Rights of the Child, pledged in 1990 to become 'defenders of Children'. Since then, UNICEF has helped to support other mayors and municipal leaders to develop municipal plans of action for children (Padmini 1995). UNICEF's 1994 Annual Report mentions that municipal plans of action for children were being developed in several countries (UNICEF 1994a).

In concluding this overview, changes in UNICEF's priorities between 1947 and 1993 can be linked to changing perceptions as to the most effective means by which UNICEF could fulfil its mandate, which were often the result of expectations not being fulfilled by one particular approach - for instance disease control and food supplements for improving mother and child nutrition. They can also be linked to changes in UNICEF's structure - with an increasingly decentralized staff - and to the transition from what was seen as a humanitarian/welfare institution to a development institution. From 1982 to 1993, the priorities of the office of the Executive Director certainly brought changes - most notably the large increase in the support to the Expanded Immunization Programme between 1982 and 1990. The lower priority to child health and, within this, to the Expanded Immunization programme for 1991 to 1993 (which was far more rapid than UNICEF had anticipated in the projections it made for these years in 1990 - see UNICEF 1992b) may be linked to the increasing influence of the World Summit goals, although a stronger influence is undoubtedly the very sudden increase in the allocation to emergency relief, prompted by wars and civil strife. In addition, there are limits to the extent to which the figures for the changes in sectoral priorities show actual changes since UNICEF has long acknowledged that it is an integrated package of different interventions drawn from the different sectors and designed within each national context that represents the most effective means of meeting their mandate. Thus, a health education programme strongly linked to water and sanitation may not be categorized under water and sanitation but under planning and project support.

The main debate evident within UNICEF headquarters during a series of interviews undertaken in July 1990 and in country programmes visited later in 1990 was not a debate

about sectoral priorities but a debate about how UNICEF could be most effective in fulfilling its mandate. On one side of the debate were the "Basic Services Strategy" proponents who wanted UNICEF to give a higher priority to "area based programmes" i.e. programmes in specific locations that work in a participatory way with low income groups and their community organizations (and often with local NGOs) in multi-sectoral intervention packages - where possible also involving government agencies. Those working in the Water and Environmental Sanitation group and in the Urban Basic Services Group are strong proponents of this. This is in contrast to those who advocate large, high profile national campaigns - for instance national campaigns to achieve much higher levels of child immunization - with monitoring of national statistics related to child health or survival. The office of the Executive Director is more associated with this aspect. The division between these two groups is not clear-cut. For instance, the (then) Executive Director responded to the criticism of the former Executive Director of the World Health Organization that UNICEF was moving away from support for Primary Health Care by claiming that support for the large, high profile national campaigns for expanding child immunization and making available oral rehydration salts is to speed up acceptance of Primary Health Care concepts and its implementation (Black, 1986). In addition, the discussions within UNICEF about the priorities for the 1990s, and the goals for this decade set by the World Summit suggest less concentration on GOBI and more on the integrated package of interventions which underlie the Basic Services Strategy, within which GOBI has an important part. These are the issues that were explored in more depth through interviews with UNICEF staff.

5.4 The Influences on UNICEF's Sectoral Priorities During the 1980s

5.4.1 What influences the sectoral priorities

UNICEF's sectoral priorities as a single agency, as reported in its annual reports and other official documents (and shown in Tables 5.1 to 5.4) are the outcome of the aggregation of all the sectoral priorities of all UNICEF country offices combined with expenditures in regional offices and headquarters that are allocated to specific sectors. The largest influence is country office expenditures since this makes up the bulk of UNICEF's total expenditures and thus a discussion of what influences UNICEF's sectoral priorities should concentrate on what influences the sectoral priorities of country offices. Given the great variety in the size of different country programmes, UNICEF's overall sectoral priorities are more strongly influenced by the sectoral priorities in the largest country programmes. For instance, in UNICEF's 1993 Annual Report, the largest country programmes were India (\$175 million 1991-5) and Pakistan (\$71.5 million 1992-6) compared to small country programmes such as those of the Republic of Korea and Paraguay which each had less than \$2 million.

Six different influences were identified as having relevance to the sectoral priorities of each

country programme. Three derive from the explicit priorities of the three key actors:

- A. The priorities of the office of the Executive Director;
- B. The priorities of the recipient government; and
- C. Pressure from UNICEF's Board of Directors.

Three derive mainly from the nature of the institution itself:

- D. The availability of funding (and thus indirectly the priorities of donors who make funding available to UNICEF);
- E. What fits the skills of available personnel and bureaucratic processes of UNICEF; and
- F. The types of project which "evaluate" positively with the evaluation procedures used.

These are discussed in turn below.

5.4.2 The priorities of the office of the Executive Director

All those interviewed noted the increase in the influence of UNICEF headquarters (and especially the office of the executive director) on UNICEF's sectoral priorities during the 1980s and that this was a major factor in the greater priority given to GOBI and the lower priorities given to the Basic Services Strategy. After James Grant became Executive Director of UNICEF in 1980, his office was explicit about the need to give a greater priority to GOBI. The promotion of what UNICEF calls the "Child Survival and Development Revolution" whose achievement centres largely on the promotion of GOBI began in 1982, after Mr. Grant became Executive Director (UNICEF, 1986). As noted already, Mr. Grant became the main public advocate of this. The official justification for this was their greater cost-effectiveness and the greater possibility of obtaining high level political support from recipient governments. The interviews with UNICEF staff made clear that a strong internal justification for such a change in priority was the need for UNICEF to achieve visible results and measurable outcomes since these do most for UNICEF's public image. They are seen to be more cost effective because they address what is measurable - and this favours the immunization/diarrhoea treatment type intervention (and more recently Guinea Worm eradication) over support for community based initiatives.

The external context in 1980 also influenced UNICEF's priorities and help explain why GOBI was promoted by the office of the Executive Director. During the 1980s, the relevance of the whole United Nations system came to be questioned, especially by the U.S. Government (the largest single funder of the United Nations). Most U.N. agencies had significant declines in their budgets (in real terms). UNICEF escaped major cutbacks; indeed, an analysis of its annual expenditures over time, when converted to US\$ at constant value, show a steady growth from 1982 to 1990, after a drop from 1980 to 1982; UNICEF's expenditures in 1990 were \$733 million compared to \$496 million in 1980 and \$391 million in 1982. It grew to

over \$900 million (in US\$ 1990) for 1993, 1994 and 1995, before falling back in 1996. Virtually all the UNICEF staff interviewed (including those who opposed Mr. Grant's concentration on promoting GOBI) noted that it was UNICEF's high public profile and strong contacts with heads of state - based on its espousal of child health and its cost effective means through GOBI to achieve it - that protected UNICEF from cuts in funding from donor governments. (One recalls UNICEF's dependence on voluntary contributions from such governments). Thus, part of the reason for the changes in priorities within UNICEF during the 1980s can be ascribed to UNICEF's repositioning itself, to ensure continued support from the many Northern governments that had moved to the right.

There was the debt crisis and the economic stagnation or decline in most of the countries with UNICEF country offices in 1980, as Mr. Grant became the Executive Director. As Black (1996) recounts, Mr. Grant recognized that UNICEF had to come up with cheap, easily implemented 'solutions' because most recipient governments lacked the funds and staff for more comprehensive solutions. It was hardly appropriate to promote interventions that demanded substantial funding and organizational capacity when economies were in decline and government budgets were being cut.

Given that each UNICEF country office is responsible for setting sectoral priorities, and the allocation of funding between country offices is based on a particular formula (which limits the power of the Office of the Executive Director to influence this), the mechanisms by which the office of the Executive Director can influence country offices must be outlined. This influence is manifest through at least four mechanisms: through the control that the Office of the Executive Director has over the use of certain funds within UNICEF; the influence that this office has over the allocation of UNICEF funds among the country offices; this office's influence over the career prospects of UNICEF staff; and (possibly) the influence of other staff based at UNICEF's headquarters on the sectoral priorities in country programmes (although many of the staff from headquarters who help prepare country programmes do not share the priorities of the Executive Director).

On the first of these, an increasing proportion of UNICEF's total expenditures comes from what are termed 'Global Funds'. These derive most of their funding base from UNICEF's General Resources (i.e. from the funds made available by donors that are not tied to any specific sector, project or country programme) but unlike the rest of general resources, they are not allocated to specific country programmes where UNICEF's country office has the main role in determining priorities. Global Funds are managed by UNICEF headquarters. Global Funds are tied to specific sectors or specific kinds of projects - and there are Global Funds for promoting child (under five) survival, Environment, Guinea worm, Nutritional

Surveillance and essential drugs (the Bamako Initiative). Several interviewees gave the example of the Global Fund for Guinea worm eradication as a means by which UNICEF headquarters has persuaded country programmes to give this a higher priority. Country programmes must apply to UNICEF headquarters to receive funding from these global funds. Several of the interviewees pointed out that the country programmes do not in general like these Global funds and would prefer that the funding allocated to these funds be allocated instead direct to country programmes. No details are given in UNICEF's Annual Reports about the size of these Funds. All interviewees noted that the number and scale of these Global Funds increased considerably under the Executive Directorship of Mr. Grant and that, since the use of these funds was pre-determined, these weakened the country-offices' capacity to set sectoral priorities. In addition, it is clear that there are other mechanisms by which UNICEF headquarters has promoted GOBI - for instance, internal memos from 1989 and 1990 from UNICEF headquarters to country offices about the allocation of general resources to unfunded supplementary projects which explicitly stated that priority would be given to funding for the Expanded Programme of Immunization (the central part of GOBI).

Under the Executive Directorship of Mr. Grant, there was also a much increased emphasis on setting quantifiable targets and monitoring whether country programmes contributed to their fulfilment. Many interviewees who had worked in country offices described the more interventionist stance of the office of the executive director in setting targets and priorities for country programmes. One staff member who had worked in two African country offices talked about the "bombardment" of country offices with goals from Headquarters. Another who was working at Headquarters but had formerly worked in a country office suggested that the "endless" list of demands and requests from Headquarters was undermining the whole country-programming process. Other interviewees mentioned the fact that Headquarters makes too many demands, linked to the setting and achievement of measurable goals. One interviewee suggested that this was not management by objectives, as was sometimes stated, since Headquarters often introduced new activities or set new targets with no consideration as to what activities had to be given less priority and which resources and staff could be reallocated to meet these new targets. But overall, this greater priority to setting and achieving measurable targets relating to child survival and development favours the GOBI interventions (where it is possible to report on the number of children or pregnant mothers immunized or the proportion of the national population covered or packets of oral rehydration salts used) and, more recently, Guinea worm eradication as against community based services where the impact of specific interventions is not easily measured. Several interviewees suggested that the greater emphasis on setting and achieving global targets for a particular proportion of the infant/child population immunized meant a lower priority to area based programmes. Several interviewees also suggested that the principle of country programmes

being able to determine their own sectoral priorities within the process of negotiation with the recipient governments was being undermined by the number of requests, demands and recommendations made by UNICEF headquarters and that this was a development only evident during the 1980s.

UNICEF's setting of measurable targets and monitoring progress towards them are part of a general movement within many donor agencies towards target setting and towards making more explicit measurable goals towards whose fulfilment the agencies will seek to contribute. UNICEF was among the first UN agencies to commit itself to meeting specific quantifiable targets - an example subsequently followed by the United Nations Development Programme and the World Bank. This emphasis on target setting can be judged as one response to the more critical attitude of many donor governments during the 1980s. UNICEF's organization of the World Summit for Children in 1990 and the much higher public profile it achieved through publishing annual "State of the World's Children" from 1980 onwards were also part of its strategy to keep the support of its donor governments.

In terms of staff appointments, the office of the Executive Director is responsible for most senior staff appointments and several interviewees noted how the senior management of UNICEF in recent years has bypassed the conventional administrative system set up to recruit new staff and make promotions. UNICEF headquarters retains a major role in recruitment of all professional country staff with the selection committee meeting at Headquarters, and most final decisions being made there. Country offices are represented by the country desk-officer based in New York.

Interviewees also pointed to the very large differences in the relative strengths of different Programme Divisions based at Headquarters. One interviewee (herself a head of Division) explained how the most powerful programme divisions such as "Universal Child Immunization" have a much greater capacity to influence sectoral priorities within country-programmes than the weaker divisions and that they can almost give directives to country offices that have to be obeyed. The weakest divisions at Headquarters have to encourage and persuade country-programmes to give a greater priority to their particular sector.

5.4.3 The priorities of the recipient government

Given that UNICEF, like all U.N. agencies, must have its work programme within each country approved by the government of that country, the form and sectoral priorities in a country programme are influenced by the recipient government and the process of negotiation between the UNICEF country office and the recipient government. The extent to which a recipient government can influence its UNICEF country programme's sectoral priorities is

more limited than for most other development assistance agencies in that UNICEF funding can only be spent on interventions that fall within the UNICEF mandate of meeting the needs of children and women. In addition, UNICEF Country Office staff prepare a draft four year programme prior to the formal negotiation process with the government. Several interviewees explained how UNICEF staff are particularly influential in defining priorities and in determining how these will be implemented in countries where governments were weak. In others, the staff of the recipient government are much more influential - for instance the Indian government was given as an example of a government that was deeply involved in setting priorities for UNICEF's work programme in India and in determining how it would be implemented. China was also given as an example of a country in which the government closely and carefully scrutinized all UNICEF plans. (There is an interesting parallel here with the World Bank, where interviewees noted how India was an example of a country where the representatives of the recipient government were influential in setting priorities for Bank funding whereas in countries with weaker governments, Bank staff had much more influence) None of the interviewees thought that recipient governments had proved a major influence on the relative priority given to GOBI and to area based programmes, although the high levels of publicity given to GOBI (by UNICEF's Executive Director and his many meetings with Heads of State to promote this) is likely to have increased the demand from recipient governments for UNICEF support for GOBI.

5.4.4 The availability of funding

The availability of funding is influenced by the priorities of donors who make funding available to UNICEF. Each country programme has guaranteed funds allocated to it (from General Resources) that are not tied to any specific sector or project. But each country programme can also draw on funding from two other sources: Global Funds that are under the control of headquarters (as described above) and Supplementary Funding. Supplementary Funding is the term given to funding where bilateral and multilateral aid agencies are asked to put up extra funding for specific projects. Supplementary funding provides a significant proportion of all of UNICEF's funding. For instance, it averaged \$226 million a year between 1987 and 1990, close to one third of UNICEF's total funding (UNICEF. E/ICEF/1991/2 (part II) page 9). In theory, negotiation for funding from a donor agency for a specific UNICEF project is undertaken by UNICEF head office. Interviewees explained that in practice, this is often set up through an informal process between UNICEF country programme staff and representatives of the donors, and then formalized through head office. One "hidden" cost of supplementary funding for UNICEF country programme staff is the fact that regular reports on the use of this funding have to be made direct to the donor - usually once every six months and sometimes once every three months. Two different points of view regarding this reporting were highlighted by different interviewees. This reporting was

described as a burden by several interviewees who were or had been country programme staff. It was mentioned by one interviewee who was based at Headquarters as a positive aspect in that it made country offices more accountable.

5.4.5 What fits the skills of available personnel and bureaucratic processes of UNICEF

The two most frequently noted constraints on increasing the effectiveness of UNICEF's country programmes were the lack of staff in country offices and the amount of staff time needed to prepare projects within the country programme. In addition, one of the main criteria used by Headquarters when evaluating country programmes is the ratio of the staff budget to other expenditures with any programme with a high staff budget judged to be inefficient. Thus, UNICEF country offices, like Sida (as discussed in Chapter 6) and the World Bank, are under pressure to keep down staff costs. With these constraints and pressures, there is a tendency in each country office to choose projects and programmes that other institutions will implement (for instance immunization programmes implemented by the government's health care system with UNICEF supplying only the equipment). This helps to bias the country programme priorities towards "easy to implement" interventions such as support for GOBI and away from those which are staff intensive such as area based programmes.

These pressures that help encourage the least staff-intensive projects were highlighted by two sources: comments by the interviewees; and returns from the questionnaires sent to country programmes. To take first the interviewees, most of those interviewed felt that Area Based Programmes were an important part of UNICEF's work and a part to which insufficient priority was being given. Staff at UNICEF's Kenya Country Programme stressed the importance of area based programmes; like many UNICEF staff with field experience, they regarded them as the best part of UNICEF's work since they are working directly with low income groups and communities in developing new and innovative ways to meet basic needs. Country-staff from UNICEF's offices in Argentina and Tanzania and Headquarters staff who had previously been working in area based programmes in the Philippines, Togo, Mexico and India all stressed what they felt was a bias on the part of UNICEF headquarters (especially the office of the Executive Director) against area based programmes. One of them noted the bias in headquarters against urban programmes and many urban programmes were area based programmes. However, it is clear that area based programmes are generally more staff intensive than GOBI, unless UNICEF funding is channelled through some other intermediary body (for instance an NGO or municipal or national agency) that then undertakes most of the implementation. By contrast, the Deputy Executive Director suggested that area based programmes were often very expensive and that because UNICEF was working with a limited funding base, it had to work with cheap solutions. There was also a comment by one of the

few economists in UNICEF that country offices cannot afford to work directly with low income communities because this is much too staff intensive. They can either train government staff to do so or develop a model in one particular area based programme which then serves as the basis for a larger government programme.

The second source of information about how the need to keep down staff costs constrained support for area based programmes came from a discussion within UNICEF about whether a greater priority should be given to area based programmes working with low income groups and their community organizations in urban areas. A 1992 UNICEF publication about its current and future urban programmes mentioned that "heavy staff commitments are needed in developing a multi-sectoral project with the inhabitants of each low income settlement, and community-directed programmes often take a long time to develop" (UNICEF 1992b). Urban programmes are considered "Area Based" because they are not national programmes and most are focused on one city or part of a city - or begin as such. The staff-intensity of urban area based programmes was also highlighted in the returns from a questionnaire sent by UNICEF's senior urban advisor based in New York to UNICEF country programmes that had substantial urban programmes.³ This questionnaire asked about the nature and extent of their work in urban areas and the constraints on increasing such work.

Table 5.5: Constraints on UNICEF involvement in urban projects

Staff time	15
Staff expertise	10
Lack of proper division of labour and management methods within UNICEF team	5
Current management methods within UNICEF team	1
Amount of resources available	15
No clear conceptual and methodological guidance	11
Emphasis on achievement of selected national goals within time frameworks & through means which are not conducive to long term local development	9
Little or no recognition & appreciation of staff time & effort spent on working with:	
NGOs	4
Local authorities	6
Financial institutions	1
Resources outside of programme allocations	3
Other	7

SOURCE: UNICEF country offices; responses by 23 country programmes to internal questionnaire.

Responses to the questionnaire revealed that "lack of staff time" and "too few available resources" were the most important constraints affecting increased UNICEF involvement in

³ This questionnaire was undertaken by UNICEF's Senior Urban Advisor as an internal exercise to gauge the interest in UNICEF country offices in expanding their urban basic services programme and the constraints they would face if they wanted to do so. This Advisor asked the author's help in designing this questionnaire and in analyzing the returns.

urban projects. Table 5.5 summarizes the responses of UNICEF country programmes to a question about the constraints to greater policy, programme and project involvement with poor groups in urban areas at country level. The number in each row refers to the number of offices out of the 23 who responded to the questionnaire which identified that particular constraint as a problem for them.

"Lack of staff time" and "too few available resources" are identified by 65 percent of respondents. Also important to one third or more of respondents are the "expertise of existing staff", "no clear conceptual or methodological guidance", and "an emphasis on the achievement of selected national goals within time frameworks and through means which are not conducive to long term development."

5.4.6 The types of project which "evaluate" positively with the evaluation procedures used.

There are various formal evaluation procedures within UNICEF from evaluations of individual staff to evaluations of country programmes (of which 'mid-term' evaluations half way through multi-year programmes' implementation are the most important) to particular sectoral evaluations. There are also the more informal judgements made by senior UNICEF staff as to which country programmes or which kinds of UNICEF funded or supported interventions are most effective. As in the World Bank, there is a tendency to see "project evaluation" as primarily an evaluation of how funding was spent and whether the original project objectives were met, not on broader questions of whether the project itself represented the best way in which UNICEF resources could be used to achieve UNICEF's mandate.

Many interviewees pointed out that the procedures for evaluating the performance of country offices were very inadequate and that, at the time the interviews were made (1990), there were no explicit evaluation criteria for country offices. Of greater importance was how UNICEF Headquarters viewed its country programmes and during the 1980s, Headquarters's judgements tended to be based on two criteria: the extent to which goals and targets set by Headquarters's were successfully addressed; and how well UNICEF funding was spent on their achievement.

Given the increased attention to setting goals and measurable targets during the 1980s, the programmes that met these targets received the most positive evaluations. As one interviewee commented, the UNICEF activities that evaluated positively were those that were measurable and were sellable to political leaders and to international funding sources. The high priority given to Guinea-worm eradication by UNICEF is one example of this. There are other diseases that are a greater threat to child health and survival but that are not so easily targeted and the results achievable with the modest funding levels available to UNICEF are not so dramatic.

Many interviewees pointed to the fact that UNICEF Headquarters evaluates country

programmes on how successfully UNICEF funding was spent - and not on how effectively the country programme ensured that UNICEF's mandate was carried out. The difference is important in that, with a limited funding base at its disposal, UNICEF's mandate may be best served by changing the priorities and orientations of government ministries or other international agencies that have more power and resources. Several staff from country programmes or headquarters staff who formerly worked in country programmes noted the concentration of evaluations on how UNICEF funding was spent, not on how UNICEF's mandate was achieved in a wider context and this discouraged UNICEF staff from working to influence the programmes and policies of governments (including local governments) and other international agencies. A headquarters staff member who previously had worked in the Philippines described the importance for UNICEF of influencing the large expenditures and investments of the World Bank and the Philippines government towards better addressing UNICEF goals. This was especially so, given the small scale of the UNICEF programme in the Philippines. In such circumstances, the capacity of UNICEF country staff to reorient larger funding flows from other sources became important - but such work was never considered by Headquarters as important. A similar comment was made by a staff member of the UNICEF country office in Argentina - again a very small programme.

5.4.7 Pressure from UNICEF's Board

UNICEF's Board is made up of representatives from around 40 governments. Interviewees stressed two points in regard to the influence that the Board can have on UNICEF's priorities. The first is how carefully and skilfully UNICEF headquarters manages its Board and this limits its influence. The second is that it is particular Board members that have influence, rather than the Board as a unit. For instance, the Board representatives from governments that are recipients of UNICEF funding rarely question UNICEF's priorities or procedures. The representatives that do question UNICEF's priorities tend to be from governments that are major donors to UNICEF, especially the representatives of the governments from Scandinavia, the Netherlands, Germany, Canada or USA. One interviewee pointed out that the representative from the government of Japan has great importance, given the scale of their government contribution, but it was difficult to gauge the nature of their influence.

Among the influences coming from Board members that were noted by interviewees, the Board in general is a strong supporter of country programmes and a decentralized UNICEF. The Board had put up some resistance to the expansion of UNICEF Headquarters; in one board meeting, it refused to allow Headquarters to rent more space since only three years previously, UNICEF headquarters had moved into a new office that was meant to meet all its space requirements for ten years. However, it did not restrict the size of Headquarters staff.

Individual board members are more likely to try to influence the relative size of different UNICEF Country Programmes than sectoral priorities. The representatives from the Scandinavian countries were noted as being particularly supportive of area based programmes

and also for UNICEF country programmes to work with NGOs. Certain Board Members have promoted a greater support within UNICEF for population programmes, education and more attention to women - and, in the late 1980s, to environmental issues. Although this does not have a great influence on UNICEF's sectoral priorities - since these are largely determined by decisions made at country level within a framework and goals set largely by headquarters - it does have an indirect effect through supplementary funding. Governments that fund UNICEF can influence its sectoral priorities by only making funding available as supplementary funding, tied to one specific programme or one specific sectoral activity. Thus, if one UNICEF Board member makes explicit a commitment to one particular kind of project, this may signal that their government would be prepared to make additional funding available to UNICEF for that particular kind of project through supplementary funding.

5.5 Conclusions

The effectiveness of UNICEF country programmes is, in general, dependent on their being able to persuade recipient governments to act on UNICEF priorities and to allocate resources to doing so. As described earlier, much of the work of UNICEF staff within country offices is in developing country programmes with the recipient government; these became known as National Plans of Action. Most country programmes do not have large sums to spend on projects. For instance, UNICEF's total expenditures in a year (including all country programmes and headquarters), outside of emergency relief, are the same scale as just one of the larger loans of the World Bank. This limits the possibilities for developing what might be termed 'UNICEF projects' rather than UNICEF support to recipient government programmes - as in the 'area based programmes' which helped pioneer more participatory and integrated programmes for working with low income groups and their community organizations but whose scale and scope was always limited by modest funding levels available to UNICEF country programmes.

This chapter has described how, under James Grant as Executive Director, UNICEF came to give a higher priority to highly targeted, cheap medical interventions to reduce infant and child mortality that were implemented through recipient governments, with less priority to more comprehensive, integrated interventions within 'area based' programmes. The conflicts that this produced within UNICEF and with UNICEF's partners (for instance the World Health Organization) were also noted. The basic service programmes that had been developed during the 1970s received much less attention.

Various internal and external pressures help explain this change. Perhaps the most influential was the recognition within the office of the Executive Director that UNICEF had to be seen to be successful and had to keep a high profile, if it was to survive what was becoming perhaps the most difficult period for donor agencies since World War II. First, there were the political changes, with moves to the right in US, UK and many other OECD nations, bringing to power governments that in general were more critical of aid and more critical of state-

directed development. This was especially the case in the US and the UK. Secondly, as noted earlier, there was the debt crisis and economic stagnation or decline in most of the countries with UNICEF country offices - and so it would have been inappropriate to stress comprehensive basic service programmes that put heavy demands on recipient government staff and funds. The GOBI package promoted by UNICEF was low cost, relatively easy to implement and politically attractive (Black 1996). Here, as for the World Bank, Sida and most other donor agencies, UNICEF's effectiveness depends on the effectiveness of the institutions through which its funding is channelled and by its nature, most such funding has to go through recipient governments. The fact that UNICEF depends on voluntary contributions from governments and from funding raised direct from the public and from private charities and foundations also implies a need for UNICEF to have a high profile and a good reputation for getting things done, to the benefit of children. The increased priority to 'GOBI' at the expense of UNICEF basic service programmes and of comprehensive rather than selective primary health care can be criticized - but it is perhaps less open to criticism when understood within the context of the economic crisis of the early 1980s, the limitations of UNICEF's institutional structure and funding at country level, and UNICEF's need to retain the support of its funders, including (at that time) many right wing governments. UNICEF's funding commitments increased considerably from 1982 to 1993, when they were declining for most UN agencies. UNICEF staff could also argue that the concentration on GOBI and on convincing recipient governments to give a high priority to it, especially to child immunization, could also be seen as a way of promoting a greater interest among recipient governments in child health. This helps explain why many of the UNICEF staff who were critical of this change away from comprehensive primary health care towards GOBI also recognized that there were valid underlying reasons for it.

Thus, UNICEF, like most other donor agencies, has limited possibilities for supporting basic needs provision, except through contributing funding to the agencies of recipient governments to do so. UNICEF's area based programmes sought to target UNICEF funding to specific locations with high concentrations of low income groups but for any aid agency, there is a conflict between working in participatory ways with low income groups and their own organizations and thus allowing such groups to influence sectoral priorities and in meeting targets that are defined by the organization - or part of the organization. The discussion among the proponents of the Area Based Programmes within UNICEF emphasise the need for these to be participatory, to the point where low income groups and their community organizations have the major role in setting priorities. To do so means to respect the priorities so set - that may differ significantly from preset targets.⁴ This conflict was evident in UNICEF, during the 1980s, when all country programmes were pushed by headquarters towards a greater support for national programmes in which progress was measurable and

⁴ This was one of the main points of discussion during a UNICEF meeting in 1993 to which I was invited which discussed how the Urban Basic Service programme should develop.

measured and away from comprehensive primary health care and area based programmes.

The earlier description of changes in UNICEF priorities between 1980 and 1993 noted the new influences on country programmes for the 1990s, coming from the Convention on the Rights of the Child and the Plan of Action endorsed by the World Summit for Children. Although the emphasis at UNICEF headquarters on setting targets and monitoring progress towards their achievement remained, the scope of these goals broadened, when compared to the goals promoted during the 1980s. This also meant more scope for country programmes in setting priorities.

There are also some contradictions between the "country programming process" that UNICEF adopted in the early 1960s and being effective in community based, participatory service provision. In the early 1960s, when most Third World countries were putting increasing emphasis on national planning (usually within five year plans), UNICEF recognized that it must give a greater priority to influencing the national development plan so it gave a greater priority to the UNICEF mandate. If there is now a recognition that UNICEF must work more with community organizations, indigenous NGOs, other international agencies (including international private voluntary agencies) and municipal governments, this does not necessarily mesh with a national programme devised in negotiation with national government ministries, unless national governments also favour such an approach. One former senior UNICEF staff member suggested that UNICEF country offices are still too locked into this conception of having to influence national governments' priorities and give too much attention to country programmes and too little to working directly with the institutions that can increase the scale and the quality of basic service provision - especially municipal authorities but also local NGOs and community based organizations. The greater interest within many UNICEF country programmes and in UNICEF Headquarters in supporting innovative Mayors during the 1990s shows some shift in this. There are also initiatives to see how National Plans of Action can be decentralized and draw on the resources and commitments of local authorities.

In the absence of a clear UNICEF policy on area based programmes, it appears that such programmes only receive support in relatively large country programmes and where the country director believes that area based programmes are important and is prepared to defend the country programme's support for these against questions from headquarters. One interviewee noted that the opinion of the country director about area based programmes was a major influence not only on whether area based programmes were implemented but also on whether they were put forward for general resources. The priorities of a country programme tend to be reflected in the programmes and activities put forward for general resources, although country programmes will also allocate projects that are particularly popular with donor agencies to supplementary funding, if they judge that these will get such funding. The more explicit support for urban basic service programmes evident in recent UNICEF documentation, including the endorsement it received from the Executive Board in 1993

(UNICEF 1994a) suggests more scope for country programmes to develop these, as long as they can be seen as contributing to the goals set by the World Summit for Children. However, the possibility of more support for such programmes is not helped by the decline in real terms in UNICEF's total budget from 1993 to 1996 (expenditures in 1996 were 12 percent down on those in its peak year of 1993) and, at least up to 1996, the high demands placed on UNICEF resources by emergency relief.

SOURCES FOR DATABASE FROM WHICH TABLES 5.1 TO 5.4 WERE DRAWN

Beyer 1987 and Black 1986, see bibliography

UNICEF (1975), Report of the Executive Director. E\ICEF\1975 Table 1. Chapter 2

UNICEF (1985), Report of the Executive Director. E\ICEF\1985\2\Add.1 Table 4. page 9

UNICEF (1986), Report of the Executive Director. E\ICEF\1986\2\add.1 page 7

UNICEF (1987), Report of the Executive Director. E\ICEF\1987\2 page 13

UNICEF (1988), Report of the Executive Director. E\ICEF\1988\2 (part II) page 4

UNICEF (1989), Report of the Executive Director. E\ICEF\1989\2 (part II), Table 6. Expenditure by type of input.

UNICEF (1990), Report of the Executive Director. E\ICEF\1990\2. page 8

UNICEF 1986, 1987, 1989, 1991, 1992a, 1993, 1994, 1996 - see bibliography

6. THE SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY (Sida)

6.1 Introduction

This chapter describes the priorities of the Swedish International Development Cooperation Agency (Sida) and the Swedish aid programme of which it is part. It includes a description of how the programme changed from the early 1960s to the present, including changes in the priorities given to different sectors, recipient nations and other Swedish institutions for the delivery of aid. Within this, there is a special interest in the proportion of Swedish aid allocated to basic needs projects. The chapter also discusses the various political, commercial and institutional factors which have influenced these changing priorities.

The chapter concentrates on changes up to 1990/91 for two reasons. The first is that the interviews with a wide range of Sida staff were undertaken in 1990 and these are the primary source of information about the external and internal influences that shape Sida's sectoral priorities - and specifically the scale and nature of the support to basic needs. The second is that complete data on all projects for which Sida had provided support to within its main country programmes were only available for projects undertaken between 1979 and 1989. However, where appropriate, reference is made to changes after 1990/91, especially to those developments that are of relevance to understanding the scale and nature of Sida's support for basic needs.

This chapter refers to Sida within its current name - the Swedish International Development Cooperation Agency - although in 1990, it was still called the Swedish International Development Authority; the name was changed in 1995, as part of a wider organizational change.

6.2 Background

Sida is the Swedish government agency charged with planning and administering Sweden's bilateral development cooperation. It is much the largest and most influential agency within the Swedish aid programme. In general terms, Sida defines the sectoral priorities for the portion of the aid budget for which it has responsibility but within the framework set by the Swedish government which stipulates the political objectives and guiding principles (Sida 1992). The Swedish government also sets the size of the aid budget each year, and its division between countries, although Sida makes its recommendations for both of these, within the annual Budget Proposal it prepares (Rylander 1983, Sida 1988a).

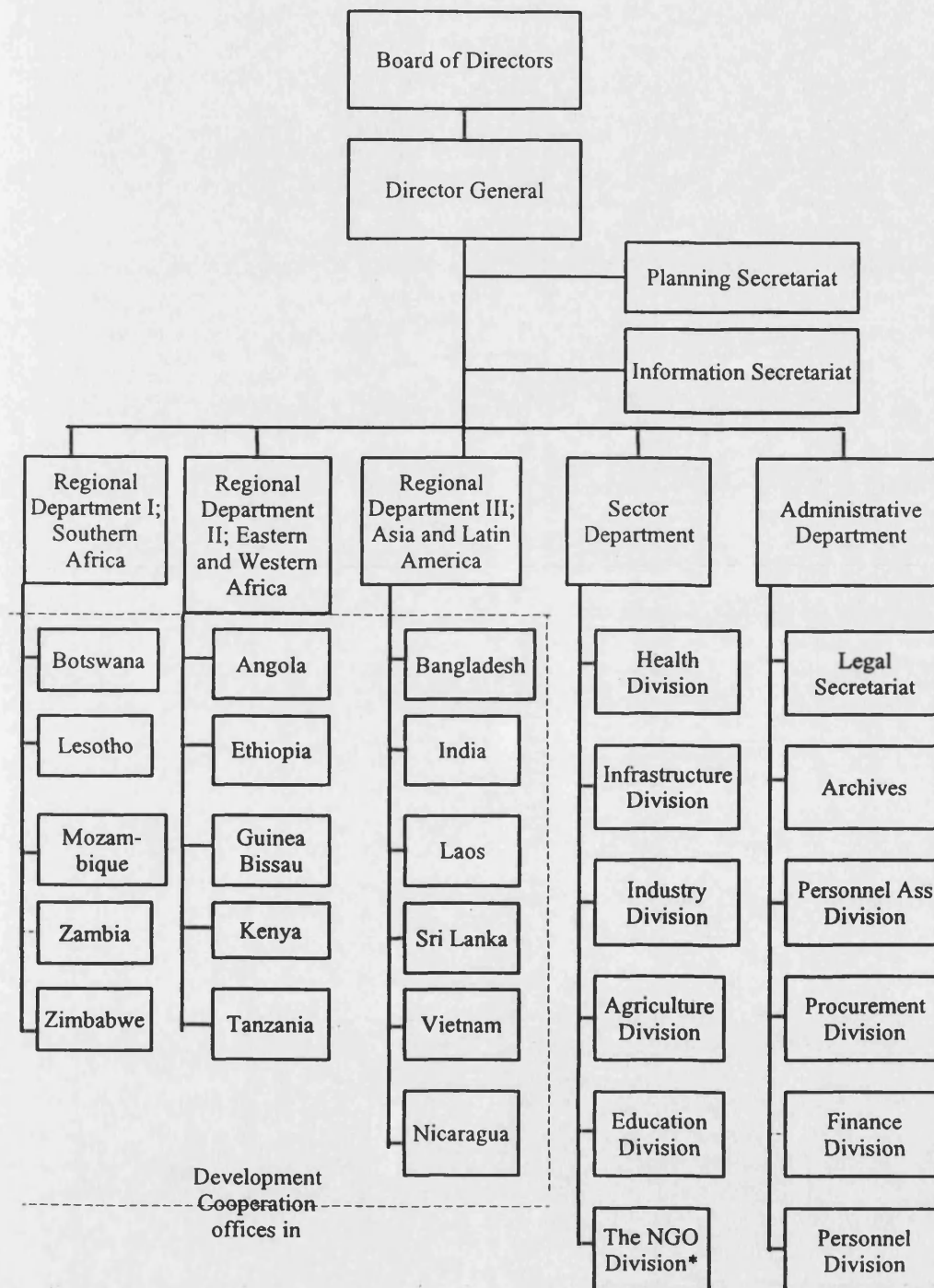
Sida comes under the authority of the Minister for Development Cooperation¹ at the Ministry of Foreign Affairs. Before the 1996 re-organization, this Minister was supported by a special department within the Ministry of Foreign Affairs (the Office for International Development Cooperation) which prepared the Government's decisions on development assistance and administered the allocation of Swedish government funds to the various multilateral United Nations agencies (Sida 1988a). At the time when the interviews were undertaken, Sida was headed by a Board of Directors with 14 members, 12 appointed by the government and two representatives of Sida's staff. Among the government appointed directors are members from different political parties (for instance, in 1989 it had representatives from the Social Democratic Party, the Centre Party and the Conservative Party) and also from representatives from trade and industry, the trade unions and Swedish voluntary organizations (Sida, 1989a).

In 1990, Sida had five departments - see Figure 6.1. Three were regional departments (within which the bilateral country programmes were located) with a sector department (with sectoral divisions such as health, industry, and agriculture) and an administrative department. Each is headed by an Assistant Director General. During 1991, Regional Department III for Asia and Latin America was divided into two, with separate departments for Latin America and for Asia and the Middle East and the Division for Industry was replaced by a Division of Public Administration and Management. The Agriculture Division also became the Division of Natural Resources.

The country programmes within the regional departments are responsible for planning, administering and monitoring bilateral assistance, along with Sida Development Cooperation Offices located in the countries. For most of Sida's history, most Swedish bilateral aid has gone to particular "concentration" or "programme countries." In the early 1960s, as the official bilateral aid programme developed and expanded, the choice was made to concentrate Swedish aid in a limited number of countries. Those countries with this favoured status are all among the lower income nations and most are within the 'least developed nation' category. However, the choice of which 'low income' or 'least developed' countries and the relative priority they receive in funding is determined by the Swedish Parliament and as will be explained in more detail later, different political parties or factions promote different countries. There is also considerable continuity in that once a country has been chosen as a concentration or programme country, it tends to keep this status. In 1990, there were 18 programme countries, most of them in sub-Saharan Africa.

¹ This became the Minister for International Development Cooperation, Migration and Asylum Policy in 1996 (Swedish Institute 1997)

Figure 6.1: Sida's Structure in 1989/90



NB Sida's structure has undergone many changes since this date - but since the interviews were undertaken at this time, the structure at the time of the interviews is reproduced. At the time of the interviews, Regional Department III was being divided into two - one for Asia, one for Latin America. The Agricultural Division was becoming the Division of Natural Resources Management. The Division of Industry was shortly to be closed and a new Division of Public Administration and Management added. Namibia was also to be added as a programme country within Regional Department I.

The Planning Secretariat and the Information Secretariat both come under the office of the Director General. The Planning Secretariat is responsible for long term planning and includes the evaluation unit. This Secretariat also functions as a Secretariat for Sida's Board of Directors, the Executive and the Management Committee and deals with issues concerning women or gender. The Information Secretariat is responsible for contacts with and support to the mass media, schools and institutions for the promotion of information about development issues and development assistance. It also arranges seminars and courses about Third World countries and grants scholarships (Sida 1989a).

Sida also has an important role in channelling funds to and through Swedish Non-government organizations for development projects. A considerable proportion of Sida's funding for disaster relief and humanitarian aid is also channelled through Swedish NGOs. Sida's Division for Cooperation with Non-Government Organizations manages the support to NGOs for development projects and also deals with disaster relief. Humanitarian aid comes under the Regional Departments for Southern Africa and for Latin America (Sida 1989b).

6.3 The main categories of Swedish Official Development Assistance

Table 6.1 provides more details as to how Swedish Overseas Development Assistance is allocated, and shows how Sida's role fits within the broader programme. During the 1980s and early 1990s, a declining proportion of Swedish development cooperation came to be administered by Sida; in 1990/91, it administered 54 percent of development cooperation; this compares with an average of 64 percent of development cooperation allocated to Sida in the years 1980/81-1984/5 (Ashuvud 1986). Part of the reason, as shown by Table 6.1, was the increased importance of debt relief after it was introduced by the Swedish Parliament in 1985 as a response to the growing debt crisis faced by virtually all Sida programme countries. Part of the reason is also the increased role of other Swedish agencies in development cooperation - for instance the formation of the Swedish Agency for Research Cooperation with Developing Countries (SAREC) in 1975 and the formation of the Swedish Agency for International Technical and Economic Cooperation (BITS) in 1979. SAREC remained an independent agency until 1995, when a reorganization placed it within Sida (which is why in Table 6.1 it is listed under 'other' for the analysis up to 1991 and then within Sida for 1997 and 1998). SAREC seeks to promote research that supports Third World nations in their efforts to achieve "self reliance, economic and social development and equality" (Swedish Institute, 1987). It was originally established as an advisory committee under the Ministry of Foreign Affairs in 1975 and became an independent government agency in 1979 (Rylander 1983). In 1990, most of its funding went to research programmes and institutions in 14 Third World countries (most of them in Africa) and support for regional and international research programmes (Sida, 1989c)

TABLE 6.1: THE MAIN CATEGORIES FOR SWEDISH OFFICIAL DEVELOPMENT ASSISTANCE

	1977/78	1978/79	1982/83	1983/84	1985/86	1986/87	1987/88	1989/90	1990/91	1997	1998
TOTAL AMOUNT (million Swedish Krona, current prices)	3,563	4,500	5,668	6,740	8,060	8,840*	9,870	11,467	13,000	11,946	12,418
Allocation between different uses (percentage)											
MULTILATERAL CONTRIBUTIONS											
International Development Programme	33.4	29.4	32.5	27.4	28.3	28.8	28.5	29.1	27.4	23.5	24.2
BILATERAL CONTRIBUTIONS											
a. Administered by SIDA											
Main recipient countries	49.7	52.0	45.8	41.1	35.2	34.1	32.5	28.6	27.7	23.9	24.0
Regional Cooperation			1.8	1.7	2.0	2.1	2.1	2.7	2.8		
Humanitarian assistance	0.5	2.7	4.2	4.0	3.8	4.0	4.3	4.7	3.8	8.8	6.3
NGOs	2.0	2.0	3.4	3.2	3.9	4.2	4.8	5.0	5.2	6.9	6.7
Disaster relief	4.8	3.6	5.3	3.3	4.9	5.7	6.0	7.0	4.6		
Refugees and liberation movements	1.0										
Information	0.4	0.4		0.3	0.3	0.3		0.3	0.1	0.3	0.4
Reconstruction									1.9		
Special Environmental Initiatives								2.0	1.7	1.7	
Special Programmes	5.2	4.8	4.1	2.3	2.0	1.9	1.8	2.9	3.1		8.2
Special Programmes (other than Environment)										8.1	
SIDA's administration	1.6	2.6		2.2	2.3	2.2		1.9	1.9		
SIDA's administration plus training centre											3.2
Development Loans (BITS)										3.3	3.2
Research cooperation/SAREC										3.3	3.3
Economic reforms											3.3
Former Yugoslavia											2.3
Other\SIDA	0.5		0.3	0.8	0.7	0.7	0.7	1.2	1.1	1.7	
	65.7	68.1	64.9	58.9	55.1	55.2	52.2	56.3	53.9	58.0	60.9
b. Other											
Debt Relief							4.7	5.6	4.9		
BITS: Technical cooperation and Concessionary credits				8.7		7.1	6.9	5.3	5.4		
Research Cooperation (SAREC)		2.4	2.6	2.4	2.2	1.5	2.7	2.7	2.8		
Swedfund							0.4				
Asylum-related/refugee expenses										6.4	6.3
EU Development cooperation										5.9	5.7
Industrial development (Swedfund, Impod)								0.7			
Other	0.9			2.6	14.6	7.5	4.7	0.4	2.2	6.2	2.9
Other (IMPOD etc)									0.2		
Project support									3.0		
ALL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

NOTES FOR TABLE 6.1

The Government of Sweden is inconsistent in reporting on the distribution of funding between these different categories. In some years, no records with this level of disaggregation were found. In addition, as the table shows, when a detailed disaggregation is made available, the categories used for presenting the data change. For instance, the high proportion of funding in b. Other-other in 1985/86 includes the funding for BITS but with a general 1,000 million krona item which was for 'other development cooperation (BITS, SWEDFUND, etc)' so it was not possible to take out the allocation to BITS from this larger allocation

* In Sida (1986), the total given for this year is 8940 million Swedish Kroner but the sum of the components listed in the table added up to 8,839.9 million - which is the figure used here on which to base the percentages.

SOURCES: Rylander (1983); SIDA (1983); SIDA (1986); SIDA (1990a); SIDA (1978); SIDA/BSA (1988/89); Swedish Institute (1987), Sida (1998).

For 1997 and in 1998, there was also an 811 million krona budget item for cooperation with Central and Eastern Europe which was not counted as part of international development cooperation (Swedish Institute 1997, Sida 1998). Sida (1998) reported that in 1998, 500 million of this went via Sida.

BITS (the Swedish Agency for International Technical and Economic Cooperation) was established to administer a technical cooperation programme (consultancy services, training programmes and institutional cooperation) initiated in 1979 to promote the transfer of Swedish technology to countries other than those which were Sida's "programme countries" (Swedish Institute 1987). One reason for its formation as an independent government agency rather than a part of Sida was because of Sida staff's opposition to aid being tied to the promotion of Swedish goods and services (Jacoby 1986; also confirmed by interviews with Sida staff). A concessionary credit scheme was later added to BITS, to finance the sale of Swedish goods and services in Third World countries. Before the 1995 re-organization which placed BITS within Sida, it had been headed by a board, appointed by the Government and it had acted as an independent agency under the Ministry of Foreign Affairs. The proportion of total Swedish aid channelled through BITS grew rapidly in its early years; it reached 8.7 percent in 1983/4 (Sida, 1983) but declined for reasons that will be discussed in a later section, describing the influence of commercial pressures on Swedish aid. BITS, like SAREC, was part of 'other' in Table 6.1 for all but the last two years when it was within the category of 'administered by Sida'. With both SAREC and BITS absorbed by Sida, by 1997 and 1998, the proportion of Swedish aid administered by Sida rose significantly, after a long-established decline (see Table 6.1). However, the specificity of any analysis of changing priorities within Sweden's official development assistance is limited by the fact that official figures are not consistent in the level of detail they provide - for instance, in 1985/6, the allocation to BITS was reported within 'other' rather than as a separate item.

The multilateral contributions represented 27.4 percent of development cooperation in 1990/91. The proportion allocated to them had fallen significantly by 1997 and 1998, along with a notable drop in the size of the whole Swedish aid programme. The multilateral contributions are administered by the Ministry of Foreign Affairs; most goes to the World Bank and the regional development banks and United Nations agencies (Swedish Institute, 1987, Sida 1998). However, the Development Assistance Committee Aid Review (1989/90) notes that the official figures given for multilateral contributions understate the total contribution by around 5 percent since various special contributions, emergency operations and multi-bilateral arrangements are channelled to multilateral agencies from other budget items. For instance, 45 percent of the humanitarian assistance for the extended fiscal year 1995/96 went to UN bodies. The proportion of Swedish aid allocated to multilateral contributions has declined significantly, especially from the early 1960s when over 80 percent of Swedish ODA went to multilateral institutions, although it first fell below 30 percent in 1979/80.

Debt relief (also called balance of payments support) was introduced by the Swedish

Parliament in 1985 to ease the debt burden of Third World countries; most of the support is provided in collaboration with other donors to strengthen economic rehabilitation/structural adjustment programmes. The allocation of debt relief to countries is determined by the Swedish Parliament, after proposals from Sida and BITS. In 1990/91, 5 percent of Swedish ODA went to debt relief. Note should also be made that a substantial part of Sida administered funds are also allocated to "import support" which can also be considered a contribution to debt relief.

SWEDFUND (the Swedish Fund for Industrial Cooperation with Developing Countries) is an independent public foundation which seeks to stimulate and promote the establishment of industries in the Third World through joint ventures with Swedish industries. It tends to work in countries in which Sweden already has a long term programme of development cooperation. It funds such operations as feasibility studies and it guarantees loans raised for joint ventures; it also takes part in joint venture companies (providing up to 30 percent of the required capital) and lends to joint venture companies (Eurofi 1988, Rylander 1983).

IMPOD (the Import Promotion Office for Products from Developing Countries) helps exporters in Third World countries to sell their goods in Sweden - for instance through giving information and guidance about marketing possibilities and market conditions in Sweden. In 1991, this was merged with parts of Sida's former industry division to form Swedecorp (the Swedish International Enterprise Development Corporation) and this was also brought into Sida in 1995 (Swedish Institute 1997).

6.4 The main categories of Sida funding

Table 6.2 shows that some 51 percent of Sida funding for 1990/91 went to 18 "country programmes". Two thirds of these are in sub-Saharan Africa (especially East and Southern Africa). Namibia joined the group in 1990 (prior to that there had been seventeen programme countries). The proportion of Sida funding allocated to programme countries has been declining; in the late 1970s, it was common for them to receive three quarters or more of all Sida funding. One of the main reasons is a growing proportion of funding channelled through Swedish Non Government Organizations while the proportion of Sida funding allocated to disaster relief has also generally been increasing. To some extent, this was because the new forms of aid were more flexible for Sida. There has also been a growth in special programmes within Sida such as that devoted to special environmental initiatives.

Table 6.2: The distribution of Sida funding between different activities and programmes

	1978/79	1982/83	1986/87	1990/91
Main recipient countries	76.3	70.5	63.9	51.4
Regional cooperation		2.8	3.9	5.4
Humanitarian assistance	4.0	6.5	7.5	7.1
Funding through NGOs	2.9	5.2	7.9	9.6
Disaster relief	5.3	8.2	7.5	8.5
Special programmes	7.0	6.3	3.0	5.8
Reconstruction				3.5
Special environmental initiatives				3.2
Information	0.6		0.6	0.2
Sida's administration	3.8		4.1	3.5
Other		0.5	1.3	2.0

SOURCE: Same sources as Table 6.1. NB Sida reports are not consistent in how they report the allocation of funding between some of these categories so information is not available for each of these categories for each year

Of the other items listed in Table 6.2, Regional cooperation is largely to support "Regional cooperation in Southern Africa" in the SADEC countries (Angola, Zambia, Botswana, Tanzania, Malawi, Mozambique, Zimbabwe, Swaziland and Lesotho) and especially to develop transport and communication links between countries in that region. Among other activities supported are the East African Development Bank, the Inter-governmental Authority on Drought and Development (which works in East Africa), the Mekong Committee (a regional association of countries which use the lower reaches of the Mekong river) and various regional projects in Central America.

In 1990, humanitarian assistance was allocated to Africa and to Latin America. It was largely to support what were the two main national liberation movements, the African National Congress (in South Africa and its work outside) and SWAPO (Namibia) in such activities as legal aid, education, support for refugees, support for political prisoners and their families and training; support for these and for other democratic institutions in these countries continues. When the minority governments were replaced with democratically elected governments based on universal franchise, both became Sida programme countries. During the first half of the 1970s, humanitarian assistance had been extended to several national liberation movements in sub-Saharan Africa (Commission for the Review of Sweden's International Development Cooperation nd). Humanitarian assistance in Latin America began as disaster relief to refugees and victims of oppression in Chile after the military coup in 1973 (with official aid to Chile terminated) (Swedish Institute, 1987) and was later extended to include support to "oppressed groups and families" in many Latin American countries plus support for victims of political oppression and war (especially refugees) and support for projects targeted at the poorest

groups in the poorer countries. [By 1995, the focus of humanitarian assistance had expanded considerably with a third of total disbursements going to countries in Europe or that were part of the former Soviet Union and a greater concentration in Asia and the Middle East].

Tables 6.1 and 6.2 show the increased proportion of Sida funding channelled through Swedish Non-government organizations and "Swedish popular movements"; in 1990, some 300 Swedish non government organizations were receiving Sida funds. These included such groups as the Swedish Save the Children, the Swedish Red Cross, the Swedish Cooperative Centre and various church groups (for instance the Swedish Free Church Aid and Luther Aid). The figures in Tables 6.1 and 6.2 understate the total volume of Swedish ODA which is channelled by Sida through Swedish non-government organizations. The Development Assistance Committee (1990) stated that around 20 percent of total Sida disbursements were devoted to NGOs although this figure includes not only development projects but also emergency relief, information and awareness raising in Sweden and special projects for humanitarian assistance. In 1990/91, 5.2 percent of Swedish ODA in that year and 10 percent of the funds allocated to Sida went to NGO development projects (Sida 1990). Comparing this with the figures presented in Sida BDS (1990) for the years 1985/86-1988/89 and in Development Assistance Committee Aid Review (1989/90) shows a general trend for an increasing volume of funding for development projects being channelled through NGOs. The reasons for this are discussed in more detail later.

6.5 The main recipients of Sida funding

The selection of countries which are to be recipients of Swedish aid is made by the Swedish Parliament; Sida recommends which countries should be included and the division of funding between them but the decisions about these aspects of the Swedish aid programme are made each year by the Swedish Parliament (Rylander 1983; Development Assistance Committee 1990). A table in Annex 5 lists all independent countries which received funding commitments from Sida between 1970 and 1995 with figures for annual commitments in US\$ constant (1990). Table 6.3 lists the countries which received 0.3 percent or more of these commitments during this 26 year period, and presents the proportion of aid received for the whole period and for each two-year period (Annex 5 gives totals for each year). The Sida programme countries received most of the allocations. China and Tunisia, ranked as equal sixteenth in terms of aid commitments during this period, received the highest levels of commitments outside of the programme countries with Pakistan (18th), Cuba (19th), Uganda (22nd) and Algeria (23rd) as the next most favoured.

An analysis of which countries have been (and remain) the major recipients of Swedish aid shows a strong bias towards poorer nations. Of the 28 nations listed in Table 6.3, all but seven fall within the country category defined as "low-income countries" by the OECD Development Assistance Committee (OECD 1994). Among the fifteen most favoured nations for this whole period, Angola is the only country not within the "low-income country" status

Table 6.3: THE DISTRIBUTION OF SWEDEN'S BILATERAL AID AMONG COUNTRIES, 1970 TO 1995

Countries ordered by the proportion of aid they received over this whole period

NB. All annual commitments were converted to US\$ at their 1990 value, before making this calculation.

Summary: @SUM		Field: CONSTANT \$ MILLIONS													
Rows: REGION\WAT		Columns: DATE													
		70-71	72-73	74-75	76-77	78-79	80-81	82-83	84-85	86-87	88-89	90-91	92-93	94-95	1970-95
1.	TANZANIA	9.9	9.3	15.5	22.2	19.5	8.5	12.7	10.0	10.2	8.1	6.6	5.2	3.2	10.7
2.	VIET NAM	6.5	12.1	34.5	21.9	7.8	22.3	9.7	7.0	6.6	3.8	3.6	2.8	1.9	10.3
3.	INDIA	12.1	25.4	8.2	10.5	24.8	6.1	9.4	8.8	8.0	10.9	4.7	4.5	3.1	9.8
4.	MOZAMBIQUE	0.0	0.0	1.0	7.7	5.9	4.9	7.4	6.3	8.0	7.7	5.3	3.9	2.6	5.0
5.	KENYA	7.1	10.1	6.8	4.7	6.0	1.9	3.6	3.9	2.6	2.4	1.7	1.2	0.8	3.5
6.	ZAMBIA	0.7	4.4	2.1	4.4	5.5	2.9	4.8	4.0	4.5	3.1	2.9	2.6	1.6	3.4
	BANGLADESH	2.4	8.0	5.8	4.5	7.1	2.6	4.0	3.1	4.1	1.7	1.7	1.3	1.2	3.4
8.	ETHIOPIA	9.2	1.5	2.7	3.2	3.7	3.7	3.4	3.7	4.5	3.7	1.9	1.8	2.0	3.1
9.	SRI LANKA	0.9	1.2	2.5	4.1	1.8	6.4	5.9	5.8	2.8	0.6	0.6	0.3	0.4	2.3
10.	ANGOLA	0.0	0.0	0.0	1.2	3.3	5.3	2.8	2.7	2.5	2.9	2.3	1.9	1.0	2.1
11.	BOTSWANA	0.2	3.5	2.4	2.1	2.6	4.0	2.3	1.9	1.9	1.7	1.1	0.8	0.6	1.9
	NICARAGUA	0.0	0.0	0.0	0.0	0.4	1.7	2.6	2.5	2.7	4.6	3.5	2.8	1.7	1.9
13.	ZIMBABWE	0.0	0.0	0.0	0.0	0.0	2.0	3.6	3.2	3.4	2.0	2.4	2.4	1.9	1.7
14.	GUINEA-BISSAU	0.0	0.0	1.5	1.3	1.9	3.6	1.7	1.6	1.6	1.1	1.1	0.7	0.2	1.3
	LAOS	0.0	0.0	0.3	1.3	2.2	3.1	1.5	1.3	1.4	1.3	1.2	1.1	1.0	1.3
16.	CHINA	0.0				0.0	0.1	0.3	1.0	0.9	2.9	2.4	2.8	1.5	1.2
	TUNISIA	7.0	4.3	4.1	1.7	1.5	0.1	0.1	0.3	0.3	0.1	0.7	0.3	0.1	1.2
18.	PAKISTAN	9.3	1.1	1.1	1.1	1.9	1.7	0.5	0.2	0.3	0.6	0.3	0.7	0.2	1.1
19.	CUBA	0.8	7.3	1.9	2.8	0.1	0.1	0.1	0.2	0.4	0.3	0.1	0.0	0.0	0.8
20.	CAPE VERDE	0.0	0.0	0.2	1.1	0.9	1.5	0.0	1.2	0.8	0.8	0.8	0.5	0.2	0.7
21.	LESOTHO	0.9	0.1	0.5	0.4	0.2	0.9	0.7	1.8	0.9	0.6	0.4	1.1	0.2	0.6
22.	UGANDA	0.0	0.0	0.0	0.0	0.0	0.4	0.1	0.0	0.4	1.0	0.5	1.0	1.0	0.4
23.	ALGERIA	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.3	1.8	0.9	0.6	0.0	0.0	0.3
	EAST AFRICA COMMUNITY		1.4	0.9	0.9	0.5	0.2	0.7							0.3
	NAMIBIA											0.9	1.1	1.0	0.3
	PHILIPPINES	0.0	0.0	0.0	0.0	0.0		0.0	0.2	0.2	0.1	0.2	1.8	0.1	0.3
	SOMALIA	0.0	0.0	1.0	0.7	0.0	1.9	0.2	0.2	0.2	0.2	0.0	0.2	0.0	0.3
	SOUTH AFRICA											0.0	1.0	2.3	0.3
	SUDAN	1.2	0.0	0.3	0.1	0.9	0.4	0.4	0.4	0.2	0.3	0.0	0.0	0.0	0.3
	UNALLOCATED - LDCs	20.0	3.4	3.4	0.0	0.0	5.8	9.8	17.3	15.5	20.5	39.3	43.4	58.3	20.7
	UNALLOCATED - OTHER	6.9	3.2	2.6	1.5	1.1	4.4	8.5	7.0	10.0	11.3	10.0	6.7	5.9	6.2
	ALL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: The figures on which this is based were drawn from OECD (1996), DAC-CAD - *Geographical Distribution of Financial Flows to Aid Recipients*, CD Rom, OECD, Paris, 1996.

and here the aid is justified by the many years of economic and political instability and civil war, after Independence. Of the top fifteen recipients for this whole period, eight were within the "least-developed country" category in 1992, although Botswana was to be reclassified out of this category in 1996 (ibid).

Among the poorer nations, those which received the largest allocations during the 1980s were two Asian nations (India and Vietnam) and two sub-Saharan African nations (Tanzania and Mozambique). For this period, many other nations in Southern Africa were major recipients; close to 50 percent of Swedish bilateral aid went to countries in southern Africa (although Tanzania is included in Southern Africa, rather than East Africa, according to Swedish records). During the first six years of the 1990s, India and Vietnam remained the largest Asian recipients although with much reduced proportions of Swedish bilateral aid. It is also worth noting that China became the third largest Asian recipient during the first six years of the 1990s. In these same years, in Africa, Tanzania and Mozambique remained the largest recipients in Africa, although also with much reduced proportions of Swedish bilateral aid.

In an interview, one staff member of Sida commented that the selection of countries which become the main recipients of Sida aid is *ad hoc* but consistent ideologically. Virtually all of the main recipients are among the poorer nations with many among the poorest or 'least developed'. For many of the countries, Sida support is also linked to one of three reasons: countries with liberation movements which Sweden supported during the struggle for independence (Guinea Bissau, Angola, Mozambique, Namibia and Zimbabwe and more recently South Africa); countries whose ideological orientation was compatible with the Social Democratic governments (Tanzania, Vietnam, Nicaragua after the overthrow of the Somoza government and the coming to power of the Sandinistas); and countries in which Swedes have a long, historic involvement which pre-dates an official government aid programme (Ethiopia). One Sida staff member suggested that the reason why Swedish aid to Tunisia began was because a Swedish Minister of Finance was close to people in the Tunisian Ministry of Finance - although the fact that Tunisia became a major recipient related to the social orientation of the Tunisian government at that time - and Table 6.3 shows how the proportion of Sida funding committed to Tunisia dropped considerably for the 1980s and early 1990s, compared to the 1970s. In regard to Sida's aid to India, although this can be justified by India's low per capita income, a Sida staff member suggested that the scale of the aid can also be partially explained by the fact that, at least up to 1998, relations between the governments of India and of Sweden have always been good.

There have been significant changes in the list of countries that have received the largest allocations of Swedish aid and these give some insight into the political processes external to Sida which influence it. Certain countries which were once among the most favoured countries no longer figure as significant recipients; of these South Korea (which received 7 percent of Swedish overseas development assistance which represented 39 percent of Swedish

bilateral aid in 1960/61) and Pakistan (the largest single recipient in 1970/71 and one of the largest recipients in 1960/61) are the most notable.

Heppling (1986) in describing the evolution of Sweden's aid programme notes that Swedish missionaries were active in Ethiopia in the 1860s and this helped develop knowledge and contacts with this country. In 1945, Sweden provided Ethiopia with two loans for \$2 million to hire the services of some 200 Swedish professionals (doctors, nurses, lawyers, teachers) and Ethiopia became the first country in which a Swedish government funded aid programme developed (in 1953). Between 1952 and 1962, there was no official government institution to administer an aid programme (Heppling 1986); official bilateral aid was implemented in cooperation with some 45 non-government organizations which formed a "Central Committee for Swedish Technical Assistance to Less Developed Areas" in 1952 (Swedish Institute 1997). During the 1950s, Pakistan and Sri Lanka, and Liberia (as the only independent nation in Africa other than Ethiopia) also received support (ibid). Only in 1962 was a government body formed to manage Sweden's aid programme - the Swedish Agency for International Assistance, set up as a result of a government bill on Swedish development assistance. This was subsequently reorganized in 1965 and renamed the Swedish International Development Authority (Swedish Institute 1997).

During the 1960s, an official bilateral aid programme developed, administered by a government body, accompanied by a large increase in the scale of funding (see Table 6.4). In 1960, the official aid programme disbursed \$6.7 million with only \$1.2 million being allocated to an official bilateral aid programme; \$5.5 million went to multilateral institutions (UN Agencies and the International Development Association of the World Bank). By 1969, annual disbursements had risen to \$120.5 million which included a bilateral aid programme of \$54.8 million (Ashuvud 1986). In 1960, Swedish official development assistance was equivalent to 0.05 percent of GNP; by 1969, it represented 0.41 percent (ibid). By 1970/71, the eight largest recipients of Swedish bilateral aid included five countries which were still "programme countries" in 1996 - India, Tanzania, Ethiopia, Kenya and Vietnam. Pakistan was the largest single recipient with Tunisia and Turkey as the other two. It is worth recalling that several countries which were to become Sida programme countries (Angola, Guinea Bissau, Mozambique) were still under Portuguese colonial rule and their liberation movements were receiving substantial Swedish funding (Commission for the Review of Sweden's International Cooperation nd). The liberation movements in what was then Rhodesia (later Zimbabwe) also received Swedish support.

Sweden began extending humanitarian assistance to North Vietnam in 1968 and was planning development projects both in the North with the North Vietnamese government and with this government's representative in the South before the war ended (Palmlund 1986). Support for Vietnam became less controversial after the reunification of the North and the South but became controversial once again when the government of Vietnam intervened in what was

TABLE 6.4: The growth in the scale of Swedish Overseas Development Assistance, 1960-1991.

A. In US \$ millions constant

	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	1960-75
Bilateral	3.1	4.4	8.7	18.9	33.1	37.3	49.0	50.6	75.2	90.9	195.8	198.7	298.8	402.4	564.2	819.9	2,850.9
Multilateral	17.7	20.3	43.1	41.3	46.1	46.4	68.6	65.5	53.6	108.9	167.3	267.7	254.8	321.1	405.1	423.6	2,350.9
TOTAL	20.8	24.7	51.8	60.2	79.1	83.7	117.6	116.0	128.8	199.8	363.1	466.4	553.6	723.5	969.3	1,243.5	5,201.8

	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	1976-91
Bilateral	829.3	941.4	853.3	1,078.9	1,086.8	836.5	763.2	659.5	635.8	680.9	889.7	995.7	1,110.5	1,303.0	1,379.0	1,397.8	15,441.2
Multilateral	426.2	568.1	558.5	558.4	375.9	438.8	522.8	285.8	260.3	305.2	358.4	532.8	537.0	535.5	628.0	606.1	7,497.9
TOTAL	1,255.5	1,509.5	1,411.8	1,637.3	1,462.7	1,275.3	1,285.9	945.3	896.1	986.2	1,248.0	1,528.5	1,647.5	1,838.6	2,007.0	2,003.9	22,939.1

B. In the percentage allocations between bilateral and multilateral

% Column	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	1960-75
Bilateral	14.9	17.9	16.8	31.4	41.8	44.6	41.7	43.6	58.4	45.5	53.9	42.6	54.0	55.6	58.2	65.9	54.8
Multilateral	85.1	82.1	83.2	68.6	58.2	55.4	58.3	56.4	41.6	54.5	46.1	57.4	46.0	44.4	41.8	34.1	45.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

% Column	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	1976-91
Bilateral	66.1	62.4	60.4	65.9	74.3	65.6	59.3	69.8	71.0	69.0	71.3	65.1	67.4	70.9	68.7	69.8	67.3
Multilateral	33.9	37.6	39.6	34.1	25.7	34.4	40.7	30.2	29.0	31.0	28.7	34.9	32.6	29.1	31.3	30.2	32.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

then Kampuchea. The Swedish government continued the aid programme to Vietnam when several Western countries withdrew and after 1982, the Social Democratic party was subject to strong criticism on this by the Conservative Party (ibid). However, the fact that Vietnam generally received a decreasing priority during the 1980s reflected a concern within Sweden about its continued military presence in Kampuchea and about human rights violations (ibid). Table 6.3 shows how rapidly the proportion of assistance received by Vietnam dropped. But the decline in funding during the 1980s and early 1990s compared to the late 1970s is also partially explained by the decline in funding needed for one project - the Vinh Phu pulp, paper and forestry complex which opened in the late 1970s and whose total cost was \$250 million (Grette, 1986).

Borje Ljunggren (an Assistant Director General of Sida who had worked in Sida since 1970) highlighted an important change in 1970 which was a new ideological dimension as to which countries received support. It was considered "natural that Sweden primarily cooperated with countries whose governments in their economic and social policies strove to implement such structural changes as create the necessary conditions for a development characterized by economic and social equalization" (Ljunggren 1986, page 71). It was also in the first few years of the 1970s that "country programming" was instituted, with a confirmation that Sida would channel most of its funding to a limited number of countries. Country programming meant the allocation to a recipient country of a fixed amount each year, prior to any decision as to how it would be spent. This gave more power to the governments of recipient countries in determining what should receive funding.

Andersson (1986) also points to a greater political polarization in Sweden from the late 1960s which included the role of Swedish foreign policy and its non-aligned status between the two power blocs. "The Social Democratic Party assumed the role of small nations' opposition to both super-powers, whereas the Conservatives and the Liberals emphasized Sweden's traditional Western affiliation" (ibid. page 42). This political polarization became reflected in debates about which countries should receive support. Andersson also suggests that an administrative change in the Swedish cabinet in 1970 which set up a special Department of Development Cooperation headed by an Under-Secretary of State (and from 1973 a Minister for Development Cooperation) was also an important component of this. He suggests that this new Department's criteria for country selection were strongly influenced by the structural analysis of the "New Left" in regard to economic dependency as an obstacle to development and the contradiction between a concentration of private capital and social justice (ibid).

The scale of the Swedish aid programme also grew very substantially during the 1970s from \$117 million in 1970 to \$987.6 million in 1979 (in current US\$); if the figures are adjusted to US\$ constant value, as in Table 6.4, this still represents a more than fourfold increase in real terms. For the years 1970-72, Swedish official development assistance represented less than 0.5 percent of GNP; by 1979, it represented 0.92 percent of GNP. Table 6.4 shows how the

scale of Sweden's development assistance dropped in real terms from 1979 to 1984 - which coincided with a serious recession - before growing again; in real terms, it more than doubled between the low of 1984 and 1990.

The allocation of funding to each country remained a political decision, undertaken by the Swedish Parliament, although Sida and other government institutions which manage aid funds prepare recommendations for the Parliament. This new emphasis on aid being allocated to countries where governments were committed to social and economic equalization and the role of Parliament in setting the amounts allocated to countries meant a greater politicisation of aid debates within Parliament. Different parties within Sweden favoured different countries. Andersson (1986) notes that "each political party read the high principles of country selection through their own political spectacles" (page 42). He then outlines how "an inventory of the Bills and proposals of the different parties in matters of how bilateral aid should be distributed and which new recipient countries should be chosen from the early 1970s reveals a quite clear pattern of political choice:

Conservatives: Ethiopia (before the coup), Kenya, Sudan

Liberals: Zambia, Botswana, Sri Lanka, Pakistan, Tunisia

Centre: most often joining the Liberal proposals

Social Democrats: Chile (before the coup), Tanzania, Vietnam, Angola, Cuba

Communists: Cuba, Vietnam, Angola, South Yemen (never adopted)" (page 42).

Ljunggren (1986) also notes how Tanzania became associated with the Social Democratic Party while Zambia became associated with the Liberal Party. One Sida staff member explained how Sweden's strong support for President Arias of Costa Rica and the peace process in Central America was partly the result of the Liberal Party's strong support for this. The first initiatives for Swedish cooperation with Chile came from a Conservative member of parliament who argued for Swedish support for the government of the Christian Democrat Eduardo Frei and this was seen as an alternative to aid for Cuba which received the support of the left (Palmlund, 1986). Support for Chile then became a priority of the Social Democrats when Allende became President and official cooperation with the Chilean government ceased with the military coup in 1973 (ibid); it has subsequently been resumed with the return to democratic government in Chile.

Several Sida staff noted the difficulties that can arise from the country programming process which develops multi-year programmes and the political process which approves funding allocations to recipient countries on an annual basis. Such political decisions may disrupt projects and programmes already planned or being implemented. However, Edgren (1986) notes that the change in government in 1976 did not have a major impact since when a non socialist government took over, replacing a Social Democrat government for the first time since the official aid programme had been initiated, aid continued to be given to (most)

socialist countries. In addition, when the Social Democratic party returned to power in 1982, the "newly introduced semi-commercial elements of the aid programme were not eliminated but vigorously promoted" (page 62).

An examination of trends in Swedish aid in what were or became programme countries in the 1970s shows the coincidence of aid with changing political circumstances. For instance, official development assistance to the governments of Cape Verde, Guinea Bissau, Mozambique and Angola began when these achieved independence in 1974. Official development assistance to the government of Zimbabwe began in 1979 (coinciding with the change to majority rule) and also grew rapidly. Official development assistance to the government of Nicaragua began in 1978 (coinciding with the victory of the Sandinista government) and grew rapidly. Official development assistance to Namibia began as soon as an independent government was constituted there; as in the cases of Zimbabwe, and the former Portuguese colonies in Africa, this was really a continuation of long-established Swedish support for what had previously been the liberation movement. Ljunggren (1986) noted that Sida aid to Nicaragua and Zimbabwe were both originally intended as of limited duration but both became programme countries.

There are some examples of countries being dropped as 'programme countries' or receiving much lower priority for political reasons. For instance, the appropriations to Swaziland lessened during the 1980s - coinciding with its government's unwillingness to join the Front Line states in their stand against apartheid in South Africa (Ljunggren, 1986). Pakistan ceased to be a major recipient as a consequence of the Bangladesh war; cooperation was tentatively resumed after the war but with the ousting of the government of President Bhutto, there was a second discontinuation (ibid). The sharp decline in support for Cuba in the second half of the 1970s coincides with the non-socialist coalition government, although Ljunggren (1986) suggests that this was also the result of a questioning of Cuba's military role in Africa prior to this. The justification given for a reduction of aid to Cuba was its relatively advanced stage of development; this was also the reason given for a decline in Swedish aid to Tunisia.

6.6 Sida's sectoral priorities

Sida's official literature is not very explicit about the sectoral priorities of its aid commitments or expenditures. The stated objectives of Swedish development cooperation are not so much focused on sectoral priorities as on general principles such as democratic development, economic and social equality, economic and political independence for recipients and gender equality (Sida 1998). In 1990, Sida's official documentation made clear that it had five explicit goals which include some sectoral priorities:

1. Economic growth - to contribute towards increased production of goods and services;
2. Economic and social equity - to help reduce differences between rich and poor and to enable recipient countries to meet the basic needs of all their people in respect to such things

as food, health services and education;

3. Economic and political independence - to enable the countries to make their own decisions about their economy and other matters and to create the conditions necessary for independence;

4. Democratic development - to help bring about conditions that give people greater influence over development on local, regional and national levels; and

5. Environmental quality - to contribute towards the sustainable use of natural resources and protection of the environment (Sida 1990).

(In 1996, the Swedish Parliament decided to add gender equality as a sixth goal - Swedish Institute 1997).

As in the World Bank, Sida's overall sectoral priorities are not set by senior staff (or by the political processes that provide funding for aid) but are largely the result of sectoral priorities determined within each country programme and these in turn are the final outcome of a complex negotiation process, most of it taking place between the staff of Sida and government officials from the recipient country within the country programming process. Political pressures from within Sweden appear to have a relatively small influence on these sectoral priorities, except in certain specific instances. The country programmes may also be that part of the bilateral aid programme most insulated from commercial pressures. Sectoral priorities for funding going through what were independent agencies in 1990 such as BITS, IMPOD and SAREC were not made within such country programmes.

Rylander (1983) describes this country programming process and its continued relevance in 1990 was confirmed in the interviews. The process usually begins with preparatory discussions in Sida's management committee which draw on a memorandum which analyzes the performance and progress of current undertakings and makes recommendations. This is followed by preliminary discussions held in Sida's development cooperation office in that particular country with Sida staff members from the country office and from Sida headquarters and staff of the Ministry in the recipient nation which is responsible for the coordination of development assistance. The recipient government then presents its request and this is developed into a proposal by Sida to the recipient government and a draft Development Cooperation Agreement and memoranda on development cooperation and on ideas and proposed projects. This is discussed by Sida's Management Committee before being submitted to Sida's Board of Directors - and after this, the Ministry of Foreign Affairs decides on directives for the Swedish delegation's negotiations on development cooperation with the recipient government. Subsequent negotiations produce the final agreement which usually covers three to four years.

There are often considerable areas of disagreement between Sida and recipient governments which have to be resolved before this agreement is produced. For instance, one Sida staff member described how after the Vietnam War, the government of Vietnam was pressing for

large projects and factories with, in Sida's view, too little attention to strengthening the infrastructure and institutional capacity. Other Sida staff also commented on the extent to which recipient governments try to negotiate capital goods for use by their particular ministries.

A Sida staff member who had worked in the Swedish aid programme to Guinea-Bissau explained how sectoral priorities were set in this country, when it achieved Independence. Initially, sectoral priorities were fisheries, industry, health and education: fisheries because of the potential as a food source and an export earner; industry because the newly independent government wanted to make use of industries left behind by the colonial government and had a strong commitment to industrialization; health because this built on support Sida had provided to the liberation movement that had become the government; and education because of Sida's strong commitment to education and the fact that Sida had supported education during the liberation war.

Within this process through which agreement is reached between Sida staff and the recipient government, there are different people and groups who can influence the sectoral priorities. Perhaps the four most important are the following: the recipient government (and Sida has long promoted the right of recipient governments to have more power in determining what aid should be spent on); Sida staff in the country office; Sida staff from headquarters who are part of the regional and country offices; and Sida staff from one of the sector departments. It is also possible for staff at the Ministry of Foreign Affairs to intervene and this Ministry leads the formal negotiations with recipient governments. There have also been examples of interventions by Ambassadors; Sida's development cooperation offices are located within the Swedish embassies. Several Sida staff also noted how in certain country programmes, Swedish commercial interests may exert pressure through the recipient government, the Swedish Ambassador or the Swedish Ministry of Finance.

Some of the Sida staff interviewed talked in considerable detail about this country programming process and how sectoral priorities were set. Several interviewees suggested that the extent of the influence of Sida's Sector Divisions was related to the extent to which they were successful at lobbying and influencing Sida staff working in the Regional Departments. Although the Regional Departments are responsible for developing the cooperation agreements, sectoral Divisions prepare background papers for their particular sectoral inputs into this. Sida staff members also suggested that the sectoral priorities in the previous programming cycle were a major influence on those in the new programming cycle, both because projects tended to lead to other projects within the same sector and because it was easier to generate and manage projects in sectors where there were already working relationships with the recipient government. (As noted in chapter 4, both were also noted by many World Bank staff as important in influencing their institution's sectoral priorities).

Table 6.5 presents the sectoral priorities within Sida, using the sectoral classifications that Sida itself uses. Four sectoral categories have been important from the early 1960s through to the late 1980s: agriculture, forestry and fisheries; education; health; and infrastructure (which includes construction, transport and communications, power supplies and water). Of these four sectors, only agriculture, forestry and fisheries retained its relative importance when considering its share of Sida funding during the 1960s, 1970s and 1980s.

The decline in the proportion allocated to education is among the most notable changes in sectoral priorities over time. Education has been regarded as a priority by the Swedish official aid programme, from its inception in 1962 and had been considered a priority in the years prior to 1962 when Swedish aid had been managed by a committee drawn mainly from NGOs. When Sida was created in 1965, teacher training and vocational training were identified as particularly suited to Swedish technical assistance and primary education and adult education/literacy were soon added (Ljunggren 1986). During the late 1960s, education was the single largest sector within Sida, if the technical assistance to education is combined with the paper provided for education as commodity aid (*ibid*). Education was receiving 22 or more percent of Sida funding for the years between 1963 and 1967 compared to less than 6 percent for the years 1985-88. In general, the proportion allocated to education declined throughout the period 1963-88; it received an average of 13.2 percent during the first half of the 1970s, around 9 percent during the second half of the 1970s and (for most years) less than 6 percent during the late 1980s. However, in terms of the amount of funds allocated to education projects, the trend was generally for an increase throughout this period. Annual expenditures on education averaged 31 million krona between 1963 and 1967, 62 million krona between 1968 and 1972, 167 million krona between 1973 and 1977 and 267 million krona between 1984 and 1988. Even when allowances are made for the depreciation in the value of the krona during this period, this still represents a growth in real terms in the scale of funding spent on education. It is also worth noting that a relatively high proportion of the funding for education is allocated to primary education and literacy programmes, which are among the least capital-intensive forms of education expenditure. Edstrom (1986) notes that Swedish bilateral aid in the first half of the 1980s gave a relatively high proportion of its total education budget to primary education, compared to other development assistance agencies. Vocational training and adult education received most of the rest.

In regard to Sida's spending on health, there is a comparable decline in the priority but an increase in the scale of funding. Health received an average of 16 percent of all Sida funding between 1963 and 1967 with the percentage declining to 13.2 percent for 1968-71, 9.4 percent during 1973-77 and 4.3 percent for 1984-88. However, annual expenditures generally grew - from an annual average of 19.6 million krona for 1963-67 to 62.4 million for 1968-72 to 172.6 million for 1973-77 to 267.8 million for 1984-88. As in the case of education, even if allowance is made for the depreciation in the value of the Swedish krona over this period, this still represents a sizeable increase in real expenditures on health over this period. It is also

TABLE 6.5: Changes over time in sectoral priorities within SIDA; 1963-1988

Sector	Percent of total SIDA allocation to sector in										
	63	64	65	66	67	68	69	70	71	72	1963-72
Agriculture, forestry, fisheries	2.76	18.93	5.00	9.57	14.20	18.35	20.26	16.47	14.11	9.22	13.80
Education	31.66	26.02	22.00	25.00	27.78	17.23	18.01	13.60	14.11	14.78	17.65
Health	11.53	11.61	23.00	12.23	21.60	13.86	13.18	14.32	13.28	11.13	13.73
Industry	0.00	0.00	2.00	0.00	2.47	4.49	2.25	2.63	2.28	0.17	1.81
Infrastructure (including water & power)	22.89	17.65	16.00	10.64	19.14	17.60	19.94	16.95	13.90	17.22	16.68
Business and financing services	0.00	0.00	0.00	0.00	0.00	9.74	0.96	0.72	1.45	7.30	3.05
Public administration	3.41	1.86	5.00	34.57	4.94	4.12	3.54	3.58	3.32	1.91	5.49
Import support											
Unspecified	27.76	23.93	27.00	7.98	9.88	14.61	21.86	31.74	37.55	38.26	27.78
ALL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sector	Percent of total SIDA allocation to sector in											
	73	74	75	76	77	78	82	84	85	86	87	88
Agriculture, forestry, fisheries	8.72	10.13	11.42	11.97	13.23	11.41	13.08	12.33	12.30	13.06	10.55	13.46
Education	11.43	12.34	12.08	7.95	8.52	8.42	9.18	7.95	5.25	5.31	4.88	5.89
Health	9.78	10.34	8.86	9.46	8.34	8.29	5.56	4.66	5.65	4.87	6.50	6.81
Industry	5.30	8.55	14.69	32.65	24.08	25.86	11.08	9.62	9.21	10.31	8.05	6.07
Infrastructure (including water & power)	17.90	10.96	11.84	21.83	17.99	17.98	8.39	12.18	10.92	8.46	7.00	11.39
Business and financing services	2.47	2.89	3.15	0.65	0.69	0.78	1.71	0.23	0.37	0.78	0.50	0.83
Public administration	1.88	1.52	1.07	0.80	0.65	0.74	0.59	0.81	1.31	1.85	1.63	1.43
Import support				5.48	12.02	11.95	27.19	25.58	23.90	18.33	20.30	18.40
NGOs, Disaster Relief, Humanitarian aid and support to Women's Programme				5.03		14.57		0.68	24.81	28.39	29.04	32.36
Unspecified	42.52	43.28	36.88	4.18	14.48		23.23	25.96	6.28	8.63	11.58	3.37
ALL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

NB: Care should be taken in interpreting this table in that it only contains a complete run of annual data from 1963 to 1978. Data for the years 1979-1981 and 1983 are missing. In addition, it draws data from different sources (although all sources draw direct on SIDA data).

Cross tabulation from file: c:\aid\sida\sida-pri.R2D; Summary: @SUM Field: AMOUNT; Rows: SORT CATEGORY Columns: DATE

SOURCES: Commission for the Review of Sweden's International Development Cooperation (no date); Forsse (1986), SIDA (1983), SIDA BSD (1990).

interesting to note that this increase took place, despite a rapid decline in the scale of Sida's support for family planning which was one of the main areas of expenditure within health during the late 1960s. Family planning and health care were identified as particularly suited to Swedish technical assistance when Sida was created in 1965; at this time and prior to this, family planning was regarded as particularly important (Ljunggren 1986). In 1968, family planning received 8 percent of bilateral aid. Family planning declined in importance as a new UN agency was set up (the U.N. Fund for Population Activities) and as Sida withdrew from population programmes in Bangladesh and India which were considered to have too much emphasis on population control (Ljunggren, 1986). The priority given by the Swedish aid programme to the support of family planning may not have diminished but it was re-allocated away from Sida funded bilateral aid to support for multilateral institutions. Wahren (1986) notes that Sweden channelled large sums to the U.N. Fund for Population Activities and to the International Planned Parenthood Federation and to the World Health Organization's work in improving and adapting contraceptive technology to the needs and conditions in Third World countries.

Sida also allocates a relatively high proportion of its funding for health to primary health care and this requires much less capital investment than curative focused hospital based health care systems. There is also a recognition that concentrating aid funds on buildings and equipment (which ensure that funds are more easily spent) does not necessarily mean improved health services. Nordberg (1986) notes that the concentration of Sida (and Swedish NGOs) on buildings and equipment in rural areas failed to provide the needed coverage and quality of service because of shortages of qualified staff, drugs, spare parts, petrol, and building maintenance. "Sida has concluded that its contribution to rural health care should be reoriented towards more software (such as manpower training, health education of the public in general and of high-risk groups in particular and health related studies) and less hardware (such as building construction and equipment), more community involvement, more intersectoral collaboration, more assistance through NGOs and more coordination with other government donors" (ibid. page 178).

The proportion of funding allocated to infrastructure projects (roads, telecommunications, construction, power supplies and water projects) also declined during this period 1963-88 although actual spending increased very considerably. Industry which received a very low priority during the 1960s (including no expenditures in several years) became much more important during the 1970s, especially in the late 1970s when it became much the most important single sector. Annual expenditures on industry averaged more than 600 million krona for the years 1976-78. The unusually high priority to industry during these years is partially explained by just one industrial project, the Vinh Phu pulp, paper and forestry complex in Vietnam, which had a total cost of \$250 million and was reported to have accounted for a quarter of Sweden's total bilateral funding to industry over a 20 year period (Grettve 1986). During the 1980s, industry lost its relative importance. One reason was the

poor performance of many of the large industrial projects which had accounted for most of the funding to industry (ibid). There was a large decline in the scale of annual expenditures compared to the late 1970s but industry remained an important sector - and was receiving a higher proportion of Sida funding than health or education during the 1980s.

Perhaps the most significant change in sectoral priorities shown in Table 6.5 is the increasing importance of import support during the late 1970s and the 1980s to the point where this became the sector which received the highest proportion of Sida funding - typically between 20 and 25 percent of all Sida funding in most years for which data is available during the 1980s. A second change, less evident in this Table but which can be seen in Table 6.1 is the increasing importance within Sida funding of allocations to NGOs - both in development projects and in humanitarian aid and disaster relief. Both these developments have considerable importance for one of the hypotheses that underpin this thesis: that it is institutional difficulties internal to development assistance agencies in designing and implementing a large number of successful basic needs projects that helps explain the low priority they receive. Both are discussed in more detail later.

To obtain a more detailed disaggregation of Sida's sectoral priorities, an analysis was made of 241 Sida project agreements within its country programmes for the years between 1979 and 1989 which totalled 16.1 billion Swedish krona. As in the analysis of the World Bank's funding to basic needs, details of each of these project agreements were entered into a computer database and these were classified according to a number of sectors and sub-sectors. The results are reproduced in Table 6.6 below, using the same sectoral categories as Sida; a more detailed disaggregation will be presented later, since the analysis of these 241 project agreements will be used to show the priority given by Sida to basic needs projects. This analysis draws on a narrower range of Sida's activities than Table 6.5 since it only includes project agreements within programme countries and does not include funding allocated to NGOs, disaster relief and humanitarian aid.

This analysis confirmed the low priority given to health (which received only 8.6 percent of all funding) and to education (11.5 percent). As in the data presented in Table 6.5 for the 1980s, import support received the highest proportion of all funding with agriculture, forestry and fisheries receiving the next highest allocation. In both Tables, what is notable is the priority given to support for the growth in production (industry, agriculture, forestry, fisheries) and the infrastructure needed to support such a growth (especially power stations but also roads and telecommunications).

Table 6.6: The priority sectors in Sida funding for 241 project agreements, 1979-89 (million Swedish krona)

SECTORAL CATEGORY	AMOUNT (m. krona)	Percent of total
Agriculture, forestry and fisheries	2,660.4	16.5
Education	1,843.6	11.4
Health	1,383.4	8.6
Industry	2,048.2	12.7
Infrastructure	3,301.7	20.5
Import support	3,737.3	23.2
Public administration	341.4	2.1
Consultancy/personnel	624.2	3.8
Other	189.6	1.2
TOTAL (million krona)	16,129.8	100.0

NOTES AND SOURCES: Drawn from D-Sida project database with a cross tabulation: Summary: @SUM Field: Donor currency Row: SECTOR
Infrastructure included industrial estates, transport (roads, ports, airports), energy and telecommunications and water and sanitation

This table draws its information from two internal Sida publications: *Project-Programme Follow-up 1984* and *Project-Programme Follow-up 1987*. These do not represent a complete list of all Sida projects in these countries for the entire period 1980-89 but they constitute a large sample of funding commitments to these eighteen countries.

Table 6.7 lists the countries which received the funding under the same 241 project agreements and the proportion of funding they received. Table 6.3 and Tables in Annex 5 contain more accurate and detailed information about the allocation of Swedish Overseas Development Assistance between countries but Table 6.7 is presented to check that it is consistent with Table 6.3. The allocation of funding between the programme countries is consistent with the allocation of funding between countries presented in Table 6.3, which draws on a different data source (the records of the Development Assistance Committee of the Organization for Economic Cooperation and Development). The slight differences can be explained by three factors: that Table 6.7 does not include all funding allocations to these countries made during 1979-1989; that it only includes funding from Sida (and not through other channels such as BITS); and that the allocations were not adjusted to Swedish krona at their constant value.

Table 6.7: Distribution between country programmes of the Sida funding for 241 project agreements, 1979-89 (million Swedish krona)

RECIPIENT COUNTRY	Krona (mill)	Percent of total
Angola	595.1	3.7
Bangladesh	587.1	3.6
Botswana	439.0	2.7
Cape Verde	254.9	1.6
Ethiopia	338.4	2.1
Guinea Bissau	376.8	2.3
India	1,770.2	11.0
Kenya	890.6	5.5
Lao PDR	378.1	2.3
Lesotho	167.2	1.0
Mozambique	1,365.7	8.5
Nicaragua	459.7	2.9
Sri Lanka	1,610.0	10.0
Swaziland	32.7	0.2
Tanzania	2,335.9	14.5
Vietnam	2,501.4	15.5
Zambia	1,264.5	7.8
Zimbabwe	762.6	4.7
TOTAL	16,129.8	100.0

SOURCES AND NOTES: See note for Table 6.7 above. Drawn from D-Sida project database cross tabulation

6.7 Aid for basic needs

As in the case of the World Bank, the sectors used by Sida when describing its sectoral priorities are too aggregated to show the priority given to basic needs projects, in comparison to other projects. For instance, water supply and power projects are classified together or both are included without disaggregation within "infrastructure" along with transport, communications and energy projects. Another example is the funding allocated to health where no distinction is drawn between primary health care and large, curative focused city based hospitals. To obtain a detailed disaggregation, there is a need to examine all individual project commitments made over a number of years and build up from these a picture of what kinds of projects receive priority and the relative priority given to basic needs projects.

Chapter 3 described the criteria and data sources used for the quantitative analysis of Sida's sectoral priorities with a special interest in the scale and nature of support for basic needs. As in the analyses in Chapters 3 and 4, basic needs projects are taken to include all aid projects with the explicit intention of meeting essential human consumption requirements - ie sufficient

calorie, protein, vitamin and mineral intake, safe and sufficient supplies of water, sanitation and environmental health (including primary health care), basic education and reasonable standards of housing. "Basic needs projects" should be understood as those projects with a direct impact on the improvement of people's housing and living conditions, health and access to the services and facilities essential for health and well-being.

In regard to 241 project agreements made by Sida with its programme countries between 1979 and 1989 for a total of 16.1 billion Swedish krona, basic needs projects received 17.2 percent of all funding (see Table 6.8). Most of this went to water and sanitation (4.9 percent); primary and/or basic education (5.9 percent) and different aspects of primary health care other than water and sanitation (6.4 percent). It is worth noting that no Sida funding was allocated within these 241 project agreements for slum or squatter upgrading projects or other housing projects targeted at lower income groups. The relatively small proportion of aid allocated to primary and basic education is also notable; Table 6.8 shows that secondary and higher education received almost as much (5.4 percent). Sida has supported some slum and squatter upgrading projects in recent years, but up to 1990, not in one of its programme countries. The reasons why will be discussed in more detail later - but this is related to the reluctance of Sida staff working in the programme countries to support projects in urban areas.

Table 6.8: Sectoral disaggregation of Sida funding for 241 project agreements, 1979-89 (million Swedish krona)

SECTORAL CATEGORY	AMOUNT (m. krona)	Percent of total
BASIC NEEDS PROJECTS		
Shelter	14.0	0.1
Water and sanitation	782.3	4.9
Primary health care	1,033.6	6.4
Basic/primary education	947.0	5.9
Women's Bureau	23.4	0.1
OTHER PROJECT OR SECTOR FUNDING		
Other health related		
Hospitals/Medical equipment	349.8	2.2
Other education related		
Secondary or higher education/vocational training	896.6	5.6
AGRICULTURE, FORESTRY AND FISHERIES		
Agriculture and rural development	1,308.3	8.1
Fisheries	163.4	1.0

Forestry	1,188.7	7.4
INFRASTRUCTURE		
Transport	298.9	1.9
Electricity/energy	1,947.2	12.1
Telecommunications	229.5	1.4
Industrial estates	43.8	0.3
INDUSTRY		
Institution building	2,048.2	12.7
IMPORT SUPPORT	341.4	2.1
Consultancy and personnel	3,737.3	23.2
	624.2	3.9
OTHER		
	51.4	0.3
<hr/>		
TOTAL	16,129.8	100.0

NOTES AND SOURCES: This table draws its information from two internal Sida publications: *Project-Programme Follow-up 1984* and *Project-Programme Follow-up 1987*. See note for table 6.6 above.

Table 6.9 provides a more detailed disaggregation of the funding allocated to basic needs projects while Table 6.10 shows how the funding for basic needs projects was allocated among Sida programme countries.

Table 6.9: Sectoral disaggregation of Sida funding for basic needs projects within the 241 project agreements, 1979-89 (million Swedish krona)

BASIC NEEDS PROJECT TYPE	AMOUNT (m. krona)	Percent of total funding
<hr/>		
Shelter		
Low cost building materials (housing)	14.0	0.1
Water and sanitation		
Water supply	27.0	0.2
Water and sanitation	755.3	4.5
Primary health care		
Health care centres	291.4	1.8
Immunization	40.6	0.3
Nutrition	49.6	0.3
Health care and family planning	38.8	0.2
Control of diseases	314.1	1.9
Other	299.1	1.9
Education		
Primary education	533.1	3.3

Primary and other edn	321.8	2.0
Other - primary or literacy related	92.1	0.6
Women's Bureau	23.4	0.1
TOTAL	2,776.9	17.2

NOTES AND SOURCES: This table draws its information from two internal Sida publications: *Project-Programme Follow-up 1984* and *Project-Programme Follow-up 1987*. See note for table 6.7 above.

Certain points emerge from a comparison of Table 6.10 which shows the relative priority in Sida funding for basic needs projects among programme countries and Table 6.7 which shows the distribution of funding for all 241 project agreements. India, Kenya, Botswana, Bangladesh, Ethiopia and Zimbabwe receive a much higher proportion of funding for basic needs projects, compared to the proportion of all funding while Guinea Bissau and Sri Lanka received a much lower proportion. Vietnam and Mozambique received a substantial proportion of all funding from the 241 project agreements but no funding for basic needs projects. One reason for this is that Vietnam and Mozambique (with Tanzania) were the three largest recipients of import support. In the case of Sri Lanka, the low priority to basic needs is explained by the fact that most support was for the Kotmale Hydropower project, much the largest single project among the 241 project agreements. Most aid to Guinea Bissau was for industries, agriculture and fisheries. Tanzania which received the second largest allocation among the countries for all 241 project agreements received among the largest level of funding both for import support and for basic needs.

Table 6.10: Recipients of Sida funding for basic needs projects within the 241 project agreements, (percentage of basic needs funding)

RECIPIENT NATION	Percent of basic needs funding
Angola	4.45
Bangladesh	6.47
Botswana	9.36
Ethiopia	5.46
Guinea Bissau	0.98
India	21.33
Kenya	15.04
Lesotho	0.07
Sri Lanka	0.38
Tanzania	16.51
Zambia	9.98
Zimbabwe	9.97
TOTAL	100.00

SOURCE: Database file D-Sida.R2D. Summary: @SUM Field: Donor currency
 Rows: RECIPIENT

6.8 The internal and external factors that influence Sida's sectoral priorities

Having established the relatively low priority given by Sida to basic needs both in its overall bilateral aid programme and within the funding spent by Sida within the "programme countries" which are the principal recipients of Swedish bilateral aid, the remaining sections in this Chapter seek to establish why. These draw primarily on the interviews with existing or former Sida staff.

Interviewees were asked what they considered to be the main constraints on increasing funding of basic needs projects. The questions sought to separate out five distinct influences. The first two are internal to Sida:

- a. Conscious decisions made by staff at Sida as to sectoral priorities, with a low priority to basic needs projects being a conscious choice on the part of Sida staff of Sida policy;
- b. Sectoral biases created as a result of the institutional structure of Sida and the norms and procedures by which it works (for instance basic needs projects proving to be relatively difficult for Sida staff to initiate, develop and implement);

The remaining three are external to Sida:

- c. The explicit and implicit influences of Sida's supervisory structure - which includes its Board of Directors, the Ministry of Foreign Affairs and the Swedish Parliament, to whom it is answerable;
- d. The explicit and implicit influences of the recipient governments in their negotiation with Sida for loans; and
- e. Other external influences which include pressure from Swedish businesses for export orders, pressure from Swedish consultants working as contractors to Sida, and pressure from Swedish NGOs and citizen groups.

Each of these influences can in turn be subdivided. For instance, in a. above, it is important to consider whether it is senior staff at Sida headquarters (for instance the office of the Director General and the Planning Secretariat), staff from the Development Cooperation Offices in Sida's programme countries or staff from the sectoral divisions whose conscious decisions about sectoral priorities have the greatest influence. Thus, each of the influences listed in a-e above are intended only as headings under which to present the findings from the research.

Apart from specific questions about sectoral priorities in each of the interviews, two general questions were included: who initiates projects and sets the priorities for projects; and what are the main constraints on Sida's effectiveness (see Annex 2 for a list of questions asked and Annex 3 for a list of the persons interviewed).

6.9 The constraints internal to Sida on funding basic needs projects

The interviews identified three kinds of internal constraints which limited the priority given to basic needs projects. The first concerns the mismatch between the institutional structure through which Sida determines what is to be funded and delivers funds and the structure needed to permit a high priority to basic needs. The second concerns a lack of knowledge by Sida staff as to how to implement basic needs projects. The third is the institutional inertia built into country programming, where priorities are slow to change from those established in earlier years. More details of each of these are given below.

Although all those interviewed described internal constraints to Sida allocating a greater priority to basic needs, none suggested that it was the result of a conscious decision on the part of Sida as an institution or its staff to give basic needs projects a low priority. The interviews also highlighted the difficulties that Sida staff face in spending the funding allocated to the agency, and the internal measures that had been taken to address this - for instance the increasing use of consultants in the preparation and supervision of projects and the rapid growth in the proportion of Sida funding going to import support or through Swedish NGOs. More details are also given about each of these. Other changes under discussion or implementation within Sida are also described since many of these are also concerned with increasing Sida's capacity to spend funds.

Among the many constraints noted by those interviewed as to why Sida does not give a higher priority to basic needs, two were emphasised by most interviewees. The first was internal: the pressure on Sida staff to spend substantial sums of money and the lack of time that Sida staff have to develop and manage projects (and the bias this introduced for larger, easier to administer projects and to non-project support). The second was external: the very limited capacity of most recipient governments to implement basic needs initiatives; this will be discussed in more detail in section 6.11.

Basic needs projects were noted as being generally staff intensive relative to the cost of the project and Sida has been faced with the problem of spending increasing sums of money with severe constraints imposed by its supervisors as to the number of people that the organization can employ to do so. Certain descriptions of the early parts of Sida's existence (and of its predecessor NIB) suggest that there have always been difficulties in spending the money allocated by Parliament to the bilateral aid budget (Ljunggren 1986, Andersson 1986). Hyden (1986) notes that "with large amounts of money to move, there is an understandable inclination to prefer large-scale, often capital intensive projects or programmes, the appropriateness of which can be questioned" (page 274). A Sida document published in 1990 noted that Sida's future programme will be influenced by the agency's limited administrative capacity to handle new projects and the limited capacity of institutions in recipient countries to implement such projects (Sida 1990).

Many of the Sida staff interviewed talked about this constraint as a major problem. They described the political pressure on Sida to be seen to keep down administrative costs, which essentially means keeping down the size of Sida staff. One interviewee working in Sida's infrastructure division noted the difficulties for Sida in moving away from large projects (for instance large hospitals or industries) which needed less staff time to administer, relative to the amount spent. The amount spent each year by the Swedish aid programme on "Sida's Administration" is reported as a separate item in the annual reports that Sida publishes, both in terms of the amount and as a percentage of total Swedish Overseas Development Assistance and Sida is under great pressure to keep this figure down.

The interviews also made clear that developing the projects that are within the country frames of Sida's programme countries represents among the most staff intensive parts of Sida's work. An additional problem for Sida, also noted by several interviewees, was the fact that Sida's own learning process as to what makes its aid programme more successful implies more staff time, not less, for project work. One interviewee described how project work was generally becoming more staff intensive with more emphasis on training, community mobilization and working with local processes. Several others pointed to the fact that many basic needs projects are relatively staff intensive and that this, more than any conscious decision not to give them a priority, explains the low priority to basic needs. Many of those interviewed also noted how little time they can spend within each of the many projects in which they have to be involved.

It was also significant that half of those interviewed stated that most of the best Sida projects were relatively cheap. In addition, when asked to describe successful Sida projects, most of the examples given were also relatively cheap projects. The (then) head of Sida's agricultural division described Sida's soil conservation programme in Kenya as a successful programme but which from the perspective of an agency needing to spend the funds allocated to the Kenya Country Programme was too cheap; from this perspective, it did not take up enough of the country programme resources. The head of Sida's education division described a Sida funded project in Rajasthan (India) where villages appointed teachers and Sida supported their training - as an alternative to the state employed teachers who were not proving effective. This project was also judged to be a successful project yet it did not cost very much and was slow to implement. The head of Sida's evaluation department also noted that many of the Sida projects which the evaluations programme had found to be successful were also small projects

It was also pointed out that many kinds of basic needs projects have proved difficult to implement, although this is linked both to internal factors (the knowledge and experience of Sida staff and the time available to them) and external factors (the reluctance of recipient governments to allocate resources to basic needs interventions or to agree to such an allocation in negotiations with Sida and the weak administrative and implementing capacity of recipient governments in regard to the provision of basic needs). Several interviewees highlighted the

problem with many basic needs projects of high recurrent costs and the difficulties in maintaining equipment and buildings for education and health care projects. They noted that in much of sub-Saharan Africa, education and health care services have deteriorated as recipient governments have lacked the capacity (or commitment) to cover recurrent costs. There was also a debate underway within Sida at the time of the interviews over whether Sida should fund recurrent costs. In theory, Sida does not fund recurrent costs. For instance, an official Sida document (Sida 1990) notes that for water supply projects, in principle, Sida does not contribute to the recurrent costs of completed projects and such costs should be borne by consumers with a possible subsidy from central or local government. However, in many instances, Sida is funding recurrent costs - for example through funding medical supplies. In addition, increasing importance is given to improving government capacity to maintain services, infrastructure or buildings. For instance, in Sida's funding for health, a report by Sida's Health Division dated March 1992 notes that the health sector "... has gradually developed from support to construction of buildings and institutions and training of new personnel, to support for better quality of care, planning, management and continuous training of existing staff. The support for recurrent costs such as drugs, vaccines and other consumables is also increasing" (Sida 1992a, page 2). The debate regarding recurrent costs centres on whether Sida should help fund the salaries of teachers and health workers since these were the major cost in primary health care and primary education. There was a recognition of the importance of doing so, as health care and education systems deteriorated under the pressures of economic stagnation and structural adjustment. Funding recurrent costs would also permit large amounts of Sida funding to be spent without much project preparation. At the same time, there was a reluctance to fund such costs in that this would further increase the dependence of the recipient government on the donor and might also be divisive since in many instances, salaries paid by Sida to local workers to keep health care and educational services going would need to be higher than those paid by the government to other workers in these or other sectors.

Another constraint on Sida's spending on basic needs is a long-established bias within Sida against urban projects. In terms of large, basic needs oriented projects, there are advantages to having large concentrations of population. For instance, the per capita costs of delivering piped water, drains and health care services generally fall with increasing population concentration and density (Linn 1982, World Bank 1991). Many technical and/or administrative costs are generally lower per person served for projects for piped water supply, sanitation, drainage, health care and housing finance in the poor areas of one or two cities, compared to similar projects in a large number of villages. Large-scale "slum and squatter upgrading" programmes have been implemented by many donor agencies with relatively low per capita costs but because of the number of people included within the programmes, these were still able to disburse large sums relatively quickly. While Sida's reluctance to support basic needs projects in urban areas can be justified both by the fact that most of the population (and the poor population) in most of its programme countries are in rural areas, this does help

limit the scope of spending on basic needs projects. Most Sida documentation and many of those interviewed believe that urban populations have long been privileged by government policies and expenditures. This was reflected in Sida funding in its programme countries. The analysis of Sida's 241 project agreements reported in an earlier section revealed a very low proportion of Sida project agreements in urban areas. Interviews with those who work on water, sanitation and health care also suggest a reluctance to address urban poverty issues. During 1992-3, there was a major debate within Sida about whether Sida should have an urban strategy and certain Sida staff emphasise the fact that there are large concentrations of poor people in urban areas whose health and nutritional status suggest that these are also among the poorest groups within the Sida programme countries. An urban strategy was developed within Sida for the first time during 1992-4, largely at the initiative of staff within what was then the Infrastructure Division with the strategy itself also being developed by staff in the Planning Secretariat (Sida 1995). However, what is notable is the fact that Sida's first major programmes to support the improvement of housing conditions and basic services for low income urban households were in Costa Rica and Chile, neither of them being among Sida's concentration countries (see Sevilla 1993, Sida 1997). When the person responsible for drafting Sida's urban policy was asked why, he pointed to the reluctance of staff working on the programme countries to work on urban projects.

Another internal constraint on Sida's funding for basic needs projects suggested by the interviewees was the lack of relevant knowledge and experience on the part of Sida staff or the lack of knowledge on Sida's part about the countries to which most funding is provided. Although this was stressed less often than Sida's difficulties in spending large sums of money with limited staff, this was a factor strongly emphasised by people within the Infrastructure Division (which includes within its area of responsibility water, sanitation and housing). Several interviewees noted how Sida's performance within a country had improved over time, as Sida developed a greater understanding of what could or could not work there. One interviewee (an under-Secretary General who had previously been head of the Infrastructure division) suggested that it was not the lack of staff time that explained Sida's low priority to basic needs projects but the lack of knowledgeable, good quality staff who can identify how to use Sida funds creatively within recipient countries. He emphasised that Sida had too many staff members who were from an administrative background whose knowledge and experience was undertaking administrative tasks (for instance purchasing and shipping goods, recruiting staff, administering staff housing in recipient countries, importing automobiles for Sida staff and in general supporting Sida staff in the development cooperation offices). He also emphasised the difficulties for Sida of finding knowledgeable staff, especially to work in the development cooperation offices in programme countries, and the constraint on having staff with a long experience in any particular country because of the short-term contracts for people working in these development cooperation offices. Another staff member who has been responsible for developing low income housing projects within Sida also noted that it was his section's lack of staff and knowledge about housing interventions that constrained an

expansion of funding in this field, not the availability of funding to support this.

Another constraint on increasing priorities to basic needs projects has been the institutional difficulties in changing sectoral priorities set in earlier years. For instance, one interviewee noted that what Sida is used to funding in one particular country (and is funding at that point) is a major influence on what is likely to be planned for the future. This is linked to the time needed for Sida to establish a working relationship with a particular sectoral agency or ministry and the fact that once such a working relationship has been established, it takes less time and less staff to continue to fund that sector. Another interviewee noted that the country programmes were reluctant to take on projects in new sectors, because of the staff time needed to do so. This relates not only to internal constraints but also external factors such as the weak institutional capacity within recipient governments. Several interviewees also noted that once a project had been approved, it was very rare for it to be halted.

One final factor which may limit the scale of Sida support to basic needs projects in certain programme countries is an agreed division of sectoral responsibilities between Sida and other development assistance agencies, especially other Nordic agencies. However, interviewees generally pointed to examples of agreed divisions between different "productive sectors" (for instance Sida concentrating on forestry while another agency concentrates on agriculture) rather than one agency taking primary responsibility for basic needs or particular kinds of basic needs.

6.10 Sida's Responses to Internal Constraints

Three major changes in how Sida spends its money, evident over the last twenty years, were described earlier: the increasing importance of import-support; the increasing use of consultants; and the increasing use of Swedish Non-government organizations. These are considered below in more detail in terms of whether these can be understood as responses to the internal constraints described above. Sida's conscious decision to restrict the number of programme countries can also be seen as a response to internal constraints, although this is a long established principle which was originally put in place to ensure that Sida developed a detailed understanding of the countries in which it worked and a long term cooperation programme with each recipient government.

Two further changes within Sida address the constraint on Sida's capacity to spend money. Both are concerned with developing the capacity of institutions in recipient countries to prepare, implement or advise on projects. The first is to require that recipient governments undertake more of the project preparation and implementation with Sida supporting the development of their capacity to do so. The second is a wider use of local NGOs. These are described in section 6.12.

To consider import support first, most interviewees explained the scale of Sida's funding for

import support in its programme countries (and the rapid growth in the priority given to import support to become the single largest part of Sida's spending) as a means to spend the funds allocated to programme countries by the Swedish parliament with less administrative work and less staff time than spending the funds on projects. What could not be spent on conventional projects could be spent on import support. While there is a valid developmental justification for import-support, especially in most of Sida's programme countries, as a way of ensuring key imports are affordable during a period of economic stagnation or decline (and often during structural adjustment), Sida staff suggested that its scale and the speed of its growth can only be explained in terms of solving Sida's problem of spending the funds allocated to country programmes. One interviewee noted that in effect, the Tanzanian government is given a large blank cheque to spend on import support. This need for import support to permit the spending of country allocations is also borne out in Sida documents. For instance, the India Country Report (Sida 1987) noted that up to 1986, 60 percent of all Swedish development assistance disbursed in India had been spent on import support. It also noted the problems that Sida was having in spending the funds allocated to the India country programme and recommended a reduction in the scale of import support and an increased priority to project support targeted at the rural poor. The Bangladesh Country Report (Sida 1988b) also noted that the administrative costs for Sida in implementing project aid were one reason for the slow disbursement of project funds.

Several interviewees also noted that the scale and rapid growth of import support had also produced difficulties as Sida was associated with instances of inappropriate imports. Oden (1986) noted that certain countries had the administrative capacity to make good use of import support - for instance India and to a certain extent Pakistan and Bangladesh - but others, especially Angola, Guinea Bissau, Mozambique and Laos, did not. In addition, when funding for import support first grew rapidly, it included "a number of 'aid scandals', where equipment and goods were found in warehouses years after delivery or standing unused because of the lack of properly skilled people to handle them" (Oden 1986, page 104). It also proved possible for import support to be used to help fund large projects, some of which were subject to considerable criticism - although its original intention had not been to permit support to such projects. For example, the fact that 84 percent of Sida's aid to Sri Lanka in 1984/85 was import support was the result of goods imported for the Kotmale Hydropower Plant - a project which was subject to considerable criticism. During the 1980s, various changes were instituted within Sida to ensure a greater involvement of Sida staff in the procurement process and a more detailed analysis of the administrative capacity of the recipient government's agency responsible for import support (ibid). Sida also funds training and orientation courses on the procurement of Swedish goods for the staff of recipient governments from its programme countries, to increase their capacity to spend funds on import support (Sida 1992b).

Several interviewees also described how this pressure on Sida to spend the funding allocated

to country programmes by the Parliament but without expanding Sida staff had forced Sida to make increasing use of external consultants to take on considerable portions of the tasks and workload which previously had been undertaken by Sida staff. The main reason for this was because the payments to consultants does not appear in the accounts as "staff costs" or "administrative costs" but as part of country programmes. One interviewee noted that in effect, this pressure on Sida to keep down the size of its staff meant that Sida was having to fund consultants who were considerably more expensive than Sida staff to undertake work that Sida staff should do and would usually do more competently and knowledgeably. Several interviewees pointed out that this proved more expensive in terms of Swedish staff time but because of the accounting system, kept Sida's administrative budget down.

Sida's recognition of this increasing use of consultants as "a problem" but its inability to reduce its use of consultants can be seen in various measures implemented to ensure that consultants themselves become more effective. One measure is to insist that staff from consultancy firms or institutions take part in the kinds of Sida training that Sida staff undergo - for instance training in gender awareness. Another measure has been the development of long term relationships between Sida and certain consultants which meant that these consultants also developed a more long term knowledge of the countries and the processes by which Sida worked there. Such long-term consultants include academic institutions - for instance the University of Agricultural Science (which has a large group of people working as consultants to Sida) and the University of Stockholm's Department of Social Anthropology. In certain instances, consultancy firms have in effect taken over from Sida in managing sectoral programmes within particular countries - for example, in 1991, when the interviews were being undertaken, a consultancy firm was managing Sida's health sector support in Vietnam and one interviewee noted that Sida's capacity to work in health in Vietnam was defined by the capacity of this consultancy firm to implement health sector support.

The fact that Swedish NGOs have become an increasingly important channel through which Sida funding is spent was noted earlier, and this is one important means by which Sida funding is allocated to basic needs projects. When describing the main categories for Sida funding, the significant scale within Sida's total budget of funding for Swedish NGOs, its rapid growth and its increasing share in Sida's total budget were noted. An estimate for 1990 suggests that around 20 percent of total Sida disbursements were devoted to NGOs (Development Assistance Committee 1990). Sida (1998) reports that in the financial year 1970/71, 5.8 million krona were allocated to NGO project activities and this has grown to 190 million in 1982/3 and 815 million in 1997.

The official figures for the proportion of Sida funding channelled through NGOs are lower than this but these understate the actual proportion. The official figures for 1990/91 as shown in Table 6.2 suggest that 10 percent of Sida funding goes through NGOs. The figures for Swedish bilateral reported in the annual Development Assistance Committee reports

Development Cooperation also show around 10 percent of Sweden's bilateral aid programme being grants to Swedish NGOs for the years 1990 to 1993 (OECD 1994). The reason for the discrepancy between the two figures for 1990 is that 10 percent of Sida's budget allocated to NGOs was for development projects with the rest funding NGO work for emergency relief, humanitarian assistance and information and awareness raising within Sweden. For instance, over a quarter of the Sida allocation to humanitarian assistance for the period July 1995 to December 1996 went to Swedish NGOs (Sida 1998). Sida funding for NGO development projects represented around half of all Sida funding for NGOs in 1990.

Sida has also taken measures to simplify its allocation of funds to Swedish NGOs and to minimize the amount of Sida staff time needed to channel such funding. Starting from 1980, Sida began to allocate funding to NGOs such as the Swedish Missionary Council and the Council of International Trade Union Cooperation which then distributed the funding to projects of their member organizations and by 1997, project grants were channelled via 14 Swedish umbrella organizations (Sida 1998). A special Division for Cooperation with NGOs was created within Sida in 1985 and in 1992/93, a new agency took over responsibility for processing and presenting applications from NGOs to Sida, because Sida had found the work of administering and processing all the grant applications from hundreds of smaller NGOs to be "extremely time consuming" (ibid).

NGO development projects give a much higher priority to health and education than Sida itself. Lewin (1986) suggests that 35 percent of such projects were education projects and 30 percent health projects. Nordberg (1986) notes that "the health component of Swedish bilateral assistance has been relatively small - only a few percent of Sida's total expenditures - while Swedish NGOs spend more than one-quarter of their funds on health programmes" (page 176). However, the share of NGO spending allocated to health and education had declined from the mid 1970s. Michanek (1977) notes that in the mid 1970s, most government-supported NGO projects were in education (50 percent) and health (30 percent). For disbursements in Sida's support for health in NGO development assistance projects in 1990/91, health received 17 percent (Sida 1992a). However, this still represents a much higher proportion of funds allocated to health than Sida itself.

Lewin (1986) also notes that while there was a questioning of the role of Swedish NGOs during the 1970s - for instance their focus on charity, not development, the strong linkage in many NGOs to evangelical/Christian missionary work, their focus on cure rather than prevention in health and disaster relief - there is less questioning during the 1980s. She suggests that this is partly because NGOs changed to respond to these criticisms but also because public opinion has changed: "absolute faith in the ability of public agencies to carry out social programmes is gone, and there is a search for alternatives - in Sweden and elsewhere" (page 225). Among the reason for the rapid growth in the scale of Sida support channelled through Swedish NGOs may be the fact that this was regarded as one of the most

politically acceptable ways of spending Sida funding. The scale of this support, the large range of NGOs who benefit from it and the diversity of NGOs (which are from many different social and political bases) suggests a powerful lobby in its own right which may benefit from public disenchantment with Sida and increasing public support for non-statist channels for aid.

Two additional factors worth noting in this regard are the historic contribution of what are termed "NGOs" to Swedish "development" and the extent to which these "NGOs" represent a wide section of Swedish society. One possible reason for the level of public support for development assistance within Sweden and especially that channelled through Swedish NGOs is the long history of Swedish NGO involvement in development issues and the scale of this involvement among diverse sectors within Swedish society. A paper by Ernst Michanek published in 1977 (who was at that time Director of Sida) about the role of Swedish NGOs in international development cooperation stresses the historic (and contemporary) role of Swedish NGOs in government and social services within Sweden as well as their historic and contemporary importance in development assistance. He noted that the term "NGO" includes Swedish free churches, trade unions, consumer cooperatives, tenant associations and farmer production cooperatives and as a result, "a great majority of the Swedes are members of several NGOs" (Michanek 1977, page 4). Various organizations within the trade union movement and many church-based NGOs received substantial Sida funding (ibid, Lewin 1986).

One final point worth noting in regard to Sida's funding channelled through Swedish NGOs is the fact that although Sida literature emphasises the number of NGOs involved (over 300 of them), most of the funds go through a relatively small group of them. For instance, a review of the Development Assistance Committee in 1990 noted that some 90 percent of the allocations for development projects go to some fifteen larger NGOs. Most Sida funding for disaster relief goes to a small group of NGOs. Before special provision was made for channelling NGO funding through an intermediary institution as noted above, this helped to keep down Sida's administration costs.

UNICEF country programmes have also become an increasingly important channel for Sida funds and a significant proportion of all Sida funding to basic needs now goes through this channel. Several interviewees noted how many Sida country programmes channel funding through UNICEF country offices. A high proportion of this funding is for basic needs projects and this is also a way of increasing the share of Sida funding going to basic needs projects without incurring high staff costs by channelling it to another agency for implementation. The scale of this support is considerable; for instance, bilateral support through UNICEF for health projects in the 1991/92 budget was 150 million krona which was the same size as total Sida support for NGO Development Assistance projects in health (Sida 1992a). An additional 115 million krona was allocated to UNICEF's water and sanitation

programme in this year. Both these allocations are over and above the official Swedish government's regular multilateral contribution to UNICEF. Total Sida funding channelled through UNICEF represented more than 5 percent of Sida's total budget in 1990/91.

One final channel through which Sida funds can be spent is through twinning Swedish institutions with Third World institutions. One interviewee gave the example of the twinning of the Child Health Unit in Uppsala hospital with a hospital in Khartoum - and he suggested that this twinning of institutions may become increasingly important in Sida support for health care.

The earlier discussion of Sweden's overall development budget noted the growing proportion of non-Sida expenditures within Sweden's bilateral aid programme of agencies - for instance funding spent by the Swedish Agency for Research Cooperation with Developing Countries (SAREC), the Swedish Agency for International Technical and Economic Cooperation (BITS) and the Swedish Fund for Industrial Cooperation with Developing Countries (SWEDFUND) and other bilateral expenditures made outside of Sida (for instance debt relief/balance of payments support). These can also be seen as ways of spending Swedish bilateral aid outside the constraints of project support within Sida programme countries, although as also noted earlier, Sida re-organizations undertaken since the interviews of Sida staff have brought some of these agencies into Sida.

6.11 The explicit and implicit constraints on basic needs from Recipient Governments

A distinction is drawn between explicit and implicit constraints arising from Sida's work with recipient government. Explicit constraints are those consciously made - for instance a decision between Sida staff and recipient governments not to prioritize basic needs projects. Implicit constraints are those that inhibit support for basic needs, whatever decisions are made - for instance the limited implementation capacity of recipient government institutions responsible for basic service provision. The limited institutional capacity of most recipient governments to implement basic needs projects is not necessarily the result of an explicit government decision to give a low priority to basic needs - although the fact that national governments have kept in check the power and resources available to local governments is clearly an explicit policy followed by most Third World governments (Cochrane 1984, Rondinelli, Nellis and Cheema 1983, Stren 1991, UNCHS 1996).

In terms of explicit constraints on a higher priority to basic needs, it is clear that the priorities of recipient governments in the programme countries influence the sectoral priorities of Sida and there was a conscious decision by the Swedish aid programme in the early 1970s to give recipient governments more power in determining what aid was spent on (Ljunggren 1986). This was one of the purposes of country programming, with recipient governments knowing the scale of funding available from Sida before decisions had been taken as to what projects or programmes should be funded. Sida staff also gave examples of where recipient governments'

priorities were at odds with those of Sida as in the example given earlier of the government of Vietnam wanting large projects when there was a lack of institutional capacity and infrastructure to permit the projects to function effectively. The example of the government of Botswana was also given which requested more sophisticated equipment and infrastructure standards than Sida considered appropriate. Several Sida staff also pointed to the self interest of the agencies or ministries involved in negotiating with Sida for capital equipment for their own organization - for instance lorries and four wheel drive vehicles.

But here, it is difficult to determine the extent to which the sectoral priorities in recipient governments' requests are shaped by explicit policy statements by Sida or by the recipient governments' judgement as to what Sida is likely to fund. The interviews with Sida staff and with staff from other development assistance agencies suggest that, perhaps not surprisingly, governments who approach donor agencies for funds shape their requests to what they perceive to be the donor agencies' own priorities.

Sida's sectoral priorities within any country programme are also influenced by other factors internal to the recipient country itself. One is the capacity of the recipient government and this is discussed in more detail below. There is also the fact that most of Sida's programme countries are among the poorest countries and among the countries with the poorest economic performance over the last twenty years or so. Several have had long-running civil wars or serious internal strife (Angola and until recently Mozambique and Ethiopia). Several Sida staff pointed to the difficulties in running any long term development programme within countries which are facing political or economic crises. Governments which are in crisis have not been able to deliver their side of the agreement with Sida and they often come up with poor plans. Certain recipient governments may fail to produce the basis for agreement with Sida, even after the funds have been assigned to the country programme. In addition, in many, changes in economic policies in recent years (many associated with the conditions linked to structural adjustment) have further weakened the capacity of government agencies. One staff member gave as an example the deterioration in the bureaucracy in Mozambique and Zambia. It is obvious that the increasing importance of import support and balance of payments support within Swedish bilateral aid are not simply easier means to spend the aid budget; they also form a central part of helping to manage recipient countries' debt crises and to limit the negative social impact of structural adjustment.

The external constraint on a greater priority to basic needs that was most stressed by those interviewed was the weak capacity of recipient governments to design and implement basic needs projects. As in interviews with staff from UNICEF and the World Bank, many interviewees stressed the very limited capacity within most recipient governments (especially at district/local government level) to design and implement basic needs projects. For instance, one constraint on funding stressed by interviewees working in health has been the very limited capacity of Ministries of Health within most of Sida's programme countries. There was broad

agreement that if recipient governments gave a higher priority to requesting funds for basic needs projects and themselves had the institutional structure capable of preparing and implementing projects, this would make it possible for Sida to considerably increase support for basic needs projects. Comparable comments were made by World Bank staff in regard to basic needs projects.

It is also clear that Sida as an institution has recognized this as a major constraint and at the time that the interviews were being undertaken, a Sida committee was meeting to consider the relationship between Sida and recipient countries and consider what changes were needed in Sida's roles and responsibilities. In addition, when asked about how Sida can best address the constraints on a higher priority to basic needs projects, most interviewees stressed one or more aspect of strengthening the capacity within recipient countries to design and implement such projects.

The suggestions from Sida staff about how best to achieve this included a demand that recipient governments take on a greater role in the preparation and administration of projects (which includes a higher priority within Sida to supporting the development of such a capacity). This point was strongly emphasised by one of Sida's Deputy Director Generals who described how Sida must permit projects to fail, if recipient governments are not prepared to meet their responsibilities for their implementation and management. He pointed to the tendency for Sida to devote increasing amounts of Sida staff time and expertise and consultants to projects which were not being implemented successfully which had the effect of Sida taking on the responsibilities of the recipient governments - and in so doing (and seeking to ensure project success), reducing still further the roles and responsibilities of recipient governments. Several interviewees also noted that Sida funding is unlikely to be effective if allocated to a project or programme in which the recipient government has little interest.

6.12 Sida's Response to the Poor Implementation Capacity of Recipient Governments

Various changes in Sida's policies or priorities demonstrate the institution's aim of increasing the capacity of governments and other institutions within recipient countries to spend Sida funds. These include strengthening the capacity of recipient governments, strengthening the capacity of professionals in general, strengthening Sida development cooperation offices in recipient countries (including greater use of local staff and consultants) and strengthening the capacity of indigenous NGOs. More details on each of these are presented below.

Several interviewees noted the importance of strengthening the professional and administrative capacity within recipient countries to undertake the work needed to improve the quality of the aid programme. Most interviewees pointed to the increasing support given by Sida to building professional capacity and competence within countries both inside and outside of government through support for professional training and education and support for strengthening institutional capacity within state institutions and research and training

institutions and NGOs within the recipient countries. The increasing importance given by Sida to this aspect can also be seen in an organizational change which has taken place since the interviews were undertaken with the replacement of the Industry Sector Division with the Division for "Public Administration and Management" (later renamed the Department of Democracy and Social Development) which is responsible for "the development of institutions and for organizational development in central and local government administrations and for issues related to the promotion of trade and industry" (Sida 1993).

In some instances, this strengthening of the institutional capacity involves Sida support channelled through non-Swedish, indigenous NGOs located within the recipient country (although this requires the approval of the recipient government). Sida staff concerned with water and sanitation, education and health gave examples of Sida funding for indigenous NGOs in these fields. Sida's support for one basic needs area, housing construction or improvement for low income groups, has centred on Sida support for indigenous NGOs (with the approval of the recipient government). This has included a programme of support for upgrading, community infrastructure and services and the construction of new housing channelled through a Costa Rican NGO; the Foundation for the Promotion of Low Income Housing (FUPROVI). However, although this is an indigenous NGO, it was essentially set up by Sida and it is clear that the form that this support took was greatly influenced by Sida staff, and was very different from the original request of the Costa Rican government and the Swedish agency BITS which had originally developed the request with them. This was stated by the Sida staff member responsible for this project and confirmed in Sevilla (1993). Sida has also been developing programmes for housing construction or improvement for low income groups in Chile, Bolivia and Nicaragua where indigenous NGOs will have a considerable role (Sida Infrastructure Division 1992, Sida 1997).

A commitment to expand staff within the country offices was also a way of increasing Sida capacity to spend funds on projects, although if Swedish staff were involved, this was expensive. One Sida staff member suggested that on average, each Sida employee in a development cooperation office cost three times as much as a Sida employee in Stockholm. There has been a considerable growth in the number of Sida staff based in the Swedish embassies of the programme countries. Several interviewees noted the importance of expanding the number of people from within the recipient countries who work for Sida, either as Sida staff or as local consultants. One Sida staff member working in the infrastructure division noted that many small building projects are using local consultants as well as local professionals and local contractors and this was relatively new. This was also working well in certain countries (for instance Kenya and Zimbabwe) but less well in poorer countries with greater economic crises.

6.13 Other external influences

The introduction noted two other categories of possible external influence on the relative

priority given by Sida to basic needs projects: the explicit and implicit influences of Sida's Board of Directors and the Foreign Ministry and Parliament under which Sida comes; and the influence of Swedish business groups and of other external influences (for instance citizen lobbies or NGOs).

The main political influence on Sida has been the rapid growth in the scale of funding allocated to the bilateral aid programme until the early 1990s and its allocation between different countries, with Sida given most of the responsibility for spending this, especially in "programme countries" with severe constraints placed on the scale of its administrative structure. As noted already, most of these programme countries are among the poorest countries and have had among the poorest economic performance in recent decades; many have had long-running economic and political crises. The influence of the Swedish Parliament on the size and relative importance of the aid budgets for the "programme countries" was noted earlier, as was the fact that once the funds are allocated to country programmes, the sectoral priorities adopted in each country programme are largely determined by processes within Sida and its negotiations with recipient governments. There are examples of political factors which influence sectoral priorities. For instance, Andersson (1986) notes that within Parliament during the 1960s, the Conservative party wanted to tie aid to business interests (which has obvious sectoral implications) while the Centre party (which had formerly been the Agrarian party) wanted more food aid (to help ensure better prices for surplus food production in Sweden) and the Liberal party wanted more funding to NGOs. However, the interviews with Sida staff suggest that there was less Parliamentary influence on sectoral priorities, during the 1980s. There have also been instances of major projects initiated by politicians outside Sida's country programming framework. One Sida staff member stated that the Vinh Phu pulp, paper and forestry complex in Viet Nam into which Sida invested more than \$250 million arose because the (then) Swedish Prime Minister, Olaf Palme, wanted to show solidarity with the Vietnamese government and asked what they wanted. Their response was a paper mill and Sida then had to take on responsibility for its implementation, and to take the blame, when strong criticisms were made of this project by the Swedish media. However, such instances appear to be the exception.

The pressure on Sida to keep down staff costs has been noted already, and this pressure comes from both the Parliament and from other Ministries. For instance, one interviewee noted that it was the influence of the Ministry of Finance that saw aid as "efficient" if staff costs were kept down and this ensured a tight control on Sida staff levels. One example of the influence of the Foreign Ministry was the increasing interest of Sida in Latin America, even though there was no official agreement and no development cooperation office there - but again, it was clearly Sida staff and their negotiations with Latin American governments that largely determined how Sida funding was spent. Several interviewees also described instances where Swedish ambassadors in Third World countries press Sida to fund particular projects.

In regard to the influence of Swedish businesses on the aid programme, Swedish aid has long been among the least tied to procurements from within Sweden, among the bilateral aid programmes of OECD nations (OECD 1989 to 1995). Jacoby (1986) suggests that Swedish aid, in comparison to most aid programmes, remains relatively free from commercial considerations and that the promotion of Swedish exports has never been set as one of the main goals of Swedish aid. She suggests that Sweden's lack of a colonial empire and its few regular commercial contacts or interests in the Third World apart from missionary stations are important reasons why this is the case. Andersson (1986) also notes that the small volume of Swedish business with Third World countries in the 1960s when the official aid programme developed and the fact that Swedish business was prospering without aid helps explain the separation of aid from trade. He also points to the strong commitment of Swedish foreign policy during the 1950s and 1960s to peace and justice within the United Nations system with a strong attachment to non-commercial principles and the support given to untied aid by the free churches and the trade unions.

Commercial pressures on Sida's sectoral priorities within the country programmes would appear to be lessened by three factors. The first is that, until 1995, two separate and independent government agencies with access to aid funds (BITS, SWEDFUND) had been set up in response to commercial pressures; several of the Sida staff interviewed suggested that this had certainly lessened the pressures on Sida coming from Swedish commercial interests. The second is the poverty of most of Sida's programme countries which do not have a high potential as export (or potential export) markets for Swedish companies. Sida has long had one of the highest concentrations of its aid to the lowest income or least developed nations (OECD 1989-1995). The third is the fact that most import support, an increasingly important aspect of Sida funding, is not tied to specific Swedish goods (*ibid*) and where it is, the recipient government can choose which Swedish goods to import and the choice must receive the approval of Sida (Edgren 1986).

This position was generally confirmed by the interviews. Although many interviewees noted that commercial pressures on Sida had an influence on Sida's sectoral priorities and were one factor in helping to explain the low priority to basic needs, this was not seen as an influence on the same scale as weak recipient governments and Sida's own limited capacity to develop and implement basic needs projects. One interviewee noted the powerful commercial interests which were also linked to the Swedish government's Ministry of Finance and these put pressure on Sida to spend money on expensive infrastructure projects. Another interviewee noted that the strength of commercial interests varied considerably by country - for instance, commercial pressures were much greater for Sida in Zimbabwe and Kenya, compared to Tanzania.

A review of changes in Swedish Overseas Development Assistance over the period 1963-1990 and the interviews with Sida staff do suggest a growing commercial pressure within the whole

aid programme. The most obvious evidence for this was the appearance of new institutions outside of Sida which support the export of Swedish goods and services, especially BITS (that in 1995 was brought into Sida) and an increase in the proportion of Swedish aid which is tied to Swedish goods. In addition, interviews with Sida staff suggest that there are often powerful commercial pressures on Sida staff to allocate funds to projects which benefit Swedish industrial or commercial concerns - for instance large industrial or infrastructure projects. This pressure is evident both in Sida's development cooperation offices within recipient countries and in the regional departments and sectoral divisions in Sida's head office in Stockholm. Such a pressure can also come from recipient governments prompted by Swedish enterprises. For instance, one Sida staff member suggested that it was an alliance between the Sri Lankan government and Swedish contractors which succeeded in obtaining large amounts of Sida funding for the Mahaweli project. Another Sida staff member suggested that many large Sida projects in India can only be explained in terms of commercial interests. Many Sida staff also pointed to Sida's increasing use of commercial consultants in the initiation, management and evaluation of Sida projects and how this has also created and strengthened a new commercial lobby.

The Swedish economy suffered from a severe recession in the late 1970s, which helps explain the sudden drop, in real terms, in the scale of the aid budget between 1979 and 1984 (see Table 6.4). Edgren (1986) notes that commercial aspects gradually gained influence in the Swedish aid programme, in particular during the 1980s. "The share of the aid budget which is formally tied to Swedish procurement has almost doubled in the last five years, from 15 to over 25 percent, if aid to settlement of debt is included" (ibid., page 61). In its early years, the Swedish aid programme was relatively untied, although there was some informal tying "as projects were often chosen in sectors where Swedish exports were competitive" (ibid. page 59). During the 1960s and early 1970s, commodity aid had been tied but in 1971, this represented only 2 percent of Swedish aid (Jacoby 1986).

The government introduced formal tying to procurement in Sweden in 1972 (first to 8 percent, then to 14 percent of the aid budget) (ibid) and around 15 percent of the total aid budget was tied during the 1970s (Edgren 1986). There was a strong debate within Sweden about this issue of tied aid - and a decision made by Parliament in 1973 that tied aid be only singly tied i.e. tied only to procurement in Sweden rather than to specific products or sectors (Jacoby 1986). A government study commissioned by the non-socialist government in power in 1978 suggested the need for a fund to mobilize and stimulate Swedish firms to invest in joint venture in Third World countries (ibid). This led to the setting up of the Swedish Fund for International Cooperation with Developing Countries (SWEDFUND) in 1978.

The earlier discussion of the different agencies involved in Swedish official development assistance noted how the proportion of total Swedish aid channelled through the Swedish Agency for International Technical and Economic Cooperation (BITS) grew rapidly in the

early 1980s. This agency had been set up on an experimental basis in 1975 and was formally established in 1979 (ibid). The resources of this agency expanded very rapidly to reach over \$60 million by 1985. Its operations included various forms of technical cooperation and the provision of mixed credits for investment projects, especially for energy, manufacturing, transport and communications (ibid). When a new Concessionary Credit Scheme was set up in 1980, financed by the aid programme, BITS was given the responsibility for its development aspects (ibid). The projects which BITS funded through mixed credits had to be appraised for their development effects and the explicit objective was to contribute to development with the use of Swedish goods (Edgren 1986). However, before the 1995 reorganization, the agreements that BITS concluded with recipient nations were not linked to the development assistance programme and the responsibility for the agreements rested with the Trade Department of the Ministry for Foreign Affairs or the Ministry of Industry (Development Assistance Committee, 1990).

During the first year, 1980/81, \$13 million were allocated to the scheme to "soften" the terms of officially supported export credits so these incorporated a 15-25 percent grant element (Jacoby 1986). Appropriations reached \$63 million by 1983/4, some 8.7 percent of the aid budget - with around 7 percent of the aid budget channelled through BITS during 1986/87 and 1987/88. Strong opposition to this tying of aid and the difficulties in adjusting export-credit financing for Swedish exports to development criteria led to a revision in its organization, with its separation from the export credit financing system and with BITS strengthened to ensure more thorough project identification, appraisal, preparation and evaluation (Jacoby, 1986). The development cooperation loans previously extended by BITS came to be provided by Sida (Swedish Institute 1997). When the interviews with Sida staff were undertaken, the proportion of Sweden's official development assistance channelled through BITS had fallen to 5.3 percent in 1989/90 and 5.4 percent in 1990/91.

Commercial pressures also led to the greater use of special budgets originally set up outside country programmes to promote certain popular subjects through the United Nations agencies for developing Swedish technology (Edgren 1986). During the mid 1980s, the aid budget was also used to settle old commercial credits which had fallen into arrears and had been taken over by the government's Export Credit Guarantee Board; as much as 5 percent of the total aid budget for 1985/6 was allocated to this, despite the fact that this may breach the rules of the OECD Development Assistance Committee on what constitutes aid (Edgren 1986).

6.14 Some Conclusions

Within Sida, the country programmes remain the main influence on Sida's sectoral priorities, even if the proportion of Sida funding allocated to them dropped substantially during the 1980s. In any one year or for any particular period, the sectoral priorities for all the country programmes are the aggregation of all the sectoral decisions taken within country programmes; there is no clear sectoral priority set by Sida for all country programmes to

follow. Within several of Sida's other funding categories, sectoral priorities are set (or strongly influenced) by the nature of the category. For instance, funding allocated to disaster relief, humanitarian assistance and regional cooperation within Southern Africa all have particular sectoral priorities inherent within the tasks for which the funds are being allocated. For funding allocated to NGOs for development projects, the sectoral priorities are set by the NGOs, not Sida.

There are four particularly notable changes in Sida's sectoral priorities between the early 1960s and 1990/91: the decline in the proportion allocated to health; the decline in the proportion allocated to education; the priority given to import support during the 1980s which grew from practically nothing to become the sector receiving the largest share of Sida funding; and the growth in proportion of Sida funding channelled through NGOs. Within the wider aid programme, a fifth notable change is the declining proportion of Sweden's aid budget channelled through Sida, although this was partially reversed by institutional changes in 1995 which included bringing into Sida agencies that spent Swedish development assistance that had previously operated outside it.

One key factor that helps explain these changes is the difficulties that Sida staff have faced in spending the funds allocated to countries by the Swedish Parliament. This has led to three tendencies, each with important sectoral implications: a tendency to allocate funding to projects within which it is relatively easy to spend large sums; a tendency to maintain the same sectoral priorities within country programmes, since this builds on an existing structure and relationship with the recipient government and takes less staff time than developing a new area; and a tendency to allocate funds to import support which requires less preparation and administration than projects. It is also worth recalling that Sida funding to health and to education was changing to focus on primary health care and on literacy and basic/primary education. In both instances, it is less easy to spend large capital sums quickly (compared to large hospitals and universities). It is also worth recalling that in general, the amounts spent on health and education grew over the entire period; it was only the speed with which the total Sida budget grew which made their importance within the overall Sida budget decline. A comment by Nordberg (1986) has particular relevance:

"The political pressure on Sida to spend increasing amounts of funds with less staff is, however, a threat to well-balanced and replicable programmes. Effective and replicable health projects that make use of local resources and appropriate technologies are usually not expensive, but they are often labour-intensive, for both the donor and the recipient country" (page 181).

Two factors appear to be the dominant influence on the relatively low priority given by Sida to basic needs projects in general: internal staffing constraints (although external pressures to keep down staff costs are a major factor in this); and the limited capacity to plan and implement basic needs interventions among the recipient governments of countries which

receive most of the funding allocated by the Swedish Parliament. Commercial pressures have some role, but as discussed earlier, do not appear a major factor within Sida's country programmes. The low priority to basic needs does not appear to be the result of conscious decisions on the part of Sida staff (within country offices or at headquarters); indeed, Sida staff working on basic needs projects noted that the availability of funding was rarely a constraint and they could certainly increase the scale of funding to primary health care, basic education, water and sanitation and other basic needs interventions, if they had the administrative capacity to develop more projects and the recipient governments had more capacity to work with them in doing so and in implementation.

However, there are two ways through which conscious decisions by Sida staff about sectoral priorities seem to have had a significant influence on the low priority to basic needs. The first is the institutional inertia in country programmes which inhibits a change in their sectoral priorities. Thus, sectoral priorities established in the late 1960s or early 1970s when there was less pressure to give a high priority to basic needs continue to have an influence in later years, as limited administrative capacity made country programmes reluctant to experiment with new sectors and take on the time-consuming task of developing relations with new agencies or ministries within recipient governments. The second is the reluctance within Sida programme countries to fund urban projects - since it is easier to spend large sums and reach large populations with basic needs projects if populations are concentrated in one place and the settlement pattern is relatively dense. In addition, one of the reasons for a growing proportion of Sida funding channelled through Swedish NGOs and through UNICEF country programmes was a recognition by Sida staff that these can fund some of the basic needs areas which Sida itself finds difficult to fund.

One of the main conclusions of this chapter is the mismatch between the political process which sets the parameters for aid and its scale and the administrative process it permits to implement this. The political process allocates large sums of money to the Swedish aid programme, determines which countries receive this, set goals and has expectations as to what this will achieve. The institutional and administrative structure that it puts in place (or permits to develop) to ensure this cannot achieve many of the political processes' goals and expectations, both for internal reasons (especially a lack of staff and a shortage of staff knowledgeable about Sida's programme countries) and for external reasons (for instance the economic and political instability of most Sida programme countries and the weak implementation capacity of their governments).

One aspect of this is the fact that the Swedish political process chose to concentrate its aid in a group of programme countries which are not only among the poorest countries but also include many countries in which there has been among the least stable political climate and the least possibility of a prosperous economic base. The reasons why Sida's programme countries were chosen has been documented in some detail. The list of programme countries reflects a

bilateral aid programme wanting to concentrate its resources on the poorest countries - but this also means a list of countries where it is more difficult to spend large sums in ways which meet development goals. In terms of spending large capital sums, it is much easier for a foreign donor agency to choose large countries with more prosperous economies and (generally) more effective national and local government agencies and to concentrate on large infrastructure projects. It is worth noting that the Japanese bilateral agency, the Overseas Economic Cooperation Fund which has this orientation has around the same number of staff as Sida and disburses seven times as much funding (OECD, 1991).

Sida's programme countries include many with political and administrative structures ill suited to absorbing large sums of foreign capital and ill-suited to spending it in ways which would be judged as "successful development" by Swedish politicians or citizens. The most obvious examples are countries such as Mozambique and Angola where both economic and political conditions and external influences severely constrained any long term development achievements throughout the 1980s. Most of Sida's other programme countries have also had serious economic and/or political problems.

A second aspect related to this, is the growing recognition that "development" is not achieved simply through the transfer of capital backed with "technical assistance". While there appears to be a sophisticated knowledge among Sida staff about the difficulties in achieving "development" and the many factors external to Sida's aid which constrain development in its programme countries - and there may be a comparable understanding among many politicians - the fact remains that Sida itself is expected to disburse large capital sums with a limited staff in ways which the electorate and the Swedish Parliament judge to be "successful". Most of the aid is also allocated to countries where such a success has proved very difficult to achieve.

There also remains the contradiction noted in a previous chapter about the World Bank that the official development assistance agencies are expected to be successful in meeting development goals whose achievement implies structural changes which generally go against the interests of the recipient government - yet the bulk of official development assistance has to receive the approval of the recipient government. One aspect of the mismatch between the political process that sets the parameters for Sida's operations and what Sida does may be an unrealistic level of expectation as to what an external agency can achieve in terms of promoting or supporting development in the countries which this political process has determined are to be the concentration countries.

Given the scale of funding allocated to Swedish bilateral aid and the priority given to poor sub-Saharan African countries, combined with the limitations on Sida's administration budget, it is not surprising that an increasing variety of channels for spending have developed, outside the conventional spending on projects by Sida within Sida programme countries. These include Sida funding channelled through other official donor agencies (especially UNICEF

country programmes), Swedish NGOs, Swedish institutions twinned with Third World institutions, indigenous NGOs and import support, and a growing use of consultants to help identify, implement and evaluate Sida projects. They include the Swedish bilateral funds channelled through government agencies that in 1990 were not part of Sida (for instance SWEDFUND, BITS and SAREC). They include a commitment to strengthening Sida's development cooperation offices within recipient countries and in some instances to expanding the number of national staff. They also include a variety of measures designed to increase the capacity of recipient governments to spend Sida funding - for instance the priority given to vocational training and strengthening the institutional capacity of agencies within recipient governments.

7. CONCLUSIONS

7.1 Introduction

The proponents of a greater priority within development assistance to projects or programmes that directly meet people's 'basic needs' emerged as one of the responses to a dissatisfaction with progress in 'development' in the late 1960s and the 1970s. As chapter 2 argued, this dissatisfaction centred on the fact that a large proportion of the population in Third World countries received little or no benefit from development assistance and that in many countries, there was no evidence of self-sustaining economic growth. The need to give a higher priority to meeting basic needs became one of the most widely discussed aspects of change within development assistance, although a dissatisfaction with the achievements of development assistance had become evident among many groups and within the United Nations system before the mid 1970s when the demand for a greater priority to meeting people's basic needs was strongest. In addition, 'a greater priority to basic needs' was one among several demands for change within development assistance. Most of the critics of development assistance during the 1970s based their criticisms on the failure of development assistance to meet the needs and priorities of low income groups, but they included those who were critical of the 'basic needs' approach and those who demanded more fundamental changes, including changes to the world's economic system.

There was also a considerable diversity of opinion among basic needs proponents. Chapter 2 described how they can be divided into the 'strong' or 'radical' proponents who state that basic needs provision requires major economic and political changes and the 'weak' or 'conservative' proponents who suggest that a basic needs approach can be implemented within existing social and political structures. The 'radical' or 'strong' proponents of basic needs were among the first critics of development assistance to demand more respect for low-income groups' human rights, including their right to participate in decisions about development. These two interlinked themes - the social and economic rights of low income groups (including their right to sustainable livelihoods) and their right to participate in decisions about development priorities and resource allocations - were present within the demands of many basic needs proponents.

The demand that development assistance agencies should give a higher priority to meeting people's basic needs has remained an important part of more recent criticisms of development assistance. Many of the most prominent critics of development assistance during the 1980s and early 1990s are demanding changes within development assistance that are comparable to those demanded by many 'basic needs' proponents, although they often seek to distance themselves from the 'basic needs' proponents. For instance, as Chapter 2 pointed out, there

are similarities between the proponents of 'human development' and the proponents of 'basic needs'. There are also similarities between the demands for change in support of 'people-centred development' and the demands of the radical or 'strong' basic needs proponents, although the relative emphasis between the different aspects of what is demanded may have changed. In addition, those advocates of sustainable development whose interests extend beyond conservation also stress the need to meet human needs as one of the two primary goals.

This thesis has sought to understand what limits the level of support given by official development assistance agencies to basic needs projects - that is projects that seek to directly address the unmet needs of (mostly) low income groups through projects for water supply and sanitation, primary health care, primary or basic education and literacy, housing, social employment and 'community development' projects targeted to low income groups. It is my thesis's contention that the thinking about how to promote 'development' and the role of development assistance agencies have changed more rapidly than the institutional structures set up to provide development assistance. Development assistance agencies have long recognized that their role in development is more than supporting large capital projects that are to be implemented by recipient governments. However, for most agencies including the World Bank and Sida, their structure remains essentially one designed for this purpose. Although these and other development assistance agencies have modified their structures and sought new channels for development assistance to improve their effectiveness in reaching low income groups, their institutional structures are still better suited to funding large capital projects implemented by recipient governments.

One result of this is a limited capacity on the part of most development assistance agencies to support 'basic needs' projects which bring direct benefits to low income groups. Many basic needs projects require modest capital sums but have relatively high recurrent costs. For instance, an effective primary health care or primary education system depends as much on an effective system to fund the staff and supplies as on the buildings and equipment. However, most development assistance agencies either cannot fund recurrent costs or are reluctant to do so. Most basic needs projects require more staff time to develop and manage, relative to the amount of funding spent, yet the effectiveness of development assistance agencies is frequently judged by how low they keep staff costs relative to total funding disbursed. All agencies have to keep down their staff costs, as a proportion of their funding commitments or disbursements. Virtually all initiatives to provide basic needs require effective local institutions to implement and manage them - for instance to operate and maintain the water supply, sanitation or garbage collection system, the loan programme for low income households, the social employment programme or the health care and primary schools. Most

development assistance agencies lack the staff to contribute to this management and if they do have such staff, again there are severe constraints on the amount of staff time that they can contribute to this.

To address this problem, many development assistance agencies have sought to enhance the institutional capacity of recipient government or other implementing agencies but this too is difficult for an international agency with a funding structure set up to support capital projects. Staff from UNICEF, the World Bank and Sida also commented that 'institution-building' or 'capacity development' projects are often staff-intensive to develop and manage, compared to conventional capital projects, so the need to keep down staff costs also constrains support for them.

The limited capacity of development assistance agencies to support basic needs projects can also be seen as one aspect of a deeper structural problem that most official development assistance agencies face - the fact that they have to rely on other institutions or groups within recipient countries to implement 'their projects.' Although the official literature of most development assistance agencies describes 'their projects' as if these were implemented by the agency, most projects supported by official development assistance agencies are not implemented by their staff but by some national, state or local government agency. If these are weak or ineffective, this obviously limits the effectiveness of the development assistance. Despite its more decentralized structure, this constraint also applies to UNICEF. Although UNICEF's structure was never to fund large capital projects, it was (and remains) one based on supporting recipient government actions, with a very limited capacity to 'implement projects' itself, except in its emergency relief. A development assistance agency cannot take over the management of primary schools and health care centres and pay the staff, if the government is failing to do so. It cannot staff a public works programme to build infrastructure. Its staff cannot construct and then manage a water supply and sewerage network. Where there is little willingness or capacity among recipient government agencies to implement basic needs interventions, development assistance agencies may use alternative implementing institutions - for instance a private enterprise, an NGO or a community-based organization. But for official development assistance agencies, this must be with the approval of the recipient government.¹ One of the most significant trends identified in this thesis is the extent to which the World Bank and Sida came to recognize that their funding to basic needs could only increase and become more effective if there were competent and effective institutions within recipient countries to spend their funds. This meant a greater commitment

¹Note that this applies strongly to official development assistance agencies. Private Voluntary Organizations may have more scope to work with NGOs or community based organizations that have not received formal approval from government.

to building the capacity of recipient government institutions or the channelling of funding through other intermediaries such as quasi-independent public institutions or international or local NGOs or private enterprises. The changes in UNICEF's priorities towards a greater focus on simple, cheap, widely applied medical interventions to reduce infant and child mortality are not comparable, but the reasons underlying this were, the recognition of the limited capacity of the recipient governments through whom UNICEF must work and hence the narrowing of UNICEF interventions towards what was possible and what would prove politically popular for recipient governments.

7.2 The hypotheses of the thesis

The first hypothesis of this thesis - that most official development assistance agencies allocate a relatively small proportion of their total funding commitments to basic needs projects - was substantiated by the quantitative analyses. These analyses were developed by reviewing all the project commitments made by each agency over a number of years and calculating from these the sectoral priorities for each year. Chapter 3 described the findings of an analysis that considered the proportion of funding that development assistance agencies allocate to 'basic needs' projects for a range of agencies with Chapter 4 and 6 describing the low priority given to basic needs by the World Bank (at least up to 1990) and by Sida. This confirmed that for those agencies for which official data were available to allow a detailed quantitative analysis, in very few instances do basic needs projects receive as much as 20 percent of funding commitments and for many agencies, they received less than 10 percent. Chapter 3 also noted the more limited data about sectoral priorities for most bilateral aid programmes - and the fact that the data about their project commitments were too incomplete to allow a detailed analysis. But the limited available data on their sectoral priorities also suggest that most of these agencies allocated a low priority to basic needs during the 1980s and early 1990s.

The second hypothesis of this thesis - that institutional constraints within official development assistance agencies rather than explicit decisions or external factors are a major factor in explaining why they allocate a low priority to basic needs - was also confirmed by the research on the World Bank and on Sida, although in both agencies, measures are underway to lessen these institutional constraints. The research on UNICEF helped to clarify what constrains an agency being effective in basic needs projects. UNICEF'S mandate requires that virtually all its funding is spent on basic needs projects and it has an institutional structure better suited to supporting basic needs projects than the other two agencies, as most of its staff are based within offices in recipient countries. However, as Chapter 5 described, UNICEF also has serious institutional constraints on its capacity to support many basic needs projects.

The constraints on development assistance agencies funding basic needs projects can be divided into four sets of factors. The first are the institutional constraints that are linked to the structure and internal workings of the agency concerned. The second are conscious policy choices made by the agency or particular sub-sets of the agency to restrict funding for basic needs. The consideration of both of these concentrates on the agencies themselves and can be considered as factors internal to the agency. The third and the fourth are external to the agency. The third is the set of external influences acting directly on the agency from within the North (and mostly from within the country where their headquarters are based and the government or governments that are their funders). The fourth is the set of constraints coming from the recipient countries to which they allocate funding and this set of constraints includes both political constraints (for instance the recipient government not interested in basic needs projects) and institutional constraints (the limited institutional capacity of the recipient government to support basic needs provision). The following four sections draw on chapters 3 to 6 and the review of the literature (Chapter 2) to consider each of these four sets of factors in turn.

7.3 Institutional constraints within development assistance agencies

7.3.1 An institutional legacy that works against funding for basic needs

During the period when most current aid programmes were being set up, from the late 1940s to the end of the 1960s, the conception of development assistance centred on funding for large 'productive' capital projects and the economic infrastructure they needed - allied with technical assistance, generally from 'experts' from the donor countries. This was meant to stimulate and support economic growth (and hopefully self-sustaining growth) in low-income countries. There was little questioning of the state taking a central role in this both as donors and within recipient countries since the whole aid structure was erected at a time when Keynesianism seemed to work (Riddell 1987). There was also the example of the Marshall Plan where 'aid' had helped to rebuild the productive base and the infrastructure of economies devastated by war and this was taken to mean that the approach worked, despite the great differences between countries in the South in the 1960s and the countries where the Marshall Plan had been implemented. Thus, most of the current development assistance agencies were set up to provide capital for relatively large 'productive' projects or for the infrastructure they needed (ports, roads, power-stations....) and associated technical assistance.

If it is the structure of development assistance agencies that is a major influence on the low priority they assign to basic needs, rather than conscious policy decisions or external

influences, then structural constraints should be apparent in all agencies. For this reason, as explained in Chapter 3, the thesis chose to focus on official development assistance agencies that were as diverse as possible in terms of their structure and external influences. Among the multilateral agencies, the World Bank and UNICEF represent contrasting approaches and structures. Chapter 3 also explained how the thesis had originally intended to consider two bilateral agencies that had contrasting approaches and structures - Sida and the UK government's main bilateral aid agency, what was then the Overseas Development Administration (now the Department for International Development) but the request for permission to interview a sample of this agency's staff was refused.

If Sida and the World Bank are compared, despite the large differences between them in their structure, the ideological underpinnings of their work, the terms under which development assistance is provided and the nations most favoured by their development assistance, both are agencies that were set up to provide the funding for (usually large) capital projects that recipient governments were to implement - with provision for technical assistance from experts from 'the North', if needed. The World Bank remains an institution whose whole structure remains one suited to channelling large volumes of funding from world capital markets (for IBRD loans) and from donor governments (for IDA credits) to investments in the Third World. Sida is the agency delegated by the Swedish government to spend most of the funds the government allocates to development assistance and to particular countries. For both agencies, their structure has important implications for what they can fund. First, the success of any project depends on the quality and efficiency of the project implementor - for instance the recipient government's water and sanitation agency or its Ministry of Education or Health or its National Housing Agency. Both Sida and the World Bank are relatively centralized agencies in that they have most of their staff located in their headquarters - in Stockholm and in Washington DC (although Sida is expanding the size of its staff within its offices in certain recipient countries and the changes within the World Bank under its new president, Wolfensohn suggest that it too is increasing the proportion of staff within offices in recipient countries).

When the recipient government lacks the institutional structure to be an effective implementor, the development assistance agencies can use other implementors - for instance international construction firms, local private sector companies or local or international NGOs - or set up a quasi-independent public institution. But for all official donors, this is only possible with the approval of the recipient government. In addition, there are obvious limits to using these - for instance the high cost of using international contractors. NGOs have proved effective project implementors in many countries but there are obvious limits on the scale of the project that most can manage. The donor agency could also build up its

capacity to implement projects - as in many disaster relief agencies that have to take on the implementation, where the agencies of the recipient government are unable or unwilling to do so. But as the next sub-section will suggest, this implies a different structure for development assistance agencies and this is one which has not been considered appropriate by the agencies or by the governments that oversee them. For instance, it implies an increased proportion of funding spent on staff costs, which to date has been seen as 'unacceptable' by the development assistance agencies or by the governments overseeing them. In addition, as one Sida staff member pointed out, setting up alternative institutional structures outside of the recipient government may achieve the immediate objective - for instance a health care or primary school system managed by an external donor - but this undermines the more fundamental need to build the recipient government's capacity to provide education and health care.

The institutional structure of UNICEF appears better suited to supporting basic needs projects. Most of its staff are within offices in recipient countries and most decisions about how funding is to be spent are taken there. This means a larger capacity within recipient countries to design, oversee and if needed implement projects. UNICEF can also fund some recurrent costs - for instance, its institutional origin was as a relief agency with much of its funding being spent on supplies. However, as Chapter 5 noted, UNICEF's head office has long discouraged its country offices from implementing projects. This is seen as inefficient in that it reaches too few people and it requires too much of what are generally very limited country budgets to be spent on UNICEF staff. UNICEF's public image has a greater importance to it than most UN agencies, since it raises a considerable part of its overall funding from private donations and also depends on voluntary contributions from governments. UNICEF's senior management based in its New York headquarters fear that staff costs form too high a proportion of its overall budget, this would be judged inefficient. UNICEF's head office also committed themselves to national child survival goals within countries which are measurable from 1982 onwards and given the relatively small UNICEF budget within most countries, these cannot be realized through initiatives implemented by UNICEF staff. Thus, UNICEF is also reliant on other implementors within the recipient countries and in most instances, this reliance is on government agencies.

The limitations imposed on most official donors by their institutional legacy i.e. one set up to fund large capital projects to be implemented by recipient government agencies, has long been apparent, especially in the countries where the capacity of recipient governments to implement projects is weakest (generally the countries with the lowest per capita income). However, the institutional structures of the agencies have been slow to change in response to this. This can be seen in three aspects. The first is the continued insistence that one of the

key measures of efficiency in any development assistance agency is the extent to which staff costs are kept down within the overall budget. This means a bias against any project which is relatively staff intensive to set up and manage. The second, which follows from this, is a bias towards expensive projects since expensive projects make it easier to keep down staff costs as a proportion of total costs, or (for Sida and the World Bank), a bias towards different forms of non-project support which permit large sums to be spent without high staff costs. The third is a reluctance to consider funding alternative implementors to recipient government agencies. These are discussed in more detail below, along with one other factor that helps explain the low priority to basic needs - the reluctance to fund recurrent costs. A final subsection also mentions other factors such as the criteria used to monitor and evaluate projects that can discourage support for basic needs projects. The lack of change in these aspects means that most official development assistance agencies have struggled to take on new roles and responsibilities in regard to basic service provision with structures ill-suited to these and still better suited to the 1960s conception of development assistance.

7.3.2 The need to spend money and keep down staff costs

All three development assistance agencies considered in detail in this thesis had to keep down staff costs in relation to their total expenditures. One theme that continually comes to the fore when discussing the constraints on these and other agencies giving a higher priority to basic needs is the lack of staff time available to do so. This is especially the case in basic needs projects where efforts are made to keep down the need for external funding and to promote cost recovery. There is an influential group of specialists who argue that the costs of basic needs projects must be kept to a minimum for at least three reasons: it makes limited funding go further; it greatly increases the possibilities of cost recovery; and it minimizes the need for external funding - which implies more possibilities of control for the low income groups themselves (see for instance Anzorena and others 1998). But keeping down costs also makes it difficult for external donors to keep down the proportion of staff costs in relation to total project costs. In any agency seeking to keep down staff costs, funding cheap projects presents a problem, as all projects, regardless of their cost, demand a certain amount of staff time for their development as project proposals, review, approval, funding, management and evaluation. The higher the project cost, the greater the staff time that can be devoted to the project, if staff costs are to be kept to a fixed percent of total expenditure.

A desire to keep down staff costs also constrains funding for projects which require a large amount of staff time in their preparation. If the agency concerned is to actually implement the project with its own staff, because there is no other effective implementor, then inevitably the staff costs will be particularly high.

It is generally staff-intensive for development assistance agencies to work with low income groups and their community organizations in participatory ways and only respond with funding and technical support, as local priorities are developed. In addition, where all efforts are made to keep down the need for external funding, as in many basic needs projects implemented by local NGOs, the fact that relatively small capital sums are requested from external donors also makes their own staff-time component within the whole budget appear higher. But the 'efficiency' of development assistance agencies is still judged on how small a proportion of their funding is spent on their own staff by the government body that oversees them or (as in most development banks) by their internal norms and regulations and their Board. Little consideration is given to how many people were reached with piped water, sanitation, health care or some other basic needs with low capital costs per person - although in development terms, this could be considered a better measure of efficiency.

This constraint on staff time was most obvious at the World Bank where one of the main official measures of the effectiveness of a project is how low the staff time is in relation to the value of the total project. This is unsurprising, given that the World Bank is a Bank and this is a conventional banking criterion for evaluating any loan. What is perhaps more surprising is the extent to which the need to keep down staff costs was also a major constraint on the support that UNICEF and Sida could provide for basic needs projects. In Sida, this can be seen in the mismatch between a political process that sets the parameters for the aid programme and the institution charged with implementing it. The political process allocates large sums of money to the Swedish aid programme and determines which countries receive this - but this is a process that is independent of any evaluation of the possibility of spending this funding successfully and the staff requirements for doing so. At least up to the early 1990s, Sida's funding was heavily concentrated in the world's poorest nations where the recipient governments' institutional capacity to implement projects was weak. Chapter 6 also noted how many of Sida's programme-countries were also facing severe political or economic problems during the 1980s, including several with civil-war or strife. The staff of Sida were thus charged with spending relatively large amounts of funding in countries with weak recipient governments but Sida was also under severe constraints in terms of expanding their own staff to ensure the funding was properly spent.

In UNICEF, most country offices have a very limited capacity to implement basic needs projects. Part of the reason is the institutional legacy of an agency set up to deliver supplies for other agencies to use - and the supply of goods for child-oriented health programmes implemented by recipient governments remains a major part of UNICEF funding. There is also the pressure from UNICEF's New York headquarters to keep down staff costs relative to total costs and the need for much of the staff within the country offices to be engaged in

developing a national plan and programme with national governments. UNICEF-implemented projects were also unpopular with UNICEF's senior management at the time the interviews were undertaken, because they were seen as being too expensive and on too small a scale to be effective in contributing to UNICEF's main goals. UNICEF country offices tend to choose projects and initiatives that other institutions can implement - for instance spending UNICEF funding to supply national government health clinics with vaccines or oral-rehydration salts.

This need to keep down staff costs relative to any project's costs is also commonly mentioned among other bilateral donors and by Private Voluntary Agencies, where high staff costs are regarded as politically unacceptable. A private voluntary organization that spends 'too high' a proportion of its funding on staff salaries is often held up publicly as an inefficient agency. This works against projects that have high staff costs 'up front' as agency staff work with low income groups and their community organizations to define priorities and agree on the best ways in which these can be met. As several of the agency staff who were interviewed pointed out, although such projects often do not have high staff costs overall, because a more trouble-free implementation lessens the need for staff during project implementation, the staff time needed to develop the project is often unpopular with development agencies or with those to whom they are accountable.

One obvious response to the need to keep down staff costs as a proportion of total funding is to fund relatively expensive projects. In addition, the pressure within each agency to keep down staff costs also implies that each staff member has to supervise large amounts of project funding. This also encourages expensive projects. For instance, for the staff of any development agency, one conventional capital project costing \$100 million will generally require much less management than one thousand \$100,000 projects. However, many basic needs projects require relatively modest amounts of external capital. There are many case studies of basic needs projects which spent little money relative to final achievements, as the resources and management skills of the inhabitants and their community organizations were mobilized and as negotiations with local authorities also increased local public contributions.² But this can be seen as a disadvantage for many external donors, as the administrative costs of supporting them is likely to be high, relative to the amount of funding they need. Within Sida, several staff pointed to the fact that they individually had to spend too much money. As one Sida staff member noted in an interview in 1991, although publicly they were strongly opposed to any diminution of funding for the aid programme that Sida administered, privately, they recognized the extreme difficulties they faced in spending well the funding

² See for instance UNCHS (1996); also Arrossi and others 1994, Espinosa and López Rivera 1994, Anzorena and others 1998.

they were allocated and a reduced budget from the Swedish Parliament would help them spend the money better. Chapter 6 also noted how most of the projects chosen by Sida staff to illustrate successful interventions were also small projects.

There is also the issue of cost recovery. Certain basic needs projects have shown that funding can go further and low-income people's support for projects is enhanced if funding is provided in the form of a loan and with local organizations also contributing counterpart contributions (through labour, savings or payments). Many donor agencies may support in principle the idea of cost recovery for projects, including basic needs projects, but they do not have the staff to help set up the cost-recovery mechanisms at project level. They also generally lack the accounting structure to accept back the money if generated from within the project. Most of their funding is also provided in the form of grants. This is not the case for the multilateral development banks since all their project funding is loans. The World Bank gets virtually all its loans repaid - but from the recipient government, not from the payments recovered from the beneficiaries of the projects it supported. There are examples of Sida-funded basic-needs projects which generated cost recovery but this was not funding that went back to Sida but remained within the project-implementing agency to allow an expansion of its activities (Sevilla 1993, Sida 1997)

This difficulty in providing loans within basic needs projects helps explain the lack of official donor support for housing finance. Many housing finance programmes run by local NGOs or Foundations have shown that relatively low-income groups want housing loans as it enables them to improve their housing or find better quality housing - and they can meet housing loan repayment schedules (Arrossi and others 1994, Mitlin 1997). But very few development assistance agencies are able to set up the kind of housing finance institution that matches the needs and priorities of low income households who are building incrementally (and are often best served by a series of small, short term loans) and who lack collateral and, very often, official title to the land on which they are building (ibid).

7.3.3 The difficulty in funding alternative implementors

One obvious solution to the constraints on basic needs projects noted above would be for external donors to fund other groups to implement the projects - for instance NGOs or other voluntary sector organizations or private sector firms within the recipient country. However, it is also difficult for official donors to do this. First, official donor support for NGOs or other implementors within recipient countries has to receive the approval of the government and recipient governments are reluctant to see large funding flows going to non-governmental institutions within their own countries over which they have little control. Secondly, many basic needs projects implemented by local non-government agencies also need small sums of

money, especially if the projects are run by community organizations or local NGOs. Again, most development assistance agencies lack the staff within recipient countries and the institutional structure to be able to process a large number of small funding requests from local NGOs. A third problem is that it is rare for any non-governmental agency to have the capacity to provide basic services for a significant proportion of those in need.

The difficulties that official development assistance agencies face in supporting basic needs projects because of their own internal constraints, because of the limited implementation capacity of recipient governments and because of their difficulties in working with other implementors within recipient countries helps explain why a considerable proportion of official development assistance is channelled through international private voluntary organizations such as OXFAM, Christian Aid or one of the Save the Children organizations. Most bilateral aid agencies (including Sida) channel a significant proportion of their funding through private voluntary organizations from their own country. In Sida's case, as Chapter 6 described, some 20 percent of its funding goes through Swedish private voluntary organizations. This was regarded as sufficiently important for the department within Sida responsible for liaison with non-government organizations to be one of the six divisions within the sectoral department, with the same rank as the divisions for health, infrastructure, education and natural resources managements. International PVOs are also involved in many World Bank projects; an analysis of Bank projects between 1973 and 1988 found 104 projects that had an involvement of international PVOs,³ although this still represents a relatively small proportion of all projects (Salmen and Paige Eaves 1991). This analysis also reported that there was a 'sharp rise' in the number of projects under preparation in which Bank staff see potential for 'NGO involvement' but since the term NGO was used to include PVOs, NGOs and community based organizations, it was not clear whether this referred to PVOs.

Not surprisingly, from the point of view of donor agencies, the easiest countries in which to work are countries with efficient and effective institutions within the recipient government which can undertake the implementation. However, it tends to be the richer and more prosperous countries where recipient governments are most effective in implementation; one interviewee at the World Bank commented how the Bank loans to the Newly Industrializing Countries were much easier to implement because of a good institutional structure within the recipient government. Chapter 4 also described the great advantages for the World Bank in moving from supporting projects to supporting recipient government institutions that support

³ These were termed 'international NGOs' and were described as "organizations typically originating in developed countries with widespread activities" (page 100) and thus correspond to what this thesis terms PVOs. This report also mentioned as examples the large US PVO CARE and OXFAM (Salmen and Paige Eaves 1991).

projects (what was termed moving from retailing to wholesaling) but few of the examples of such institutions are within the poorest or least developed countries.

7.3.4 The reluctance to fund recurrent costs

One of the major constraints on many basic needs projects is that much of the funding required is for recurrent costs - including staff and supplies. This is especially the case for basic services such as education and health care. The capital costs of building a school, community centre or health clinic within a low income area are usually relatively modest. It may even be that the capital equipment and materials needed to set up these services can be obtained locally through negotiation with local authorities or private businesses, or even raised by low income groups themselves. Community-based initiatives to provide or improve water and sanitation may also have relatively low capital costs but a considerable requirement for paid staff to manage them - as community organizations take on much of the planning and management and as the contributions of individual households to the labour needed for construction are contributed free but need careful supervision. Virtually all donors are reluctant to fund recurrent costs. This is often part of an institutional legacy as the institutions concerned were set up to fund capital projects - and the institutional structure by which suggestions for new expenditures are generated, appraised and agreed on are designed for capital projects, not for staff and supplies. It is also linked to any donor agency's reluctance to fund the staff of public service agencies which implies a funding commitment that does not end in contrast to a capital project where funding is only used for the construction of the project. The use of development assistance to fund recurrent costs could also be judged to be undermining the strengthening of institutional capacity within recipient governments. Most official development assistance agencies are not officially allowed to fund recurrent costs.

The difficulties with funding recurrent costs tend to be most pronounced in low-income countries where the government has a limited capacity to raise revenues and where donor agencies provide a significant part of the total capital expenditure budget (Mosley 1987). This implies externally funded capital projects for which there is no externally funded provision for recurrent costs and a limited internal capacity on the part of the government to raise the funds to cover recurrent costs. One solution for basic needs projects is to obtain the recurrent costs through user charges and this has proved possible in many projects - but the lower the income of the beneficiaries, the less possibility this has for generating the needed revenue. And if capital costs are kept to a minimum to allow user-charges to more easily recover costs, projects become less attractive to official donor agencies because they require so little funding. It is interesting to note how World Bank documents praise the development of sewers within Orangi, a large low income settlement in Karachi, where each lane paid for

the cost of building the sewers (with technical assistance from a local NGO) - see for instance Kessides 1997 - but Bank support for this would have been difficult first because it took some time for this initiative to gain momentum and second because it would have required so little Bank funding.

7.3.5 The difficulties that donor agencies have in funding processes

There are also contradictions between the project-cycle orientation of donor agencies and the processes that are likely to be most effective in increasing the scale and nature of basic service provision. This can be seen in both the donor's relationships with the implementing agencies of recipient governments and in their relationships with alternative implementors.

To consider the first of these, there is the poor match between the 'project orientation' of most development assistance agencies and the funding needs of the recipient government agencies with responsibility for providing basic services. Inadequate provision for infrastructure and services can often be attributed largely to a lack of resources and trained personnel at the level of the local authorities. A donor funded project can remedy such deficiencies within a project site - but in effect, it makes up for a failure of local bodies to raise funding and to make such investments in previous years. The project may improve conditions considerably at first but rarely does it increase the capacity of local bodies to maintain the new infrastructure and services and to make similar investments in other settlements or areas. Local authorities need a continuous capacity to invest in and maintain infrastructure and services - or to oversee other bodies (private enterprises, community organizations, cooperatives etc) which provide some services. Funds available on an irregular basis for specific projects are not an effective substitute. This suggests that development assistance is needed less for specific projects and more within a long term strategy to develop the capacity of national and local governments to plan, invest in and manage infrastructure and service provision and to involve other key local actors in this process - including private sector institutions, NGOs and community organizations (see for Lee-Smith and Stren 1991 and UNCHS 1987). The shift noted within Chapter 4 in the World Bank's approach to basic needs projects in urban areas reflects this understanding, as the Bank moved from funding projects to funding changes in institutional and financial structures that were to provide local bodies with a greater capacity to invest in and maintain infrastructure and services. Sida's funding of institutions in Costa Rica and Nicaragua that can provide a more continuous support to low income households, community organizations and, for Nicaragua, municipalities also reflects a comparable shift.

There are also the contradictions between the project-cycle orientation of donor agencies and the informal processes evident in many informal or illegal settlements where a high

proportion of the low-income urban households live in most Third World countries. In many such settlements, the inhabitants have little possibility of obtaining basic services from the municipal authorities. Their best possibility for obtaining basic services is a combination of negotiation with different agencies (municipal agencies, national or state agencies, local or national voluntary organizations and, where possible, international agencies) and self-help. Many case studies of such illegal or informal settlements describe a process by which community initiatives and support negotiated from a range of external sources gradually address the multiple deficiencies in their housing and living environment - for instance first starting with an improved water supply, then drainage and sanitation, then legal advice on how to negotiate tenure for their plots, then paving roads, then loans for improving housing, then support for crèches or nursery schools (see for instance Espinosa and López Rivera 1994, Arévalo T. 1997, Bolnick 1996, Schusterman and Hardoy 1997, Anzorena and others 1998). In the absence of effective local government or private sector agencies able and willing to supply water, sanitation, housing finance, health care etc, the most effective alternative for external donors may be to support this process. There is some evidence to suggest that local organizations can become increasingly effective, as they succeed in tackling one problem and want to move to another. However, the common attitude among donor agencies that if a particular community has received funding for one initiative, it generally disqualifies it from applying for funding for another initiative, which works against this process. In addition, the funding requests from community organizations and the local NGOs with whom they work are often so small that even if official donors wanted to support these, they would lack the staff to process them. Some donors, including Sida, have made some provision to support more such initiatives - for instance through Embassy funds and more Sida staff in recipient country offices, but these still represent a small proportion of total Sida funding.

7.3.6 Other institutional constraints on support for basic needs provision

Various other institutional constraints on greater donor agency support for basic needs were identified in previous chapters, including the lack of staff with the knowledge and experience to be able to support increased flows to basic needs, the inertia that inhibits changed sectoral priorities, and the criteria used to monitor and evaluate projects.

One factor that constrained support for basic needs that was suggested by interviews within Sida was the lack of Sida staff with knowledge on how to set up and support basic needs provision. They emphasized that Sida staff were generally from an administrative background and that they knew how to undertake administrative tasks but not how to develop and implement projects. They also emphasized how difficult it was for Sida to find knowledgeable staff, especially to work in the development cooperation offices of recipient

countries. If setting up and managing basic needs projects is more difficult than conventional capital projects, this would constrain support for basic needs projects. In addition, as other commentators have pointed out (for instance Mosley 1987), if basic needs projects are considered more risky and there are no well-established precedents on which to base the support, agency staff will be discouraged from developing such projects.

Another factor that may constrain support for basic needs that is also linked to a lack of experience with basic needs projects is the tendency to fund what had been funded previously. Several interviewees in Sida pointed to the fact that what Sida is used to doing in one country is a major influence on what is planned in the future. It is always easier to develop new projects with the recipient government staff and agencies with whom a donor agency is already working. The same is true within the World Bank - where so called 'repeater projects' were popular because here too this was an extension of an existing institutional arrangement and repeater projects required less staff time to develop and manage than new projects.

One final factor worth mentioning as a possible constraint on increased support for basic needs is the criteria used for monitoring and evaluating projects. Systems for developing, appraising and evaluating projects within donor agencies often remain largely based on economic or financial criteria, and on whether the original project goals were fulfilled. However sophisticated the new systems for 'quantifying' social and health benefits, or for exempting particular projects or programme lending from meeting economic criteria, this still biases them against many aspects of community and social development. For instance, it is difficult and expensive to establish the benefits that basic service programmes provide in terms of improved health, income and quality of life.

In UNICEF, at the time when the interviews with staff were made (in 1990), several of those interviewed pointed to the inadequate procedures for evaluating the performance of country offices. The most influential evaluation was how UNICEF's New York headquarters assessed country offices - and this was based on two criteria: the extent to which the goals and targets set by HQ had been met; and how well UNICEF funding was spent on their achievement. There was no evaluation of how UNICEF staff in a country office had succeeded in influencing the recipient government and other international agencies to help meet UNICEF goals, although this might be judged to be more important, given the modest sums that most UNICEF country offices have to spend, compared to the major multilateral and bilateral donors and, in most instances, the government. In addition, there was some disquiet among several interviewees at the extent to which the criteria used by UNICEF HQ to judge the performance of country offices biased UNICEF support towards initiatives that

produced measurable results and were sellable to political leaders and international funding sources - rather than what was judged to be the most effective way of getting the needs of children met within each national context.

7.4 Internal choices within agencies that chose to give a low priority to basic needs

There was no evidence of an opposition to basic needs projects by the staff from within the three agencies because they or the agency for whom they worked considered these to be inappropriate projects or that other areas deserved priority. For instance, from this and from policy-statements by Sida and the World Bank, there is no evidence that it was conscious policy choices by these agencies that produced the low priority to basic needs.

However, there was a bias in UNICEF and in Sida against projects in urban areas on the assumption that too few poor people live there (a fact that is increasingly challenged, as Chapter 2 noted) and this may have implicitly or explicitly constrained funding for certain kinds of basic needs projects. It is often easier for agencies to fund basic needs projects in urban areas compared to rural areas because the greater numbers and higher concentration of population lowers unit costs per person served. There is often a higher capacity to pay among urban populations compared to rural populations and often a greater willingness to pay, as the concentration of people and their wastes make it more difficult for individuals to avoid the health costs brought by other people's wastes. There is often a better-established government structure through which the goods or services can be provided. In addition, the larger concentrations of population also mean larger projects and less complex management - for instance installing water supply systems for tens of thousands of people concentrated in one settlement is easier to manage than installing hundreds of water supply systems in small, geographically scattered villages. In regard to UNICEF, Chapter 6 demonstrated the extent to which UNICEF headquarters directed its national offices to limit support for UNICEF area-based projects (many of which are in urban areas) and to concentrate on supporting national governments in reaching specific targets for child survival and development. This is not favouring non-basic needs interventions over basic needs interventions, but one type of basic needs intervention over another. The chapter also underlined the view stated by UNICEF's (then) deputy executive director who saw urban water and sanitation projects as too costly for UNICEF to fund. In Sida, several of those interviewed mentioned Sida's historic reluctance to fund urban projects since their concentration-countries were primarily rural and addressing rural poverty was seen as the priority. However, at the time of the interviews in Sida, there was a considerable debate within the agency about whether Sida should have an urban strategy and subsequently, an urban strategy has developed which includes a commitment to basic needs provision (Tannerfeldt 1995). Two points are worth noting, when comparing Sida and the World Bank, which help explain why the Bank has

been able to achieve a relatively high priority to basic needs in recent years. The first is that much more of its funding goes to middle income countries which generally have government structures that are more able to implement basic needs interventions. The second is a long history of supporting urban projects and, for reasons noted above, it is easier to fund large infrastructure-based basic needs projects such as piped water and sewers in urban areas rather than rural areas.

7.5 External influences on the agency's sectoral priorities

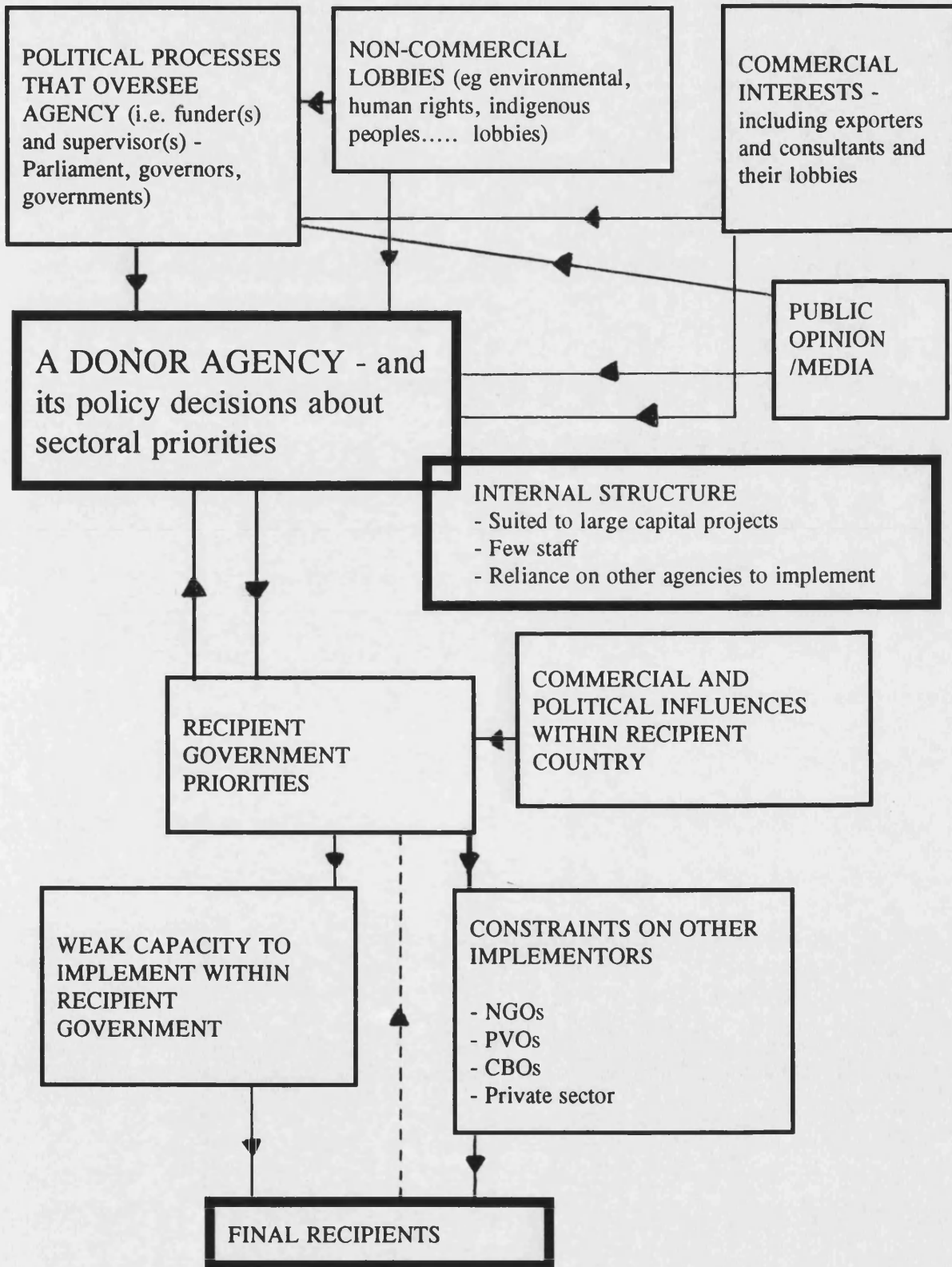
Various potential influences on any development assistance agency's sectoral priorities can be identified that are external to the agency. Four are 'upstream' of the agency - its supervisory body and funder (and the political processes that influence this), commercial interests, non-commercial lobbies and public opinion. One, that of recipient governments, is 'downstream', although recipient governments may also be influenced by commercial and political pressures in their negotiations with donor agencies. Figure 7.1 illustrates this. The sections below consider the main points that arise from the research reported in previous chapters.

7.5.1 Supervisory body and funders

All development assistance agencies are influenced by the governments or institutions that oversee them. For UNICEF and the World Bank, this is an executive board with members representing governments. For Sida this is the Swedish Parliament and the government institutions which are answerable to the parliament. For agencies that provide aid, an obvious potential source of influence on their sectoral priorities is the government or governments from which they receive the funding to allow them to provide aid. For Sida, this is the Swedish government, for UNICEF and for the World Bank's International Development Association, governments in the North are their main source of funding.

In regard to the possible influence of the supervisory body and funders on the priority given by an agency to basic needs projects, the interviews with the staff of the three agencies suggested that the most important influences were indirect influences relating to the way the agency worked rather than direct influences on the agency's sectoral priorities. For all three agencies, the single most important influence was the insistence on keeping down staff costs. In Sida, the Ministry of Finance has long judged Sida's efficiency by how low staff costs are kept within the agency's total expenditures. The Swedish Parliament had the dominant influence on which countries received Swedish aid but much less on what sectors received priority. For the World Bank, several interviewees pointed to the requirement by the U.S. government and the Executive Board that the Bank not expand its staff. Several mentioned the tremendous pressure from the U.S. Government to keep down staff costs and to limit the expansion of the Bank staff in Washington DC; one interviewee at the Bank stated that it was

Figure 7.1: The different potential influences on a donor agency's sectoral priorities



politically impossible for the Bank to expand its staff at that moment and this was a constraint imposed on the Bank by the U.S. government and by its Executive Board.⁴ The World Bank was also subject to pressure from the U.S. government during the 1980s in regard to which countries should or should not receive funding - but much less on sectoral priorities.⁵ Those interviewed in UNICEF also suggested that the agency's executive board was influential in requiring that staff costs be kept down, especially in UNICEF's headquarters in New York, but it did not have a major influence on which kinds of projects were implemented, although it did seek on occasion to widen the scope of UNICEF work.

When considering how external influences affect development assistance agencies' capacity to fund basic needs projects, it is difficult to separate external influences and internal constraints, when it is external influences that have helped to stop or inhibit the agencies addressing internal constraints. The internal institutional constraints within development assistance agencies that help to explain the low priority they give to basic needs were in part put in place by the governments that helped set up these institutions and their supervision of these agencies can also be judged to have perpetuated them. For instance, there is no evidence that any of these agencies have publicly defended a higher expenditure on staff in relation to total expenditures as part of being an effective development assistance agency. None have been explicit about what is perhaps the most serious structural constraint on effective aid, the fact that official development assistance agencies are so dependent on other institutions to implement their projects and programmes so their effectiveness is dependent on the effectiveness of these implementors. Development banks have sought to answer external critics who point to the social or environmental costs of the projects they support or the lack of participation in project development and implementation by 'beneficiaries' with changes in the way they work - rather than to state that their whole structure is one set up for delivering large capital sums for projects to recipient governments which does not make them well suited to many social initiatives, including many forms of basic needs provision.

There is also the potential influence of the foreign policy concerns of the supervisory body or the funder(s). There was no evidence of U.S. Government's foreign policy interests influencing the sectoral priorities of UNICEF and the World Bank, although what is notable is that the U.S. government has always ensured that their appointees are heads of both these agencies - and this remained the case in UNICEF, despite strong pressure from Nordic

⁴ This concern has been heightened by the publicity given to the new offices the World Bank is constructing for its staff and the cost of these, including the cost overruns.

⁵ One exception to this was described by one interviewee who stated that since the U.S. government could not finance population programmes that included abortions, this constrained the funding to population projects.

countries for a Nordic executive director, in 1980 and in 1995. Both agencies have always had U.S. citizens as their Presidents (in the case of the World Bank) or Executive Directors (in the case of UNICEF); most of their appointees have also had long, well-established links with the U.S. government prior to their appointment. Both agencies have their headquarters in the United States - and, for the World Bank, its headquarters in the U.S. federal capital, Washington DC, unlike the other U.N. agencies with headquarters in the USA which are in New York. It is also clear that the influence of the representatives of the governments that are the main Bank's shareholders has not been studied and the nature of this influence and the way in which it acts needs further research. One of the only documents found that discusses the influence of member governments from the North on the Bank was within a chapter in Tjonneland and others (1998). This mentioned in particular the influence that the governments that provide most funding for the International Development Association can wield, when negotiating for the replenishment of such funding. It stated that this had provided the Norwegian government (and other governments) with the opportunity to put pressure on the World Bank to give a higher priority to poverty assessments (ibid).

Chapter 6 described how the Swedish Parliament had the main role in determining the allocation of Sweden's aid budget between countries so this was subject to a political process. The chapter also noted how particular political parties championed particular countries, based on their political orientation, but also how commitments to countries were heavily concentrated in the poorest nations, with no evidence of an extensive foreign policy influence, outside of humanitarian concerns. The chapter does describe some exceptions, for instance how Sida's increasing interest in Latin America has been partly driven by the Swedish Foreign Ministry's interest in improving Swedish links with governments in this region. It also noted how certain projects were linked to political decisions to support certain countries. However, these were not considered major influences on Sida's sectoral priorities, including the priority given to basic needs projects, except that Sida had felt able to experiment with new forms of support for improving housing for low income groups in Latin America and these may encourage similar innovations in the countries that receive most Sida funding in the future.

7.5.2 Commercial interests

Given the move in most economies in the West towards less government expenditure during the 1980s and a more explicit support for the market in economic and social policy, an increased support by development assistance agencies for the commercial interests within their own country (for bilateral agencies) or for the commercial interests in the countries of their major funders (for multilateral agencies) might be expected. This in turn might lead to an increased priority for commercial and industrial projects and the economic infrastructure

they need. It might also lead to a less favourable institutional climate to supporting health care, education and other 'social' projects.

Chapters 4 to 6 gave examples of the influence of commercial interests in each of the three agencies, although these interests do not appear to have had a major impact on the agencies' sectoral priorities. For the two multilateral agencies, there are rules and regulations that limit the power of commercial interests in the North being able to promote projects from which they benefit. For instance, within the World Bank, the process of competitive tendering limits the capacity of one firm to propose a project and have it funded for that firm's benefit, although as Chapter 4 described, this process also biased the agency away from funding small projects. Examples of the influence of commercial interests on the projects or expenditures of UNICEF and the World Bank were given in Chapters 4 and 5 but neither the quantitative analyses nor the interviews suggest that these are a major influence on the level of support provided to basic needs. The analysis of what the World Bank had funded during the 1980s and early 1990s shows a decreasing level of support to large capital projects when increased commercial pressures would have been expected to show the opposite (see Chapter 4 for more details). UNICEF has two additional factors that provide protection against commercial pressures. The first is a strict mandate - for children - which limits what the funding can be spent on. The second is relatively small amounts of funding in most of its country offices which also limits the commercial interest.

Bilateral agencies are more likely to be subject to commercial pressures as companies from the same country as the agency put pressure on the government that funds the bilateral agency to ensure that funding is available for its products or services or puts pressure on the agency itself. A considerable proportion of the funding provided by most bilateral agencies is tied aid - in the sense that it can only be spent on goods or services provided by enterprises from the donor country. For instance, in 1991, 24 percent of the aid commitments by the countries that were members of the Development Assistance Committee was tied to procurements from donor countries.⁶ Many aid-giving countries have bilateral funding programmes that provide grants or credit for capital equipment produced by enterprises from the donor country. However, Sida staff did not think that, at the time of the interviews, pressure from Swedish companies was a major influence on Sida's sectoral priorities and the agency had managed to protect its funding from commercial pressures. Part of the reason was a long-established commitment to untied aid and a strong public support for Sida as an aid agency rather than an agency promoting Swedish economic interests. Another reason was that a special agency for supporting Swedish enterprises exporting to the South had been set up and was operating

⁶ Some was also available for procurements in several countries but still too restricted to be classified as untied or 'partially untied' (OECD 1994).

independently of Sida, although more recently, this agency has been brought into Sida which may change this. A third reason was the concentration of Sida funding in what are among the poorest countries with the least demand for imported goods and services. In 1991, the Swedish bilateral aid programme had among the lowest proportion of its aid commitments classified as 'tied' - 11.9 percent - compared to over 40 percent for Australia, Austria, Belgium, Finland, France, Italy and the United Kingdom (OECD 1994).

All three agencies on which this thesis focused make considerable use of consultants. In each agency, one major reason is the difficulty that the agency's own staff have in developing, managing and evaluating projects. This was most evident in Sida where external consultants became one of the means by which Sida could spend the funding it was allocated with limited staff. Consultants came to take on many of the tasks and workload which previously had been undertaken by Sida staff, largely because the payments to consultants do not appear in the accounts as 'staff costs' or 'administrative costs' but as part of country programmes. The World Bank and UNICEF also make considerable use of consultants for similar reasons - and in the case of the World Bank, consultant costs can draw on trust funds provided by donors. This is certainly a significant influence on the way that these agencies operate but neither the interviews nor the other research undertaken suggested that this had a significant influence on these agencies' sectoral priorities.

7.5.3 Public and political opinion

As previous chapters described, each of the agencies studied was influenced directly or indirectly by public perceptions as to what is an effective development assistance agency, which were shaped by the media coverage of aid and by non-commercial lobbies. One returns again to the point made earlier that one of the main criteria by which aid agencies are publicly judged to be 'effective' is how low their staff costs appear relative to funding spent on 'projects'.

The fact that UNICEF raises a significant proportion of its funding from donations from the public makes its staff particularly sensitive to its public image. During the 1980s, UNICEF sought to keep itself constantly in the public eye with an image as an efficient and cost effective agency whose progress could be measured by improvements in child health and survival around the world. This can be seen in several developments. The first was the publication of an annual *State of the World's Children* from 1980 which sought to reach a much larger audience with UNICEF's concerns about child health and development and to emphasize that UNICEF had highly cost-effective programmes to improve child health. The second was the priority given by its executive director to meeting heads of state and to obtaining their explicit endorsement of UNICEF's work. Several of those interviewed within

UNICEF also noted how the UNICEF country offices were expected to ensure that UNICEF had a high profile within these countries in both the national and the international media and within any emergency or relief operation. The third was UNICEF's work towards the Convention on the Rights of the Child - and again to get this formally endorsed by heads of state at the Children's Summit. As Chapter 5 described, several interviewees were critical of the biases that this very public commitment to measurable results brought to UNICEF's operations, since this also meant less funding for specific projects. But as noted already, UNICEF's high profile and image as an effective agency helped to protect its funding base (which grew very considerably from 1982 to 1993) during a time when virtually all other UN agencies were facing large cutbacks.

Figure 7.1 also lists an additional influence on donor agencies or on the governments that fund them - non-commercial lobbies including environmental groups and human rights groups. Although these have had a demonstrable influence on development assistance agencies, perhaps most especially in demanding a higher priority to the poorest nations and in these agencies' environmental performance and in changing their policies on the resettlement of people to make way for 'development' projects, these non-commercial lobbies have rarely pressed development assistance agencies on their sectoral allocation of funding. Until the late 1980s, the low priority that development assistance agencies gave to basic needs did not figure prominently in the campaigns of these lobbies. As chapter 3 explained, one reason may be the extent to which the official statistics of most development assistance agencies obscure the low priority they allocate to basic needs projects. One significant change to this occurred in the late 1980s, as the social impacts of the debt crisis and structural adjustment became more apparent. Chapter 2 explained how the evidence of growing poverty in many countries in the South and of cutbacks in social provision (often associated with structural adjustment) brought renewed demands that donor agencies increase their support for poverty reduction. There were also growing demands that more attention be given to basic service provision within this. These demands certainly had some influence in the re-orientation of the World Bank in the late 1980s and early 1990s towards recognizing the social impacts of structural adjustment and towards a greater commitment to poverty reduction, including a higher priority to basic needs.

7.5.4 Recipient governments

Perhaps the greatest difficulty that an official development assistance agency faces, both in increasing their priority to basic needs and in improving their performance in basic services provision, is their reliance on the recipient government for agreement and for implementation. If funding for basic needs means funding for national agencies within recipient countries to implement basic needs projects, then a lack of interest from the

recipient government in basic needs projects will limit the priority that the development assistance agency can allocate to such projects. But a low priority to basic needs can also be caused by a limited capacity among the agencies and the institutions responsible for providing basic services within the recipient government. This constraint can be particularly serious for development assistance agencies which allocate most or all of their funding to the poorest countries and/or the countries with the greatest institutional weaknesses in basic service provision - as is the case with Sida and UNICEF and, for the World Bank, for IDA credits.

The weak capacity of recipient governments to design and implement basic needs projects was a major constraint on Sida increasing its funding for basic needs. For instance, the ministries of health and of education in many of the sub-Saharan African countries which are Sida Programme-countries were weak and then further weakened during the 1980s because of economic decline and structural adjustment. One of Sida's deputy director generals pointed to Sida's tendency to concentrate consultants and funds on projects that were not working because recipient government agencies were too weak or inefficient - but noted that Sida should let projects fail if recipient governments were not prepared to meet their responsibilities for implementation and management.

From the interviews with the staff from the three agencies, certain points emerged in regard to the donor-recipient government relationship. The first was the differences in the power of recipient governments to influence sectoral priorities. Interviewees pointed out that some governments have the knowledge and capacity to negotiate skilfully and if they are also less dependent on any particular donor, their bargaining power, including the power to influence sectoral priorities, is considerably increased. These can be contrasted with countries with the weakest governments and most reliance on development assistance and where the donors are the dominant influence on sectoral priorities. The second was the difficulty in determining the recipient government's priority in any negotiation; many interviewees, from all three agencies noted how the position of negotiating teams from recipient governments is influenced by what they perceive the agency as likely to fund. Thus, a donor agency whose explicit policy is to fund basic needs would receive many more requests from recipient governments for basic needs than an agency whose policy is unclear or oriented towards funding non-basic needs initiatives.

In considering the possibility of implementing basic needs projects, consideration must be given to the implementation capacity of local governments, since in most recipient countries, it is local governments that have most of the responsibility for providing many basic

services.⁷ Development assistance agencies would find it easier to increase the scale of commitments to basic needs projects if there were effective counterpart institutions within recipient nations who could take on most of the responsibility for project formulation, implementation and evaluation and do so working closely with the project-households and their community organizations. But many local authorities that in theory have responsibility for basic service provision are weak, ineffective and unrepresentative (UNCHS 1996, Rondinelli, Nellis and Cheema 1984, Stren 1989, Stren 1991). This is especially so in much of sub-Saharan Africa (Stren 1989, Stren 1991). Most national governments are also reluctant to allow donor agencies to work directly with local authorities. Or if a major project is to be implemented in a particular city, a special agency is set up to implement the donor funded project, independently of the municipal authorities, but this in the long term does nothing to address the structural weakness of the municipal authorities. This is one reason why a greater priority has been given by various donor agencies to building the capacity and competence of local authorities - and the World Bank was one of the first to do so and has the largest programme of any donor in this field (Satterthwaite 1997b). The development of stronger, more competent and more representative local governments within recipient nations would remove a major constraint on increasing development assistance flows to many forms of basic needs. However, as noted already, many donor agencies find it difficult to strengthen 'institutional capacity' since again their main expertise and experience is in project funding. In addition, although strengthening 'institutional capacity' may be seen as a technical issue, any shift in power and resource allocations to local authorities is also intensely political. The acquisition by city and municipal authorities of the capacity and power to invest in, maintain or oversee the provision of water supply, sanitation, drainage, garbage collection and health care will involve major political change in most nations in the South - and powerful and well-organized vested interests are likely to oppose such changes.

7.6 Agencies addressing the institutional constraints on supporting basic needs projects

This thesis has suggested that the low priority that development assistance agencies allocate to basic needs can be partly explained by the difficulty that they have in getting basic needs initiatives implemented. This can be seen in two aspects. The first is their reliance on recipient governments to implement basic needs provision, so a recipient government with weak or ineffective institutions to provide primary education or health care or water, sanitation or community development would limit any agency's capacity to support basic needs provision. The second is that their choice of alternative implementors is limited because, as official development assistance agencies, they have to obtain the approval of recipient governments to use alternative implementors. In addition, most alternative

⁷ See for instance Chapter 5 in UNCHS 1996.

implementors are small and unable to manage large capital sums. If this suggestion is correct, and if it is these constraints on implementation that are a major factor in the low priority given to basic needs, one would expect each development assistance agency to have sought ways to address these problems.

As Chapters 4 to 6 make clear, the World Bank, UNICEF and Sida have all taken steps to address these problems. The first of these is seen in measures to strengthen the capacity of recipient governments to themselves design and implement projects. The second is to strengthen the agency's offices within recipient countries. The third is the wider use of alternative implementors and a wider range of such implementors - including not only NGOs and community based organizations within countries but also quasi-independent public institutions, Private Voluntary Organizations or other international agencies and, on occasion, private enterprises. There is also a fourth response, which usually represents a combination of the above two. Here, the donor agency becomes a funding 'wholesaler' providing funds to other (generally governmental) institutions that implement projects. One final measure, widely used in UNICEF and in Sida, is simply to hide the high staff costs needed to run projects in the accounting procedures used to report on expenditures. More details of each of these are given below.

All three agencies have sought to enhance the capacity of recipient governments to implement basic needs projects or programmes. As Chapter 4 described, the World Bank has shifted from funding basic needs 'projects' to funding national and municipal institutions that provide basic services and with a stronger emphasis on capacity building. The Bank's increased support for the private sector can also be seen, in part, as a way of getting round the weak implementation capacity of governments. Social funds can also be seen as another way of channelling funding to local implementors in ways that bypass recipient government agencies or ministries that are considered inefficient or ineffective. One of the World Bank staff interviewed pointed out that the Bank recognized that development agencies must work with good NGOs and community based organizations but that the Bank cannot do so and thus it is seeking to support changes that allow more space for this to happen - for instance decentralization and making municipalities more accountable and stronger financially. The Bank also provided loans specifically for funding institutional strengthening. The World Bank also helped to set up and support The Urban Management Programme which is jointly run with UNDP and UNCHS (Habitat) and which seeks to strengthen the capacity of municipal authorities (UNCHS 1996). But Chapter 4 also noted that the World Bank faced difficulties in strengthening institutions within recipient countries. Support for improving the effectiveness of recipient country institutions can be staff intensive - as was stressed by those interviewed at the World Bank in regard to institutional strengthening for education and for

water supply. For community based rural water supply, the Bank was having to seek funding from other agencies to cover the fact that it was too staff intensive to permit much Bank funding. Several interviewees at the Bank also commented how the Bank lacked the expertise in building institutional capacity as opposed to funding capital projects. In addition, recipient governments are often reluctant to take on non-concessional loans for institution building.

Sida has also given a greater emphasis to strengthening the capacity of recipient governments. One example is the fact that it set up a new Division for Public Administration and Management in 1991 whose responsibility is "the development of institutions and for organizational development in central and local government administrations..." (Sida 1993, page 2). This was later renamed the Department of Democracy and Social Development. In addition, within its support for housing and urban projects in Latin America is a considerable emphasis in capacity building and training - as can be seen in its support for a training section in ICAP in Costa Rica and its funding for the FICONG Programme. Sida has also been strengthening its development cooperation offices within recipient countries as one response to achieving better project management - and this was also a need suggested by one of the World Bank staff, during interviews.

Sida and UNICEF, along with many other development assistance agencies, have come to channel considerable amounts of funding through project implementors other than recipient government agencies - for instance allocating more funding to basic needs projects implemented by community organizations, non-government organizations and private voluntary organizations. In part, this is because of their dissatisfaction with the performance of the national government institutions with whom they previously worked. However, most such funding is through PVOs or other international agencies and these face some of the same constraints that official agencies face in supporting basic needs initiatives, including the need to keep down staff costs. Chapter 6 described the rapid increase in the proportion of Sida funding channelled through PVOs - up to around 20 percent of total Sida disbursements by 1990. Sida also channelled considerable sums through UNICEF (more than 5 percent of Sida's budget went through UNICEF in 1990/91). The possibilities for official development assistance agencies to work with alternative implementing institutions within recipient countries rather than PVOs or other international agencies is limited by the fact that support for such alternative implementors must be formally approved by the recipient government. One exception to this is social funds which were first developed by the World Bank but to which many bilateral agencies contribute funding. These are seen as ways of funding a multiplicity of social initiatives including relatively cheap initiatives and local NGO initiatives without high staff costs and management costs for the donor agencies, because responsibility for managing the design and implementation of 'projects' is passed to these funds. However,

social funds are generally managed by an agency of the recipient government and their effectiveness depends on the effectiveness of local institutions to implement basic needs initiatives. In addition, there is also the possibility that social funds will further weaken the capacity of recipient governments to fund and manage health care and education systems.

One final 'solution' to the demand that staff costs be kept down is to find ways of funding staff costs without reporting them as staff costs or to draw on outside funding. Examples were given in earlier chapters of practices to do so in each agency. In Sida, this included the use of consultants to develop and manage projects with the staff costs of these consultants not being counted as staff costs but as part of the cost of country programmes. In UNICEF, this centred on the classification of staff-time spent on projects or other initiatives as part of the cost of the project or the initiative, rather than as part of a separate 'staff' cost and this explains why UNICEF have been able to keep the proportion of their funds allocated to 'staff costs' so low in their annual report. There are also mechanisms within the World Bank for drawing in other funding to cover staff costs - for instance through work undertaken by its staff on, for instance, capacity building and on poverty assessments (and the data collection and analysis on which they depended) being funded by trust funds or co-financing from other donors and so avoiding the need for such costs to be charged to particular loans.

7.7 Final Reflections

This chapter has suggested that there is a considerable range of factors which constrain the priority that official development assistance agencies can allocate to basic needs projects. It has also suggested that many of the most powerful influences relate to structural factors within the agency. Figure 7.2 summarises some of the characteristics of basic needs projects that have been noted in this chapter and contrasts them with project characteristics that the institutional structure of development assistance agencies tend to favour. It helps explain why agencies tend to favour large, easily supervised projects. In addition, the fact that most development assistance agencies have a relatively small proportion of their staff based in recipient nations and that these staff have relatively small decision making powers makes it difficult to design projects which mesh with the local context and local processes. In this, UNICEF is an exception.

Figure 7.2: The Most Important Aid Project Characteristics from Two Different Viewpoints

CHARACTERISTICS OF MANY SUCCESSFUL BASIC NEEDS PROJECTS	PROJECT CHARACTERISTICS WHICH MAKE IMPLEMENTATION EASY FOR EXTERNAL FUNDING AGENCY
Small scale and requiring relatively modest capital sums	Large scale with high capital costs
Multi-sectoral - addressing multiple needs of poorer groups	Single sector
Implementation over many years - less of a project and more of a longer term continuous process to improve housing and living conditions	Rapid implementation (internal evaluations of staff performance in funding agencies often based on the volume of funding supervised)
Substantial involvement of local people (and usually their own community organizations) in project design and implementation	Project largely designed by agency staff (usually in offices in Europe or North America) or by consultants from funding agency's own nation
Project implemented collaboratively with beneficiaries, their local government and certain national agencies	Project implemented by one construction company or government agency
High ratio of staff costs to total project cost	Low ratio of staff costs to total project cost
In many basic needs projects, a considerable proportion of the costs are recurrent costs (including staff and supplies)	No recurrent costs
Difficult to evaluate using conventional cost-benefit analysis	Easy to evaluate using conventional cost-benefit analysis
Little or no direct import of goods or services from abroad	(For bilateral agencies with a high proportion of tied aid) High degree of import of goods or services from funding agency's own nation

SOURCE: Developed from Hardoy and Satterthwaite 1988 and subsequently published in Hardoy, Mitlin and Satterthwaite 1992.

This chapter has also pointed to the increased use by official development assistance agencies of alternative implementors, including Third World NGOs and community based organizations, but also to the constraints that development assistance agencies faced in expanding support to these. Perhaps the most dramatic illustration of these constraints is their difficulty in funding cheap projects. In theory, cheap projects that provide basic services for large numbers of people with low capital costs and with cost recovery fit well with the overall goals of development assistance agencies. The low costs mean that more people can be reached, with any given sum. Cost recovery can lower still further the need for external funding; various case studies have shown how water supplies and sanitation can be

improved with costs fully recovered through user charges, if capital costs are kept down.⁸ However, the difficulties that development assistance agencies face in funding small projects has been described at length already. In addition, the savings in capital costs and the mechanisms for cost recovery are generally achieved by careful management and a strong liaison with community based organizations and this often means that successful low cost projects are relatively staff intensive for donor agencies. In theory, official donor agencies may like a large number of small, inexpensive, basic needs projects that also generate cost recovery but in practice they lack the institutional structure to support them. They can only fund these, if they can find an intermediary institution able to manage the funding for them.

It could be argued that for many donor agencies, there are very limited possibilities for changing their institutional structure to allow them to greatly increase their support for small, cheap, basic needs initiatives and instead, they should concentrate on what their structure is suited to. There is still an important role for long-term finance for major infrastructure projects or for large scale housing finance or municipal finance systems that will certainly help improve and extend basic service provision, as long as the recipient government is accountable to their citizens for choices made, funding obtained and the design and implementation of projects or programmes. In this instance, donors would increase the support given to nations with democratic structures at national and local level and competent local authorities or agencies that are able to improve the quality, scope and coverage of basic service provision. Of course, this would have to include a strong focus on ensuring such provision could be sustained, given the past experience with many donor-funded initiatives which government agencies were not able or willing to sustain.

There is also the possibility of donor agencies channelling more funding through intermediary institutions located in recipient countries where the donor agency acts as a wholesaler, and the local fund as the retailer as it is able to rapidly disburse relatively small amounts of funding to a great range and diversity of initiatives. The donor's main task it then to supervise the operation of the fund, rather than develop and manage projects. This would have the potential to overcome many of the constraints described here. There are some examples of this in operation - for instance in the operation of some of the social funds that have been supported by the World Bank and various other multilateral and bilateral donors or, on a smaller scale, the Local Initiative Fund for the Environment set up by the United Nations Development Programme which also receives funding from several bilateral donors. However, the decentralization of decision-making about which projects should receive

⁸ See for instance the UNICEF funded water supply project in El Mesquital in Guatemala City (Espinosa and Lopez Rivera 1994) and the sewers installed in Orangi, Pakistan (Hasan 1989, Khan 1991).

funding away from the donor agencies to local funds is likely to discourage a wider use of this concept. The author was involved in developing the idea of such decentralized funds located within recipient countries at the request of the European Commission's Directorate-General for Development in 1995 and despite the strong support for this from within the Directorate, the idea was not implemented, mostly because of the opposition from country office directors who would have less influence in determining what European Union funding was spent on.

The fact that certain Third World governments have set up funding agencies to channel support to community-based initiatives, most of them basic needs initiatives, might encourage more donor support for these. One example is the Urban Community Development Office that is funded by the Thai government with no donor assistance that within three years of its formation had provided loans totalling some \$13.6 million benefitting some 140 communities with around 11,500 families (ACHR/HIC 1994, UNCHS 1996). Another example is the National Fund for Low-Income Housing (FONHAPO) in Mexico, although once set up, this received World Bank support (ACHR/HIC 1994, Ortiz 1998). The stress on partnerships between municipal authorities, local NGOs and community organizations can make the idea of funds located within recipient countries to support basic needs provision more attractive to international donors. So too can the fact that many basic services can be provided with low per capita costs and with considerable success in obtaining cost recovery from beneficiaries. However, these are only likely to receive donor support, as long as donors do not have to manage many small, low-cost projects, implement the cost recovery mechanisms and manage the funds recovered by such means. It implies that development assistance must give more thought to how to develop the kinds of institutions within recipient countries that are able to design, implement and manage effective and financially sustainable basic needs programmes. As the discussion in this thesis has stressed, where possible, these should be located within recipient governments with democratic checks and balances ensuring that they are accountable to low income (and other) citizens. But as staff at Sida, UNICEF and the World Bank have recognized, this is not possible in many countries and it is often innovative projects or programmes implemented by local voluntary agencies or community organizations that provide a model for more effective ways of ensuring basic needs are met. Examples of Sida and UNICEF funding for such initiatives were given earlier. These can also provide precedents on which larger, government supported and donor supported initiatives can draw. The World Bank is increasingly recognizing this, as is shown by the major funding it provided to a basic urban services programme in Guatemala City that originally started with very modest funding from UNICEF and some Private Voluntary Organizations (Espinosa and López Rivera 1994). The need for the Bank to persuade other donors to fund community-based and NGO-based innovation in basic service provision in the hope that this may catalyze

changed approaches by governments which then provide more scope for World Bank funding to support them is also recognized (Kessides 1997). However, all three agencies on which this thesis has concentrated have long had innovative proposals for improving basic needs provision suggested by their staff members to which some funding can be steered but which wider institutional constraints prevent becoming priorities.

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ANNEXES

ANNEX 1: Coding for the quantitative analysis of basic needs

As noted in Chapter 3, basic needs projects are disaggregated into five categories:

1. Shelter
2. Water and Sanitation
3. Primary Health Care
4. Basic Education
5. Other Community Level Initiatives

For the quantitative analysis of basic needs for Sida and for the World Bank, each 'basic needs' project was classified within one of the following project types.

PROJECT CATEGORY	PROJECT TYPE	SORT CODE
Shelter	Upgrading slums & upgrading squatter settlements	111
Shelter	Serviced sites	112
Shelter	Combination of serviced sites, upgrading and/or other items	113
Shelter	Core or low cost housing	114
Shelter	Building materials (housing)	115
Shelter	Reconstruction after disaster	116
Shelter	Housing finance	117
Shelter	Public housing	118
Shelter	Multi-component shelter project or other kind of shelter-related project	119
Water/waste disposal	Water supply	121
Water/waste disposal	Sanitation (all forms of excreta disposal)	122
Water/waste disposal	Drainage (housing sites)	123
Water/waste disposal	Garbage collection	124
Water/waste disposal	Combination of water supply, sanitation, drainage and garbage collection	125
Primary Health Care	Health care facilities	131
Primary Health Care	Immunization	132
Primary Health Care	Health education	133
Primary Health Care	Nutrition	134
Primary Health Care	Family Planning	135
Primary Health Care	Health care & family planning	136
Primary Health Care	Control of specific diseases	137
Primary Health Care	Other	139
Basic Education	Primary education	141
Basic Education	Basic education	142
Basic Education	Primary or basic education & other educational components	143
Basic Education	Other related to primary or basic education/literacy	149
Other Community-Level Initiatives	Integrated community development	151
Other Community-Level Initiatives	Socially oriented employment schemes	152
Other Community-Level Initiatives	Electrification	153
Other Community-Level Initiatives	Social funds and other services to mitigate adjustment costs	154
Other Community-Level Initiatives	Other	159

A more detailed description of each project type is necessary, to allow each project to be classified.

BASIC EDUCATION - OTHER **SORT CODE: 149**

These include all education projects or programmes other than primary education designed to provide basic education or literacy skills. These include literacy programmes, community learning centres and non-formal education programmes

BUILDING MATERIALS (HOUSING) **SORT CODE: 115**

Projects to produce building materials, fixtures or fittings at local level specifically for housing construction/improvement - eg artisanal brickmaking, carpenters, roofing tile fabrication etc. Larger scale building material production not specifically oriented to housing (eg cement factories) are not included.

CORE HOUSING **SORT CODE: 114**

Projects where participants receive a site with services and a core unit already constructed - for instance one room plus a sanitary core with piped water and a WC. Known under various names including core housing, starter housing....

DRAINAGE (Housing sites) **SORT CODE: 123**

Covers investments in drainage in or for residential areas; drainage projects to benefit whole cities are not included within basic needs but under urban infrastructure.

ELECTRIFICATION (Housing) **SORT CODE: 153**

These include only electrification schemes providing new connections for households.

EMPLOYMENT (Community level) **SORT CODE: 152**

This includes all projects to provide or increase employment specifically aimed at low income groups or at job creation within low income areas. They might include a public works scheme within a poor area to improve infrastructure and services, designed to provide employment or a project to support small scale enterprises within specified low income areas.

FAMILY PLANNING **SORT CODE: 135**

If this is to set up or expand family planning services, it is included under 'Basic Needs - Primary Health Care'

FINANCE (Housing) **SORT CODE: 117**

Development assistance for institutions which provide mortgages/loans/credits for house construction, purchase, upgrading or extension; includes development assistance to informal institutions such as housing cooperatives or community based savings and loan associations

GARBAGE SERVICES/RECYCLING **SORT CODE: 124**

These include only actions to provide or improve services in residential areas. Development assistance to urban governments to increase their capacity - for instance by providing them with new equipment for garbage collection or handling - is not included.

HEALTH CARE FACILITIES **SORT CODE: 131**

This covers health related actions at the level of providing health care or health prevention services directly; investments in hospitals and medical equipment are not included, unless explicitly part of/ a primary health care system

HEALTH EDUCATION **SORT CODE: 133**

This covers education programmes which are part of primary health care or health prevention services directly; development assistance for hospitals and medical equipment are not included unless part of a primary health care package

- HOUSING RESETTLEMENT** **SORT CODE: 119**
Housing projects for people being resettled in a new location - for instance for squatters evicted from their original homes
- IMMUNIZATION** **SORT CODE: 132**
This covers immunization programmes which are part of primary health care or health prevention services.
- INTEGRATED COMMUNITY DEVELOPMENT** **SORT CODE: 151**
To cover projects with many different sectoral inputs with none of them as the major focus - eg a project providing water supply, sanitation, health care and drainage to low income settlements as an integrated package would be included here. A project which was mainly oriented to one of these, but had other components, would be classified under the heading of the main component.
- LAND FOR HOUSING OR UNSERVICED SITES** **SORT CODE: 119**
The preparation of land sites for housing but with no provision of infrastructure and services. Includes both specific projects and longer term municipal or national government programmes. May include drainage.
- LOW COST HOUSING** **SORT CODE: 114**
Public housing projects with an explicit focus on seeking to reach lower income groups (even if they did not succeed in doing so, when implemented or allocated); virtually always include water supply, sanitation and drainage
- NUTRITION** **SORT CODE: 134**
Only nutrition programmes targeted to benefiting those with inadequate diets are included; these are often a component of a larger project.
- PRIMARY EDUCATION** **SORT CODE: 141**
Programme associated with the direct improvement or expansion of primary education - whether in terms of school building or improvement or in terms of text book supply, curriculum reform etc. Does not include teachers training for primary schools. Projects combining primary schools and other educational components are included in Sort Category 143.
- PRIMARY HEALTH CARE - OTHER** **SORT CODE: 139**
Any project which provides some component of a primary health care system not specified above
- RECONSTRUCTION (Housing)** **SORT CODE: 116**
To cover all forms of shelter rehabilitation or reconstruction after an earthquake, flood, war or other form of disaster; usually includes rehabilitation and reconstruction of basic infrastructure and services too so water and sanitation component is very common
- SANITATION** **SORT CODE: 122**
Covers all forms of investment to remove faecal matter from the living environment
- SERVICED SITES** **SORT CODE: 112**
Projects which provide a land site with basic services on which beneficiaries build (or organize the building of) a house; projects always include water supply of some kind and usually some provision for sanitation and drainage. Some serviced site projects also include core housing units as well as serviced sites
- SERVICED SITES AND UPGRADING** **SORT CODE: 113**
Projects which combine upgrading of existing housing and new housing sites developed - often to rehouse some of those displaced by upgrading. Projects virtually always include water supply and sanitation and often drainage

UPGRADING (Slums)**SORT CODE: 111**

Investments to improve housing and living conditions and infrastructure and services in what governments or agencies refer to as 'slums' - which are often inner city areas with a high proportion of tenements and cheap boarding/rooming houses

UPGRADING (Squatter settlements)**SORT CODE: 111**

Investments to improve housing and living conditions and infrastructure and services in what governments or agencies refer to as squatter settlements; these may include settlements where land occupation is not illegal - eg illegal subdivisions or quasi legal or legal subdivisions. All include improved water supply while most include some provision/improvement of sanitation

WATER SUPPLY (Housing)**SORT CODE: 121**

Covers investments to improve quality and quantity of water supply in residential areas and increasing the number of households served. Projects to improve supply for an entire urban area or for an industry would not be included here but under urban infrastructure

WATER SUPPLY AND SANITATION (Housing)**SORT CODE: 123**

Project which combines both water supply and sanitation to improve services for households

ANNEX 2: The Questions Asked At The Three Agencies

2.1: THE QUESTIONS USED FOR INTERVIEWS AT THE WORLD BANK

EXPERIENCE WITH BASIC NEEDS PROJECTS

Explain - particular interest in drawing on the experience of the more innovative aid agencies in implementing basic needs projects.

1. Main focus for project type within your sector (and why)
2. Among the different kinds of interventions IBRD supports in ... , which consistently result in the most positive evaluations?
 - (2.1 Why)
3. Are there important interventions in your sector that you have found it particularly difficult to implement?
4. Many agencies have found basic services projects such as health care clinics, or water supplies have high recurrent costs and need constant support to keep them going. Has this proved a constraint on support for these?
 - (4.1 How have you sought to get round this)
 - (4.2 Most aid agencies find basic needs projects difficult to fund because they demand such a large input of staff time, relative to the scale of the project; is how does IBRD get round this problem?)
5. How do you see IBRD support for basic needs projects developing in the future

NEGOTIATION PROCESS BETWEEN IBRD AND RECIPIENT GOVERNMENTS

6. IBRD's Guidelines for project support are very clear on the process by which a project is designed, developed, implemented and evaluated. But within this process, what are the key influences on which sectors receive priority - and, for instance, on the priority that your sector receives?
7. Have present conditions (eg debt crisis, economic slump) changed the nature of requests from the governments?
 - (7.1 How?)
8. Is there an internal discussion within IBRD about sectoral priorities prior to negotiation with recipient governments?
 - (8.1 Country ceilings set by HQ before negotiation begins?
 - (8.2 Do country officers have clear instructions in regard to priorities for funding to guide them in this negotiation?
 - (8.3 Who sets them)

9. In your experience, which are the most serious problems in regard to recipient government's capacity to define, develop and implement projects?

10. What has IBRD's experience been working with local governments? It is often said that the weakness of local governments and their lack of trained personnel is a major constraint?

11. Has IBRD found it easy to work with or through local NGOs

(11.1 What are the main constraints on a closer collaboration with local NGOs?)

(11.2 Any particular kind of NGO which has proved especially easy to work with)

(11.3. Do recipient governments object to IBRD working with local NGOs?)

12. Can you see in the future a continuing growth in the use by IBRD of intermediary institutions to channel funds to basic needs - eg municipal banks, housing banks, local NGOs etc.

HOW SECTORAL PRIORITIES ARE DETERMINED

13. Within the discussion within IBRD, who takes the dominant role in defining sectoral priorities

(13.1 - how does this discussion evolve)

14 Does IBRD's Governing Board have much influence on determining sectoral priorities.

15. Does the US government have any influence on sectoral priorities

16. What has the influence been of NGOs in recent years on IBRD's sectoral priorities

EVALUATION

17. What are the key criteria for IBRD in evaluating projects

18. What criteria are used generally to evaluate IBRD staff performance within country offices?

19. Looking to the future, what might produce a substantial increase in funding in Third World nations for water, sanitation, mother and child centres, nutrition supplements etc

20. Any other comments about IBRD's experience with the implementation of basic needs projects or about needed changes in the orientation of aid agencies generally?

WHO ELSE TO INTERVIEW IN IBRD:

Professional training and work experience prior to joining IBRD:

2.2: THE QUESTIONS USED FOR INTERVIEWS AT UNICEF

UNICEF's UNIQUENESS

1. What are the particular characteristics which make UNICEF so atypical within the UN system and compared to development assistance agencies in general?
2. How and why did these characteristics arise?

SECTORAL PRIORITIES AND HOW THEY ARE DETERMINED

3. UNICEF has stated its priorities in *Strategies for Children in the 1990s*. what was the process by which agreement was reached within UNICEF on these priorities?
4. Within this discussion of priorities, who took the dominant role ie the Executive Directors Office, the Country Offices, the Programme Group in New York?
5. Within individual country programmes, what are the key influences on sectoral priorities?
 - 5.1 How influential on country programme sectoral priorities are the availability of funds raised outside regular country programme funding
 - 5.2 How influential on country programme sectoral priorities is the relative strength of different departments within HQ?

RELATIVE WEIGHT GIVEN TO DIFFERENT MODES OF INTERVENTION

6. It is possible to divide interventions to meet basic needs into two. The first are those which can be done relatively rapidly with a technical intervention which is well designed and implemented - eg child immunization. The second is what UNICEF calls the area based approach - more complicated and time consuming because it involves negotiation with the recipients, working together on intervention, building institutional capacity to deliver a service (eg water supply, mother and child clinics....

What have the changes been in recent years in the relative priority given to these two different modes of intervention

- (6.1 why?
- 6.2 How)

7. Within UNICEF, certain professionals or divisions favour one mode over the other - who is associated with the different modes?
8. Modes of intervention such as child immunization lend themselves to target setting and the monitoring of progress - has this been one reason for the high priority in recent years to child immunization?
9. Among the various different kinds of interventions UNICEF supports within low income communities, which consistently result in the most positive evaluations?

- (9.1 Why)

10. Are there important interventions for mother and child health that UNICEF has found it difficult to implement or catalyze?)

11. Why

INFLUENCE OF EXTERNAL FACTORS ON SECTORAL PRIORITIES

12. Does the Executive Board have much influence on UNICEF priorities?

13. What is the influence of certain donor governments who have sought to promote certain types of programme within UNICEF through providing supplementary funding (or funding for noting projects)

14. Have the western PVOs or the environmental lobbies and other pressure groups influenced the agency's sectoral priorities?

(14.1 In what way)

INFLUENCE OF RECIPIENT GOVERNMENTS

15. Among the countries which UNICEF supports - can you give me examples of those which have been most responsive to the UNICEF type goals and approaches?

15.1 Why?

16. Have present conditions (eg debt crisis, economic slump) changed the nature of requests from TW governments?

16.1 How?

17. To allow me to understand better the negotiation between a UNICEF country office and a recipient governments, can you explain the way this negotiation proceeds?

(17.1 Country ceilings set by HQ before negotiation begins?)

(17.2 Do country officers have clear instructions in regard to priorities for funding to guide them in this negotiation?)

(17.3 Who sets them)

18. Which is the department or ministry within the recipient government that is the most influential in this negotiation?

18.1. Does this influence the priorities for UNICEF actions

(18.2 - does UNICEF always approach the same ministry in recipient nations?)

COUNTRY PROGRAMMES

19. Within country programmes, what determines the balance between area programmes and national level programmes

20. Within country programmes, what determines the balance between UNICEF'S catalytic role and the role of funding direct action?

21. Within country programmes, what determines the balance between the quick technical interventions ion reducing child mortality and the more long term, more complicated and

probably more difficult to implement area based programme approach?

22. Many agencies have found basic services projects such as health care clinics, or water supplies have high recurrent costs and need constant support to keep them going; has this proved a problem for UNICEF?

22.1 How has UNICEF sought to get round this

22.2 Are there problems of sustaining momentum in innovative UNICEF projects, once UNICEF involvement has finished?

(22.3 Special problems with institution building)

23. Most aid agencies find basic needs projects difficult to fund because they demand such a large input of staff time, relative to the scale of the project; is how does UNICEF get round this problem?

24. What criteria are used by HQ to evaluate country programmes

(Prompt - how much money they spend successfully (a key criterion for many aid agencies)

- the increase in Immunization coverage
- the scale of their collaboration with other development assistance agencies
- the scale of their collaboration with local institutions (NGOs, local governments,)

25. What criteria are used generally to evaluate UNICEF staff performance within country offices?

(Prompt - what messages do they get from HQ statements?)

UNICEF PARTNERS

26. To what extent do UNICEF country programmes work with other development assistance agencies

27. Has UNICEF generally had a positive experience working with other development assistance agencies?

27.1 Why

27.2 In theory UNICEF could greatly increase the impact of its work if it worked in partnership with other agencies with large budgets. In practice, is this possible?

(27.3 do you foresee a trend towards more such partnerships?)

(27.4 why?)

28. What has UNICEF's experience been working with local governments? It is often said that the weakness of local governments and their lack of trained personnel is a major constraint?

29. Has UNICEF found it easy to work with or through local NGOs

(29.1 What are the main constraints on a closer collaboration with local NGOs?)

(29.2 Any particular kind of NGO which has proved especially easy to work with)

- (29.3. Do recipient governments object to UNICEF working with local NGOs?)
30. Can you see in the future a growing importance for UNICEF to work with and through intermediary institutions to channel funds to basic needs - eg local banks, local NGOs etc.
31. How would you see UNICEF implementing this work with intermediary institutions?)
32. Looking to the future, what might produce a substantial increase in funding in Third World nations for water, sanitation, mother and child centres, nutrition supplements etc
33. How does UNICEF deal with the problem of work in nations where there is an elitist, non representative government?
34. Are there reforms within Third World governments that you would see as particularly important to improve performance on meeting basic needs and improving child health?
35. Any other comments about UNICEF's experience with the implementation of basic needs projects or about needed changes in the orientation of aid agencies generally?
36. Historically, political pressures within nations have produced the changes in government policies which have meant a better deal for children and for poor people in general. How do you see UNICEF'S role in working with and possibly encouraging this political process
- (Final question - on professional training and work experience of interviewee prior to joining UNICEF)

2.3: THE QUESTIONS USED FOR INTERVIEWS AT SIDA

SIDA EXPERIENCE WITH BASIC NEEDS PROJECTS

Explain - particular interest in drawing on the experience of the more innovative aid agencies in implementing basic needs projects.

- 1. Main focus for project type within your sector (and why)**
- 2. Among the different kinds of interventions SIDA supports in ... , which consistently result in the most positive evaluations?**

(2.1 Why)

- 3. Are there important interventions in that you have found it particularly difficult to implement?**

4. Many agencies have found basic services projects such as health care clinics, or water supplies have high recurrent costs and need constant support to keep them going. This is a problem noted in various SIDA publications too. Has this proved a problem?

(4.1 How have you sought to get round this)

(4.2 Most aid agencies find basic needs projects difficult to fund because they demand such a large input of staff time, relative to the scale of the project; is how does SIDA get round this problem?)

- 5. How do you see SIDA support for (your sector) developing in the future**

NEGOTIATION PROCESS BETWEEN SIDA AND RECIPIENT GOVERNMENTS

6. SIDA's Guidelines for project support are very clear on the process by which a project is designed, developed, implemented and evaluated. But within this process, what are the key influences on which sectors receive priority - and, for instance, on the priority that your sector receives?

7. Have present conditions (eg debt crisis, economic slump) changed the nature of requests from the governments?

(7.1 How?)

8. Is there an internal discussion within SIDA about sectoral priorities prior to negotiation with recipient governments?

(8.1 Country ceilings set by HQ before negotiation begins?)

(8.2 Do country officers have clear instructions in regard to priorities for funding to guide them in this negotiation?

(8.3 Who sets them)

9. In your experience, which are the most serious problems in regard to recipient government's capacity to define, develop and implement projects?

10. What has SIDA's experience been working with local governments? It is often said that

the weakness of local governments and their lack of trained personnel is a major constraint?

11. Has SIDA found it easy to work with or through local NGOs

(11.1 What are the main constraints on a closer collaboration with local NGOs?)

(11.2 Any particular kind of NGO which has proved especially easy to work with)

(11.3. Do recipient governments object to SIDA working with local NGOs?)

12. Can you see in the future a growing importance for SIDA to work with and through intermediary institutions to channel funds to basic needs - eg local banks, local NGOs etc.

HOW SECTORAL PRIORITIES ARE DETERMINED

13. Within the discussion within SIDA, who takes the dominant role in defining sectoral priorities in future aid allocations

- country programmes/recipient government
- Headquarters
- regional development departments
- sector departments
- director general and planning secretariat

(13.1 - how does this discussion evolve)

14 Does SIDA's Board of Directors have much influence on determining sectoral priorities.

15. Does the Swedish political system - either the Foreign Office or Parliament - have much influence on sectoral priorities

16. What has the influence been of Swedish NGOs in recent years on SIDA's sectoral priorities

(16.1 Swedish environment lobby)

EVALUATION

17. What are the key criteria for SIDA in evaluating country programmes

18. What criteria are used generally to evaluate SIDA staff performance within country offices?

19. Looking to the future, what might produce a substantial increase in funding in Third World nations for water, sanitation, mother and child centres, nutrition supplements etc

20. Any other comments about SIDA's experience with the implementation of basic needs projects or about needed changes in the orientation of aid agencies generally?

WHO ELSE TO INTERVIEW IN SIDA:

Professional training and work experience prior to joining SIDA:

ANNEX 3: The persons interviewed

NB The positions and departments or divisions given are those at the time of the interview

3.1 List of persons interviewed at the World Bank

INTERVIEWEE	OFFICE	DEPARTMENT	DIVISION/JOB
Bartone, Carl	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (advisor on environment)
Bernstein, Janis	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (land)
Berthout, Alain	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development
Bhatnagar, Bhuvan	Personnel and Administration	External Affairs	International Economic Relations
Buckley, Bob	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (economist, housing)
Campbell, Tim	Latin America and Caribbean	LAC Technical	Infrastructure and Energy
Cohen, Michael	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (division chief)
Cuenco, Kim	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (researcher)
de Ferranti, David	Africa	Southern Africa	Operations (population and human resources)
Farvaque, Catherine	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (land)
Ford, Fitz	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (Urban Management Programme)
Garn, Mike	Sector and Operations Policy	Infrastructure and Urban Development	Water and Sanitation (economist)
Grey, David	Africa	Technical Department	Infrastructure (water supply)
Grimes, Orville	Africa	South Central and Indian Ocean	Infrastructure
Harth, Alberto	Africa	Occidental and Central Africa	Infrastructure (division chief)
Keare, Douglas	Middle East and North Africa	Middle East	Operations (Population and Human Resources)
Listorti, Jim	Sector and Operations Policy	Environment	Consultant
Lockheed, Marlaine	Sector and Operations Policy	Population and human resources	Education and employment
Makonnen, Rosa	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (consultant)
Marshall, Katherine	Africa	Sahelian Department	Department chief
Mayo, Steve	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (economist)

Moser, Caroline	Sector and Operations Policy	Infrastructure and Urban Development	Urban Development (social advisor)
Persuad, Thakoor	Latin America and Caribbean	Technical	Infrastructure and Energy
Redwood, John	Office of the President	Operations Evaluation	Infrastructure and Energy
Silva, Mauricio	Development Economics	Economic Development Institute	Infrastructure and Urban Development
Thalwitz, Margret	Europe and the Soviet Union	East Europe	Infrastructure Operations
Vetter, David	Latin America and Caribbean	Country Department IV	Infrastructure and Energy
Warford, Jeremy	Sector and Operations Policy	Environment	Office of the Director
Yenny, Jacques	East and North Africa	Country Department 1	Infrastructure Operations

3.2: List of people interviewed at UNICEF

INTERVIEWEE	POSITION
Bosnjak, Ms. Vesna	Senior Advisor, Urban Basic Services, Programme Division
Bustelo, Dr. Eduardo	Director, UNICEF-Argentina
Carlson, Beverley	Senior Project Officer, Monitoring of Human Condition, Programme Division,
Cavalis, Maria	Division of Personnel - Recruitment and Staff Development
Delahaye, Peter	Programme Division (Africa) and formerly UNICEF country representative in Togo.
Gibbons, Elizabeth	Programme Information and Management, Programme Division (formerly Asia Section and Francophone UNICEF office, Nairobi and UNICEF Zimbabwe)
Jabr, Ibrahim	Senior Programme Officer, Evaluations Office
Jolly, Dr. Richard	Deputy Executive Director, Executive Director's office.
Leach, Valerie	Tanzania Country Office
Ledogar, Robert	Senior Planning Officer, Planning Office
Menom, Nazar	Chief, Area Based Programme Section, Kenya Country Office
Namazi, Baquer	UNICEF Representative, Kenya Country Programme
Padmini, R.	Senior Advisor, Urban Basic Services, Programme Division
Rialp, Victoria	Programme Officer, Urban Basic Services and formerly UNICEF Planning Officer in the Philippines and in Brazil.
Shubert, Clarence	Urban Basic Services, Programme Division and formerly with UNICEF Regional Office in Bangkok.
Sohby, Samir	Deputy Director, Programme Funding Office
van der Hoeven, Rolph	Senior Planning Officer, Planning Office
Young, Lily	Chief, Programme Statistics, Programme Division
Also consulted	
de la Barra, Ximena	Senior Urban Advisor (from 1996)
Bajracharya, Deepak	Head, Environment - and later transferred to UNICEF-Bangladesh

Cousins, William	Main promoter of urban basic services in India
Beyer, Martin	Formerly with water and sanitation
Palac, Ted	Desk officer for Pakistan and India (in 1996)
Chai, Xiaolin	Projects Officer, UNICEF, Asia Section; in charge of Philippines (1996)

3.3: List of people interviewed at the Swedish International Development Cooperation Agency

INTERVIEWEE	SECTION AND DIVISION	DEPARTMENT	OTHER RELEVANT INFORMATION
1. People with whom detailed interviews were carried out			
Mona Johanson	Water supply; Infrastructure	Sector	
Goran Tannerfeldt	Infrastructure (Deputy Director)	Sector	Has been responsible for developing SIDA's new approaches to low income housing projects in Latin America
Lennart Wohlgemuth	Head of Sector Dept	Sector	
Inge Guerremo	Agriculture	Sector	
Stefan Dahlgren	Evaluations	Planning Secretariat	
Johanna Palmberg	Agriculture	Sector	Zambia - Development Cooperation Office
Karl Anders Larrson	Tanzania	Region II	
Johan Brisman	Head of Asia	Region III	Former head of Infrastructure Dept
Karin Isaksson		Women in Development Sector	Working in Senegal on soil conservation
Ingemar Gustafsson	Education (Head)		
Clas Olsson		Planning Secretariat	
Gunilla Olsson		Planning Secretariat	
Harmut Schmetzer	Construction section; Infrastructure	Sector	
Sven Ake Svensson	Roads section; Infrastructure	Sector	Country officer for Guinea Bissau
Johan Holmberg	Deputy Director of SAREC		Former head of Regional Dept II and worked for many years for SIDA in Mozambique
Staffan Uddehold	Consultant working on Vietnam	Region III	
2. People with whom a more limited range of questions were addressed			
Eivor Halkjaer	Head for Latin America	Region III	Head of Regional Dept IV after Asia and Latin America were split
Erik Nordberg			
Bertil Egero			Former staff member of SIDA
Elisabeth Eklund	Human Rights and Democracy	Planning Secretariat	
Hallgerd Dyrssen	Public Administration		
Ingvar Andersson	Water and Sanitation; Infrastructure	Sector	
Jan Bjerninger	Infrastructure (head)	Sector	
Minna Toivanen	Infrastructure	Sector	
Mats Segnestam	Advisor on Environment	Planning Secretariat	

Annex 4: Sectoral priorities of IBRD and IDA separately by year

The figures presented for the Bank's annual commitments are disaggregated into the following types or categories; the tables themselves on list the project number. The first five categories are basic needs projects and more detailed descriptions of each are given in Annex 1.

Shelter

- 111 Upgrading slums & upgrading squatter settlements
- 112 Serviced sites
- 113 Combination of serviced sites, upgrading and/or other items

- 114 Core or low cost housing
- 115 Building materials (housing)
- 116 Reconstruction after disaster
- 117 Housing finance
- 118 Public housing
- 119 Multi-component shelter project or other kind of shelter-related project

Water, sanitation and garbage collection

- 121 Water supply
- 122 Sanitation (all forms of excreta disposal)
- 123 Drainage (housing sites)
- 124 Garbage collection
- 125 Combination of water supply, sanitation, drainage and garbage collection

Primary health care

- 131 Health care facilities
- 132 Immunization
- 133 Health education
- 134 Nutrition
- 135 Family Planning
- 136 Health care & family planning
- 137 Control of specific diseases
- 139 Other

Basic/primary education

- 141 Primary education
- 142 Basic education
- 143 Primary or basic education & other educational components
- 144 Other related to primary or basic education/literacy

Integrated community development and other

- 151 Integrated community development
- 152 Employment
- 153 Electrification
- 154 Social funds and other services to mitigate adjustment costs

159 Other

Urban infrastructure

- 211 Airports
- 212 Drainage (city-wide)
- 213 Electrification (city-wide) or electric power (city-specific)
- 214 Ports
- 215 Markets
- 216 Industrial estates
- 217 Water/waste disposal - city wide investments, sewage/waste water treatment or consultancy services for water
- 218 Roads and bridges (intra-urban)
- 219 Other

Urban services

- 221 Secondary schools, higher education & vocational training
- 222 Hospitals, hospital equipment and family planning
- 223 Public transport
- 224 City-wide solid waste management/garbage disposal
- 225 Air and water pollution control
- 226 Employment programmes (city-wide)
- 229 Other

Urban tourism

- 231 Hotels
- 232 General urban infrastructure for tourism
- 239 Other

Urban Management

- 241 Cadastral surveys
- 242 Institution building
- 243 Training
- 244 Research
- 245 Local government finance
- 246 Urban planning
- 247 Traffic management
- 249 Other

Natural resources and building materials for cities

- 251 Cement factories
- 252 Other building materials (city-wide)
- 253 Gas production and/or distribution
- 259 Other

Integrated urban development

- 261 Integrated Urban Development
- 262 Reconstruction (after disaster)

- 300 Agriculture & Rural Development

- 400 Transportation - Other

Industry

- 510 Development Finance Companies
- 520 Small Scale Enterprise
- 530 Industry (Other Than Building Materials)

Energy and mining

- 610 Electricity Generation and Transmission (Except 213, 153)
- 620 Oil, Gas and Coal
- 630 Energy - Other
- 640 Mining

Non-project

- 700 Non-project - Other
- 710 Non Project - Structural Adjustment
- 720 Non-project - Imports
- 730 Non-project - Other/economic Reform
- 740 Governance/public sector management

- 800 Telecommunications

- 900 Education - Other Including Broad Sector Reforms
- 905 Health - Other Including Broad Sector Reforms

- 910 Technical Assistance

- 920 Loans to Non Third World Nations
- 930 Electrification (That is not basic needs)
- 950 Other

WORLD BANK: IBRD Commitments to different project categories in US\$ millions constant (1990)

	70	71	72	73	74	75	76	77	78	79	1970-79
111						46			15	88	149
112					38	59				161	257
113						58	116	103	113		389
119							152		31		183
121		337	128	442	255	33	152	186	105	501	2,140
122				82	30		47		423	46	627
124						58					58
125	60	6	32	25	91	126	113	273	43	340	1,107
131						58			47		105
134								26			26
135										29	29
136		9		59			15	10			93
141					43			16			59
142						18	24				42
143		58	51			54	9	118	28	91	408
151								106	63	117	286
153										73	73
211			193	8	63	29	43	51		117	504
213	24	184	19	55		235	273	233	460	214	1,696
214	117	244	143	331	521	55	187	437	31	179	2,245
216					5				37		42
217		25				64		3	3	15	111
218				44	49		56				149
219										47	47
221	130	108	156	316	133	116	390	326	321	333	2,329
222	6							50			56
223					134			51	196	28	408
225		46									46
229							41				41
231		31	105		73	71	45	165	94	115	699
251						184	230	91			505
261										121	121
262								54	94		148
300	522	408	359	1,169	1,501	2,392	2,316	2,916	3,066	2,109	16,757
400	1,419	1,039	987	789	1,141	1,479	1,926	1,104	1,339	1,852	13,076
510	552	652	601	736	600	886	1,324	1,379	1,530	826	9,085
530	0	98	999		505	1,279	661	1,118	404	1,007	6,069
610	1,580	949	1,046	424	1,880	561	1,036	1,195	1,093	1,315	11,079
620										142	142
700			58			0	0	0	0	0	58
720	0	245	117	82		449	162	203	56	521	1,835
800	90	320	241	433	168	221	128	284	288	190	2,364
900				63	114		108		4		289
910					40		28		21		89
920	598	1,028	505	574	729	1,419	1,200	1,174	1,547	1,492	10,265
950	323	17									339
ALL	5,420	5,805	5,740	5,631	8,113	9,949	10,780	11,670	11,451	12,067	86,626

IBRD Commitments to different project categories in US\$ millions constant (1990) - continued

	80	81	82	83	84	85	86	87	88	89	1980-89
111	49		175		49		64				337
112			34								34
113	188	52		130	13	34	175	64	65		721
114		30	48								78
116							117				117
117				78			321	312	599	374	1,685
118		129				96					225
119	55						175	24	174	209	637
121	103	162	99	16	559	428	248	61		218	1,895
122	99		119	60	37						316
124							29				29
125	485	455	267	703	62	319	353	599	510		3,753
131			18	79	71	16	126	26		197	533
136	103	18			14	75					209
137									119	103	222
139										29	29
141			68	44		32		5		222	371
142		144			103						247
143	66	55	61		50		42				274
149									9		9
151	109	83		58	53		62		32	21	419
153	118	52		40							210
211		83									83
212			22								22
213	711	143	245		564		200	1,077	114	68	3,122
214	252	67	211	190	406	346	364	93	201	183	2,314
217	8	5		32	5		82	196	24	292	645
218						64					64
219								58	76		133
221	439	339	342	271	214	362	290	82	307	59	2,705
222						102		11			113
223	251	129			61			368	163	78	1,051
225	9							57			66
231		144									144
242				21	140	11	56	192		134	553
243				39							39
245				21	50	8	46			83	208
246			11	12							23
247									33		33
251							234		105		338
252					124						124
261	118	235	149	96	140	33		328	392	152	1,645
262					50		474				524
300	1,925	2,842	2,547	2,651	2,373	2,673	4,396	2,090	3,087	2,062	26,645
400	910	896	1,467	1,636	2,247	1,725	935	1,148	1,995	761	13,720
510	1,157	1,051	1,205	1,457	600	607	1,530	2,338	1,101	2,320	13,366
520	351	226	308	670	743	664	309	459	537	610	4,878
530	552	683	1,190	670	571	615	505	296	1,871	1,793	8,746
610	1,648	1,467	1,280	1,769	2,029	2,456	2,557	2,158	1,965	2,563	19,891
620	519	810	837	1,272	820	1,265	249	685	354	459	7,268
700	47	26			0			1,540	545	1,357	3,514
710	395	975	1,339	1,168	1,277	162	584	487	567	1,453	8,406
720	0	132	0	0	0	360	0		0		492
800	104		457		207	72	29	350	39	55	1,314
900			108	32	206	223	369	110	363	256	1,666
905										12	12
910		71	34	33	18	53	61	17	17	14	318
920	1,298	1,141	907	1,216	1,002	828	415	832	725	661	9,026
930			411							352	763
ALL	12,070	12,644	13,959	14,463	14,858	13,631	15,399	16,063	16,089	17,148	146,325

IBRD Commitments to different project categories in US\$ millions constant (1990) - continued

	90	91	92	93	94	95	96	1990-96
111		59						59
112				119				119
113			37					37
114	16							16
117	431	96	421					948
119				182		239		421
121	157	246			422	290		1,115
122				24		40	439	503
124						48		48
125	258	529	276	212	98	174	208	1,755
131	371	35		342	45	31	452	1,275
133					143			143
134					89			89
135				6	30			37
136	10	125				92		227
137				86		6	21	113
139	122	293			20	177		612
141		14	434	193	878	127		1,647
142		236	105	73	7	88	186	695
143				165				165
149	90	192	65			115		463
151					400	681		1,081
153		110	85			346		541
154	22	29		18	27		67	162
159		10				435	43	487
212			72					72
213	98	192	37	99			107	534
214		215	66	137	36	27		480
217	200			223	312	232	107	1,074
218					134		74	208
219		144		137	134	24		439
221	372	553	612	451	250	440	259	2,937
222		87	25	109			342	564
223			118	299	89	266	55	828
224					178			178
225	22	119	37	752		124	162	1,217
229		83						83
231				123				123
232					18			18
241			31					31
242	292	176	64		9	400		941
243		20						20
245				163				163
251	300	54	77					432
253		81						81
261		435			328	265	122	1,150
262		240		574		44	43	902
300	1,795	1,743	2,322	1,270	1,471	735	860	10,196
400	1,805	666	1,448	1,887	1,391	1,060	1,297	9,554
510	685	1,024	750	394	0	0	0	2,853
520	50	160	0	0		0	0	210
530	316	1,497	384	228	7	152	40	2,623
610	2,651	553	2,523	1,809	1,220	1,071	2,132	11,958
620	86	1,102	578	205	308	223	17	2,519
640					12		26	38
700	1,610	447	0	1,408	27	70	72	3,634
710	390	447	1,235	228	45	304	299	2,947
720	0	0	0	0	0	0	0	0
730					725	2,003	519	3,247
740	480	612	304	341	286	493	536	3,051
800	592		351	213	241	283	30	1,709
900	0	202	0	0	157	308	349	1,016
905	0	0	0		0	14	337	351
910	96	84	65	76		0	0	321
920	1,864	2,853	1,654	2,900	3,060	3,221	3,077	18,628
950					100	5	229	334
ALL	15,180	15,762	14,178	15,446	12,695	14,654	12,505	100,420

WORLD BANK: IDA Commitments to different project categories in US\$ millions constant (1990)

	70	71	72	73	74	75	76	77	78	79	1970-79
111									15		15
112			23			32					56
113					8	20		12	96		135
116				55							55
121	34	9		41	26		47	33	24	52	265
125	11			175	35	39	144	45	29	575	1,053
131					30						30
135			39								39
136					13			10		167	190
141						37			43		80
143				8		53	54	57	63	25	259
149				37	10	3					49
151					88			49	163	21	321
153							123				123
211				7	13		19				39
213	48		117			12	22			19	218
214	38	5	27	92	46		36	63	62	41	409
216				11	47				19		77
217									4	15	18
219										35	35
221	89	122	137	214	35	131	111	102	50	407	1,399
222		15	62			35			62		173
223					18						18
231			41		40		22			80	184
246			7								7
300	729	698	914	1,197	780	1,465	906	1,358	2,518	1,629	12,195
400	428	234	928	347	505	398	500	286	266	759	4,651
510	81		101	115	91	79	139	52	132	83	873
520	10										10
530	97		88	174	229	288	227	32	51	210	1,395
610	65	339	49	404	34	53	416	338	462	814	2,974
620										52	52
700		77			40	0	9	0	0	0	126
720	242		365	535	552	749	758	182	141	181	3,705
800	54	278	11	247	104	237	11		127		1,069
900				55	2						57
910	28	12	12	11	13		41	31	17	51	216
ALL	1,954	1,788	2,919	3,726	2,761	3,630	3,585	2,649	4,344	5,217	32,572

IDA Commitments to different project categories in US\$ millions constant (1990) - continued

	80	81	82	83	84	85	86	87	88	89	1980-89
111									98		98
112			34								34
113		60		74	15	172					321
119						18			50		68
121	52	93	50	86	14	143	11	46	49	33	577
122				29							29
125	239	52		94		34	91	319		130	1,050
131			31	38	214		76	11	46		416
134	51									28	79
136	73			23		32	163	12	113	5	422
137										8	8
139									21	74	95
141	63			29	16	126		185	27	46	491
142	22								5		27
143		118	7	46	24	174	44		34	8	456
149								14		43	56
151	33		34		16		82		22		187
152									12	10	22
153							106	29			135
154								11	29	23	64
159										28	28
213		17	10	58		27					112
214	4	52	124	144	9	32	35	44	54	75	574
217			5	25	9	13	12	18		68	150
219										63	63
221	41	331	126	221	32	12	250	12	54	285	1,364
222				14	4	4	56		32		110
223	88										88
229										9	9
242					21	26	15		11	88	161
251			7	19							19
252											7
259		13					7	51			72
261				219	14		105	164	480	22	1,005
262	35									78	113
300	2,776	1,934	1,214	1,704	1,743	1,632	1,179	1,063	1,702	1,486	16,433
400	374	359	194	528	430	294	251	636	518	648	4,231
510	118	101	183	78	250	71	145	105	243	140	1,434
520	60	103	71		93	9	12	18	22		387
530	46	588	66	87	64	11	75	8	176	119	1,239
610	1,276	41	934	252	479	68	319	152	108	443	4,070
620	203	137	62	92	143	165	21	93	69	10	994
700	0	7				56		142	289	306	799
710	87	55	108	195	163	117	129	311	409	453	2,026
720	296	258	230	143	274	60	363	268	0		1,892
800	103	473	78	74		74	30	31		113	976
900		88		30	180	195		91	108	87	778
905										118	118
910	21	117	64	35	150	71	91	101	77	103	829
950								11			11
ALL	6,060	4,998	3,630	4,339	4,445	3,635	3,669	3,946	4,860	5,148	44,730

IDA Commitments to different project categories in US\$ millions constant (1990) - continued

	90	91	92	93	94	95	96	1990-96
113		3						3
119						65		65
121	82	75	125	109	16			407
122							21	21
125	91	365	218	190	28	190	108	1,190
131	48	92	215	315	124		193	989
132							85	85
134	96			6		68		169
135	35	19				57	15	125
136	99	290	89		141	215		833
137			225	136	150	69		580
139	63	123	11		37	116	94	443
141	394	233	24	257	99	434	467	1,908
142		12		201		180	49	442
143			122	65	16			203
149			45	7		52	20	124
151	75		64		210	95	108	553
152		19	64	20	10	26		139
154	81	179	140	534		35	458	1,428
159	7	87		46	12			152
211	8							8
212				57				57
213		14	20				34	68
214	37		14	11				62
217	80			95	38	73	21	307
218			56	69	16	43	98	284
219	15		189		42	9		254
221	563	337	356	333	47		70	1,706
222		75	45	42			299	462
223				18				18
225		30				22		52
226		6						6
229						13		13
242	92	86	22	21	37			259
245			10					10
249						9		9
261	81	47		124	50	86		387
262	40			91	219			350
300	1,662	1,725	1,280	1,117	1,492	1,249	1,179	9,704
400	491	454	445	435	1,008	34	314	3,180
510	303	151	209	0	0	0	0	663
520	158	43	0	0	0	0	0	201
530	145	177	380	366	243	49	19	1,379
610	220	135	194	474	0	365	216	1,604
620	0	154	108	41	166	105	110	684
640						22	9	31
700	0	104	74	136	292	15	34	655
710	444	744	1,113	362	728	474	482	4,347
720	0	0	0	0	0	0	0	0
730					90	25	107	222
740	46	5	72	30	132	169	740	1,193
800	25	67	51	81				224
900	0	126	0		245	43	69	484
905	0	0			0	49	0	49
910	45	73	108	270		0	0	496
920	0	0	38	95	172	474	406	1,186
950					15		41	57
ALL	5,522	6,051	6,127	6,160	5,875	4,930	5,866	40,531

Annex 5: A list of all independent countries which received funding commitments from Sida between 1970 and 1995 with figures for annual commitments in US\$ constant (1990).

	70	71	72	73	74	75	76	77	78	79	1970-79
AFGHANISTAN	0.3	1.8	1.8	10.2	1.8	0.0	0.2	0.6	0.0	0.0	16.7
ALGERIA	0.3	0.0	0.0	0.5	0.0	0.0	2.6	0.0	0.8	2.4	6.6
ANGOLA	0.0	0.0	0.0	0.0	0.0	0.0	26.9	0.0	37.4	38.7	102.9
BANGLADESH	0.0	18.7	24.2	64.8	58.7	58.3	49.8	49.8	67.6	98.8	490.7
BOTSWANA	0.3	1.5	28.3	10.7	25.2	24.0	21.9	24.1	57.8	2.9	196.8
BRAZIL	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
BURUNDI	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	1.0
CAPE VERDE	0.0	0.0	0.0	0.0	0.0	4.6	8.0	15.8	4.7	16.9	50.0
CHILE			14.6	0.3	3.8	0.0	0.0	0.0			18.7
CHINA	0.0	0.0							0.0	0.3	0.3
COLOMBIA				0.3							0.3
CONGO	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
COSTA RICA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4
CUBA	4.2	1.5	28.3	52.7	4.5	33.2	19.9	43.0	1.1	0.5	189.0
CYPRUS	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0			0.3
EAST AFRICA COMMUNITY			15.8	0.0	0.8	17.0	11.3	8.1	10.9	0.0	63.8
ECUADOR	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
EGYPT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	1.2	2.0
ETHIOPIA	53.2	16.8	2.6	14.6	15.6	39.4	34.9	35.3	53.5	32.3	298.2
GUINEA	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
GUINEA-BISSAU	0.0	0.0	0.0	0.0	0.0	29.7	19.9	9.1	44.5	0.3	103.6
INDIA	0.0	92.1	171.1	111.5	22.9	141.2	117.2	116.1	345.4	234.1	1351.6
IRAN	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
IRAQ									0.4	0.2	0.5
JAMAICA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.9	1.2
KENYA	26.1	27.9	38.8	73.0	103.4	32.7	31.6	72.7	63.5	76.5	546.2
KOREA	12.3	1.2									13.5
LAOS	0.0	0.0	0.0	0.0	0.0	5.5	10.8	17.2	33.2	18.1	84.9
LEBANON	0.0	0.0	0.0	0.0	0.0	1.6	0.9	1.4	0.0	0.0	3.9
LESOTHO	6.5	0.6	0.6	0.0	8.1	2.1	0.0	9.1	2.8	0.9	30.6
LIBERIA	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3
MADAGASCAR	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	1.5
MALAYSIA	0.0	1.5	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	3.5
MOZAMBIQUE	0.0	0.0	0.0	0.0	0.0	20.0	68.9	103.1	17.8	119.5	329.4
MYANMAR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NICARAGUA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	10.0
NIGER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NIGERIA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.5	0.9
PAKISTAN	42.9	27.9	1.2	11.3	5.8	16.8	10.4	13.8	11.3	32.3	173.5
PERU	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.6
PHILIPPINES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RWANDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
SAO TOME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	1.2	2.0
SOMALIA	0.0	0.0	0.0	0.0	0.0	19.3	8.4	6.9	0.8	0.0	35.4
SRI LANKA	1.3	5.2	4.1	9.6	21.4	29.5	28.6	63.2	4.7	36.4	204.0
SUDAN	9.4	0.0	0.0	0.0	0.0	5.5	1.5	1.4	21.6	0.2	39.6
SWAZILAND	6.5	0.6	7.6	0.0	3.0	3.5	0.6	5.5	1.5	0.0	28.8
TANZANIA	45.8	29.4	36.5	66.4	152.3	159.8	125.8	368.0	135.6	321.0	1440.6
TUNISIA	38.7	14.4	9.6	37.9	63.3	20.0	19.9	18.0	13.3	22.6	257.8
TURKEY	6.5	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	10.9
UNALLOCATED - LDCs	148.4	4.0	15.2	22.2	68.8	0.0	0.0	0.0	0.0	0.0	258.6
UNALLOCATED - OTHER	41.6	10.7	15.8	20.0	27.0	25.3	11.7	20.7	24.8	1.2	198.8
VIET NAM	0.0	49.6	2.6	131.8	491.8	200.6	161.6	325.6	20.3	161.9	1545.9
YUGOSLAVIA, STATES OF EX-											1.2
ZAIRE	0.0	0.6	0.0	3.3	0.0	0.0	0.0	0.0	0.0	0.0	3.9
ZAMBIA	2.6	3.1	9.9	39.5	13.6	27.6	29.9	67.9	10.9	117.2	322.3
ZIMBABWE	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
ALL	447.4	315.6	428.9	683.7	1092.0	917.3	824.8	1397.0	988.5	1351.0	8446.2

A list of all independent countries which received funding commitments from Sida between 1970 and 1995 with figures for annual commitments in US\$ constant (1990) - continued

	80	81	82	83	84	85	86	87	88	89	1980-89
AFGHANISTAN				0.6	1.0	1.8	3.3	6.1	16.0	17.4	46.3
ALGERIA	1.7	1.7	1.6	1.4	1.7	2.3	12.3	19.5	17.7	3.7	63.6
ANGOLA	60.8	29.1	22.3	17.8	21.6	16.6	17.3	27.2	35.6	38.1	286.4
ARGENTINA				0.1	1.6	1.1	0.4	0.3	0.8	0.8	5.1
BANGLADESH	4.4	39.9	33.2	25.2	22.1	20.8	26.3	47.3	18.9	24.3	262.4
BOLIVIA		0.1		3.6	0.5	0.7	0.6	0.1	0.4	9.1	15.2
BOTSWANA	48.5	19.8	17.3	16.4	13.6	12.7	19.0	16.1	23.0	18.6	204.9
BRAZIL				0.1	0.1				0.2	0.4	0.9
BURKINA FASO	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.0	0.5	0.0	1.3
CAMBODIA/KAMPUCHEA	10.4	6.2	4.9	2.7	4.1	1.4	2.7	2.4	0.9	3.2	38.9
CAMEROON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
CAPE VERDE	26.2	0.0	0.0	0.0	9.5	7.3	6.1	8.9	12.5	8.7	79.2
CHAD	0.0	0.1	0.0	0.0	0.5	0.2	0.1	0.3	0.0	0.0	1.3
CHILE		0.1	0.4	0.3	3.1	2.5					6.4
CHINA		1.7	0.3	3.5	1.4	12.8	7.5	9.6	31.9	41.1	109.9
COLOMBIA						0.1	0.6	0.2	0.5		1.5
COSTA RICA					0.6	0.6	0.7	5.9	6.1	6.7	20.6
CUBA	1.3	0.6	0.3	0.5	2.7	0.6	2.7	4.6	4.4	2.8	20.5
DJIBOUTI	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
DOMINICAN R	6.2		2.2		0.6	1.2	0.9	0.6	1.2	0.3	13.2
EAST AFRICA COMMUNITY	0.0	2.9	6.5	4.3							13.6
ECUADOR			0.1	0.1	0.4	0.2	0.2	0.9	1.1	0.9	4.0
EGYPT	0.0	0.6	0.9	1.0	1.6	2.3	0.6	3.5	1.7	0.5	12.8
EL SALVADOR		3.9	2.8		4.6	6.6	0.9	0.3	0.4	0.6	20.3
ETHIOPIA	33.3	30.1	23.8	24.9	26.6	25.3	41.1	39.7	58.0	33.5	336.5
GABON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GAMBIA	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.4	0.2	1.2
GHANA	0.0	0.1	0.0	0.3	0.0	0.0	0.0	0.0	0.4	7.1	7.9
GUATEMALA			0.3	0.5	2.6	1.1		0.2		0.1	4.8
GUINEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2
GUINEA-BISSAU	44.2	16.8	13.0	11.0	11.8	9.8	13.0	16.4	16.1	11.2	163.4
GUYANA										1.0	1.0
HAITI							0.1	0.2	0.3	0.4	1.1
HONDURAS			0.4								0.4
INDIA	8.1	95.4	76.1	61.2	53.6	69.5	94.4	49.4	61.5	211.9	781.0
IRAN				1.3		0.7	0.1	0.9	2.0	1.6	6.6
IRAQ		0.3	0.1								0.4
ISRAEL		0.3									0.7
JAMAICA	3.8	1.9	1.9		0.4			0.8	2.4	0.2	11.3
JORDAN						0.7			2.8	3.3	7.9
KENYA	0.0	32.2	30.1	22.2	36.3	18.5	16.9	30.3	29.8	30.8	247.1
LAOS	37.3	15.6	12.0	10.4	9.5	9.2	10.6	14.8	21.8	11.7	153.0
LEBANON		0.4	8.6	1.3	0.6	1.3	0.2	1.0	2.1	1.1	16.8
LESOTHO	11.2	4.3	4.6	5.5	10.9	14.2	7.8	9.2	7.1	8.9	83.6
LIBERIA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
MADAGASCAR	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.2
MALAWI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.1	0.0	0.4
MALAYSIA						0.4		4.2	2.5	0.8	7.9
MALI	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0	1.5
MAURITIUS	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	1.1	0.0	1.3
MEXICO			0.3		0.6	2.4	2.8	0.1	0.1		6.3
MOROCCO	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	6.4	6.5
MOZAMBIQUE	19.7	63.2	61.1	46.5	45.9	42.5	80.5	63.1	89.9	103.7	616.0
MYANMAR		0.7							0.4	0.1	1.3
NEPAL					0.2						0.2
NICARAGUA	11.5	16.9	18.2	19.2	19.5	15.2	20.4	29.0	46.5	67.8	264.5
NIGER	0.0	0.0	0.0	0.3	0.4	0.1	0.0	0.0	0.0	0.0	0.8
NIGERIA	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.6
PAKISTAN	18.2	10.0	5.9	1.2	1.5	1.6	1.2	4.9	4.4	10.9	59.6
PANAMA					0.1				0.1		0.2
PARAGUAY					0.4	0.8					1.2
PERU			0.1	0.5	0.6	1.0	0.8	1.1	0.7	0.4	5.3
PHILIPPINES					0.2	0.1	0.5	3.8	2.8	0.4	7.9
PORTUGAL	0.0	1.1	0.4	0.1	0.1	0.0	0.0	0.0	0.0	0.0	1.8
RWANDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.4	0.0	1.1
SENEGAL	0.0	0.0	0.0	0.8	0.0	0.7	0.0	0.0	0.8	0.0	2.3
SEYCHELLES	0.0	0.0	0.3	0.0	0.4	0.0	0.4	0.0	0.1	0.0	1.1
SIERRA LEONE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
SOMALIA	21.0	11.6	1.5	0.9	1.2	1.0	1.2	1.9	2.5	1.6	44.4
SRI LANKA	75.5	32.7	33.5	52.7	40.9	39.5	28.0	22.5	7.7	6.4	339.5
SUDAN	1.9	4.7	2.8	2.5	2.2	2.9	1.8	2.5	3.3	4.7	29.3
SWAZILAND	0.0	1.4	2.2	3.1	1.5	0.5	2.9	0.3	0.0	0.0	11.9
TANZANIA	26.2	118.7	105.5	79.0	69.0	70.3	124.3	59.4	109.2	93.4	855.1
THAILAND					0.4			1.4	1.3	0.8	3.9

	80	81	82	83	84	85	86	87	88	89	1980-89
TUNISIA	0.0	1.3	1.1	0.6	3.1	0.6	4.9	1.1	3.4	0.1	16.3
TURKEY	18.6	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	19.2
UGANDA	4.1	3.4	1.2	0.0	0.6	0.0	2.2	4.5	6.9	17.0	40.0
UNALLOCATED - LDCs	175.9	-77.1	72.8	69.6	124.3	116.8	120.7	158.9	252.4	259.7	1274.2
UNALLOCATED - OTHER	0.0	74.6	65.8	58.4	47.1	50.2	79.3	100.3	128.2	154.8	758.8
URUGUAY			0.1		0.5	1.8	0.5	0.7	1.6	0.9	6.2
VIET NAM	274.4	104.1	75.3	65.8	55.3	43.0	74.8	44.4	59.3	35.3	831.6
YEMEN				1.0					6.0	0.6	7.7
YEMEN DEMOCRATIC				0.3	0.2						0.5
ZAMBIA	7.4	41.1	40.4	29.6	28.4	28.2	51.9	28.8	39.0	37.7	332.4
ZIMBABWE	11.5	23.3	25.5	26.2	26.9	17.6	24.4	37.2	25.6	23.3	241.6
ALL	963.7	736.2	778.1	675.7	717.2	679.7	910.4	891.8	1176.2	1325.5	8854.5

A list of all independent countries which received funding commitments from Sida between 1970 and 1995 with figures for annual commitments in US\$ constant (1990) - continued

	90	91	92	93	94	95	1990-95
ALBANIA	0.0	0.0	0.0	1.2	0.1	0.0	1.3
ALGERIA	17.0	0.4	0.1	0.1	0.0	0.0	17.6
ANGOLA	31.3	31.8	32.9	18.8	12.7	12.2	139.8
ARGENTINA	0.2	0.3	0.1	0.2	0.0	0.0	0.8
BANGLADESH	23.7	23.1	22.9	14.0	14.4	15.2	113.4
BELARUS	0.0	0.0	0.0	0.0	0.1	1.0	1.1
BHUTAN	0.2	0.3	0.4	0.0	0.3	0.0	1.1
BOLIVIA	5.3	4.0	9.3	0.4	1.9	1.3	22.1
BOTSWANA	16.5	15.1	15.1	8.3	7.8	7.3	70.1
BULGARIA							0.2
CAMBODIA/KAMPUCHEA	0.0	0.0	0.0	2.0	0.0	4.9	6.9
CAPE VERDE	11.5	11.5	12.4	2.4	3.7	2.2	43.8
CHILE	0.0	0.3	1.3	10.4	1.4	0.3	13.7
CHINA	34.1	33.6	63.6	13.0	21.7	14.3	180.3
COSTA RICA	2.7	1.3	3.7	1.8	4.6	0.3	14.6
CUBA	3.0	0.7	0.0	0.0	0.0	0.0	3.7
CZECH REPUBLIC	0.0	0.0	0.0	0.0	0.2	0.3	0.4
DOMINICAN R	0.6	0.4	0.5	2.1	0.6	0.1	4.3
ECUADOR	1.2	4.8	1.3	2.2	3.9	0.1	13.5
EGYPT	1.3	1.2	2.5	2.4	7.0	0.0	14.3
EL SALVADOR			0.0	0.4	0.0		0.4
ERITREA						3.0	3.0
ESTONIA					18.9	4.6	23.5
ETHIOPIA	24.5	27.5	20.1	30.4	28.1	21.1	151.8
GHANA	0.5	0.3	3.0	0.0	0.0	3.8	7.6
GUINEA-BISSAU	14.4	14.9	14.5	5.3	2.6	2.2	53.8
INDIA	65.9	63.7	68.0	56.2	39.0	36.9	329.7
INDONESIA					0.2		0.2
IRAQ			4.4				4.4
JAMAICA	1.8	0.1	0.7	0.7	1.1	0.0	4.4
JORDAN	0.2	0.2	0.3	0.5	1.3	0.2	2.6
KENYA	24.5	22.7	20.1	12.3	10.7	8.9	99.2
LAOS	15.6	16.7	17.7	11.7	11.6	11.6	84.8
LATVIA					10.8	2.7	13.5
LESOTHO	5.9	5.6	13.4	16.1	1.8	1.9	44.7
LITHUANIA					13.1	14.1	27.2
MADAGASCAR	0.0	3.5	0.0	0.1	0.2	0.0	3.7
MALAYSIA	7.1	8.5	2.0	0.8	0.9	0.0	19.2
MALDIVES	0.0	1.2	0.0	0.0	0.0	0.0	1.2
MAURITIUS	5.9	0.2	0.3	0.2	0.0	0.0	6.6
MEXICO	0.1	0.0	0.1	0.1	0.0	0.0	0.3
MONGOLIA	0.0	0.0	0.3	1.5	0.7	0.0	2.5
MOROCCO	2.3	2.2	8.0	0.5	0.9		14.0
MOZAMBIQUE	71.0	75.6	69.6	38.8	32.6	29.8	317.5
NAMIBIA	8.4	16.7	18.8	11.5	10.6	12.4	78.5
NEPAL					0.2		0.2
NICARAGUA	42.2	53.8	45.0	31.6	24.5	16.8	213.9
PAKISTAN	1.1	7.8	18.0	1.0	1.5	3.7	33.0
PALESTINIAN ADM AREAS						7.3	7.3
PARAGUAY					0.3		0.3
PERU		4.8	0.0	0.0	0.1		4.9
PHILIPPINES	4.4	0.0	4.5	45.8	2.2	0.4	57.3
POLAND	0.0	0.0	0.0	0.0	5.9	2.7	8.6
ROMANIA					0.2		0.2
RUSSIA		0.0	0.0	0.0	9.9	5.2	15.1
SENEGAL	0.0	0.0	0.1	0.2	0.7	0.0	1.0
SLOVAK REPUBLIC					0.4		0.4
SOMALIA	0.7	0.3	4.4	0.0	0.0	0.0	5.4
SOUTH AFRICA	0.0	0.0	0.0	28.1	27.0	27.9	83.0
SRI LANKA	11.9	5.6	2.8	4.1	4.9	5.5	34.8
SUDAN	0.5	0.3		0.0	0.0	0.0	0.8
SWAZILAND	0.0	0.0	0.0	0.1	0.0	0.0	0.1
TANZANIA	92.7	90.3	89.5	53.0	42.8	33.8	402.1
THAILAND	6.6	9.5	14.0	1.9	4.2	0.1	36.3
TOGO	0.0	1.3	0.0	0.3	0.0	0.0	1.5
TRINIDAD AND TOBAGO			0.2				0.2
TUNISIA	17.1	2.2	7.0	0.9	1.2	0.0	28.5
UGANDA	0.0	13.8	17.7	9.9	13.2	11.6	66.2
UKRAINE					0.4	0.5	1.0
UNALLOCATED - LDCs	497.1	589.3	637.8	562.4	620.1	791.3	3697.9
UNALLOCATED - OTHER	144.9	131.2	128.1	57.9	71.4	70.3	603.7
URUGUAY	0.5	0.4	0.9	0.2	2.0	0.0	4.1
VIET NAM	50.7	49.7	44.2	32.2	23.5	23.7	223.9
YUGOSLAVIA, STATES OF EX-			86.6				86.6
ZAMBIA	40.6	39.8	42.9	30.1	22.5	15.8	191.8
ZIMBABWE	32.5	35.0	40.6	25.5	19.3	26.3	179.1
ALL	1340.2	1423.2	1611.7	1151.5	1164.2	1255.5	7946.2