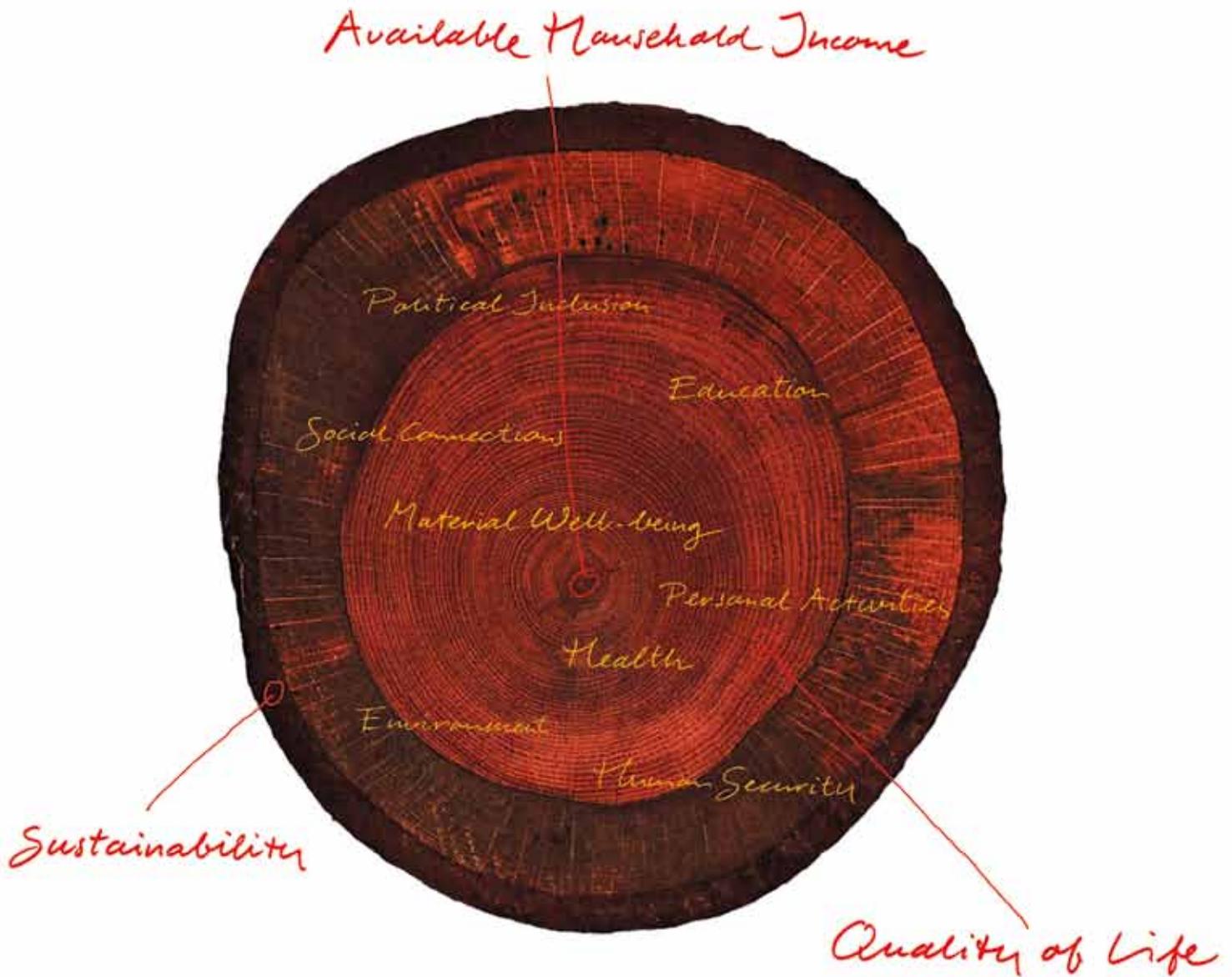


Cutting to the core

How to measure human well-being



Stories from Aidland ★ United States of America: small numbers, big story ★ Responsibility to protect ★ The virtues of ignoring GDP

3 OPINION

Back to square zero

Miriam Struyk, Jan Gruiters and Jan Pronk

4 STORIES FROM AIDLAND

This new series will illustrate and reflect on the challenges faced by those who work in the field of development assistance.

Series editor: Desmond McNeill

United in disharmony

Amy Pollard

Comment: Relationships matter

Rosalind Eyben

9 On the website

Louise Stoddard

10 COUNTRY SERIES: United States of America Small numbers, big story

The Obama administration faces the unenviable task of persuading sceptics of the need for a revamped foreign assistance policy. But is the administration's message falling on deaf ears?

Michael Soussan

14 The virtues of ignoring GDP

It is now widely recognized that GDP has many shortcomings as an indicator of social welfare. It is time for macroeconomists and policy makers finally to take action.

Jeroen van den Bergh

16 Cutting to the core

For decades, economists have been trying to supplant GDP-driven indicators with measures that take human well-being into account. But how easy is that, and how close are we?

José Eli da Veiga

20 RESEARCH HORIZONS

Responsibility to protect

Annette Jansen talks to Doris Mpoumou, first director of the International Coalition for the Responsibility to Protect.

22 BOOK REVIEW

Great expectations

Daniel Large reviews *The Dragon's Gift*, by Deborah Brautigam

23 Reports from the front line

The Broker thesis project reviews two theses that look at ways to improve HIV/Aids interventions in South Africa.

24 COLUMN

$W = 27,380 + 1.81x \dots$ or not?

Ko Colijn

The Broker, issue 19, April 2010

The Broker offers knowledge of global development issues. The Broker aims to contribute to evidence-based policy making and action by encouraging exchanges between knowledge producers and development professionals. The Broker will be a reliable source of information for all those concerned with development and globalization, especially in the fields of economics, human security, governance, and science and technology.

The Broker is published bimonthly, with an accompanying web magazine (www.thebrokeronline.eu) and email newsletter.

Editor in Chief: Frans Bieckmann, editor@thebrokeronline.eu

Research editor: Ellen Lammers

Web editor: Louise Stoddard

Editing: Valerie Jones, Mark Speer

Research: Chris van der Borgh (conflict), Janne Nijman (global justice), Willemijn Verkoren (civil society)

The Broker thesis project: Kim Brouwers, Marenne Mei Jansen

Editorial Committee: Johan van de Gronden, Erik van Heeswijk, Bram Huijsman, Mirjam Ros-Tonen, Kees Schaepman, Fons van der Velden

Production and website: Contactivity bv, Stationsweg 28, 2312 AV Leiden, the Netherlands

Layout: Anita Toebosch

Photo research: Rutger Engelhard

Cover illustration: © Rutger Post/Inbeelding, Amsterdam

Printer: Drukkerij Holland, Alphen a/d Rijn

Publisher: Stichting International Development Publications (IDP), Leiden, the Netherlands

Board of IDP: Louk Box (chair), Evelijne Bruning, Ton Dietz, Rajendra Khargi

The Broker is funded by the Netherlands Organization for Scientific Research (NWO)/WOTRO Science for Global Development.

The opinions expressed in The Broker are those of the authors and do not necessarily reflect those of its publisher or funding agencies.

Readers are welcome to reproduce materials published in The Broker provided that the source is clearly acknowledged.

ISSN 1874-2033

Issue 20 will be available in summer 2010.



THE BROKER 19 SPECIAL REPORT

Towards a global development strategy

In January 2010, the Scientific Council for Government Policy (WRR) published *Less Pretension, More Ambition*, an important report on Netherlands development aid. Over the past two months, The Broker website has hosted a debate on the report, which has attracted more than 100 contributors.

For this issue of The Broker, the special report summarizing the report and the debate (in English) has been distributed to readers in the Netherlands only. Readers outside the Netherlands who wish to receive the printed version of this 24-page special report may order it from editor@thebrokeronline.eu. The full text of the report is available online at www.thebrokeronline.eu

With this special report, The Broker is launching a follow-up debate on a new global development strategy after 2015.



Back to square zero

Miriam Struyk, Jan Gruiters and Jan Pronk

Nuclear disarmament is finally back on the agenda. The international political will to create a world free of nuclear weapons is becoming more pronounced. While some critics view President Barack Obama's call for a nuclear-free world as illusory, analysts, proliferation experts and former statesmen all consider the elimination of nuclear weapons a practical and crucial security requirement.

Twenty years after the fall of the Berlin wall, nuclear proliferation continues to threaten world peace. Yet the nature of the threat has radically changed. The world has seen the number of nuclear powers expand from five to eight – and with Iran and North Korea's ambitions there may soon be ten.

The *have nots* are becoming impatient with the *haves* not living up to their obligation to disarm. Meanwhile, terrorism has gone global and terrorists are now fiercer in their determination to obtain nuclear weapons. 'Indeed, the more nuclear weapons there are in the world, the more likely it is that the terrorists will get their hands on one', Ivo Daalder, now the US Permanent Representative to NATO, and Jan Lodal stated in their article 'The logic of zero' in *Foreign Affairs*.

In 2009, we witnessed a remarkable resurgence of the will to disarm. Obama's call for a nuclear weapons-free future was followed by similar statements by many of his colleagues. But politicians must turn those pledges into action now. The coming months will define the future of nuclear disarmament in a series of conferences. Negotiations for a new Strategic Arms Reduction Treaty (START), the Global Summit on Nuclear Security, the US Nuclear Posture Review, the 2010 Non-Proliferation Treaty (NPT) Review Conference and discussion on NATO's Strategic Concept offer major opportunities for concrete steps towards nuclear disarmament.

A relic of the past

New plans for disarmament are emerging at an almost dizzying pace. What, or who pushed the agenda? It began with an op-ed article in the *Wall Street Journal* on 4 January 2007 by four high-level US security veterans – George Shultz, William Perry, Henry Kissinger and Sam Nunn – who became known as the Gang of Four.

Their statement was important because they are no longer advocating drastic reductions alone or minimum deterrence, but instead regard *zero* nuclear weapons as the only solution. In fact, two-thirds of all living former US secretaries of state and defence and national security advisors now support this proposal. This call for *zero* sparked off new initiatives and alliances around the world.

In the Netherlands, the IKV Pax Christi peace movement reiterated its call for nuclear disarmament. Statements by other

gangs of four in Western Europe have globalized this call meanwhile. Around 200 US tactical nuclear weapons are still deployed across Europe. But experts and politicians increasingly agree that their deterrence value is a relic of the Cold War past, and not a viable means of ensuring peace in the future. Therefore, the recent German move to eliminate nuclear weapons needs international support. The timing of these kinds of initiatives is crucial. A thorough discussion on the role of nuclear deterrence within the new NATO Strategic Concept is key at this point.

Calls for an end to NATO's nuclear sharing programme illustrate the need for a shift in thinking about the role of deterrence. NATO partners, whether they host nuclear weapons or not, must demonstrate the political determination to choose for a nuclear weapons-free world and re-examine their threat perceptions. Terrorism, fragile states, climate change, access to energy – these are the problems facing NATO countries, and nuclear deterrence does nothing to solve them.

Make me do it

It is thanks to former politicians such as Henry Kissinger that disarmament is back on the table and that the global zero initiative has attained mainstream recognition. All the more reason for the peace movement to support the call for disarmament. Whether we can agree on how to *go zero* remains to be seen, but it is important that activists, academics and others actively support the call itself so we can sustain the new momentum for total disarmament.

The current process may have started from the top down, but we need a vocal, bottom-up process to make a real impact. We need to be active when progress is slow. We need to analyze and if necessary criticize developments and proposals. It is up to global civil society to assume the role of watchdog now. We need to provoke reactions from our leaders similar to that of President Roosevelt, who replied when urged by activists to implement major changes, 'I agree with you, I want to do it, now make me do it'. ■

 A longer version of this article can be found at www.thebrokeronline.eu

Miriam Struyk is team leader on security and disarmament, IKV Pax Christi, the Netherlands

Jan Gruiters is general director of IKV Pax Christi, the Netherlands

Jan Pronk is chairman of the Interchurch Peace Council (IKV), the Netherlands

Stories from Aidland



Policy makers are good at thinking up policies for all sorts of development problems. But what happens to them in the process of implementation? Why is it that some policies are successful, while others simply fail? This new series will examine the daily practice of development, focusing on specific policies and projects in order to identify the real obstacles to improving the effectiveness of aid.

The stories in this series will illustrate important challenges faced by those working in the field of development. They will be more than just anecdotes. They will be *empirically well grounded*, based on serious research, and *representative*, providing an illustration of some general issue of significance. Each story will be followed by a comment written by an independent reviewer who will seek a middle ground between uncritical optimism and negative cynicism.

With these stories and comments, *The Broker* wishes to communicate what might be called 'wisdom' – the wealth of practical knowledge and experience accumulated over the years – in order to

counter the generalizations that permeate most public and academic discussions on the effectiveness of aid.

Another aim of the series is to challenge the dominance of quantitative statistical information as the sole, authoritative source of knowledge. We hope to generate practical knowledge based on a different approach, in which 'representative stories' are treated on a par with representative samples. In place of 'evidence-based decision making', we are advocating what might be called 'insight-based decision making'. We hope that the insights contained in these stories will contribute to a better understanding of Aidland – and to ways of improving the daily practice of aid.

Readers of *The Broker* are invited to suggest relevant subjects and issues that might be explored in future stories from Aidland. For further information, please contact editor@thebrokeronline.eu or the series editor, Desmond McNeill of the Centre for Development and the Environment, University of Oslo, Norway, at desmond.mcneill@sum.uio.no

Series editor: **Desmond McNeill**, research professor at the Centre for Development and the Environment (SUM), University of Oslo, Norway.

Joint donor experiment in Indonesia

United in disharmony

Harmonizing aid seems like a straightforward, sensible thing to do. If aid programmes overlap, or if several donors are attempting to do the same thing in the same country, surely they should coordinate their efforts and work together? This self-evidently reasonable notion was a key element in the Paris Declaration on Aid Effectiveness (2005). But how easy has harmonization been in practice?

In 2005, just in time for the launch of the Paris Declaration, the UK's Department for International Development (DFID) established the Decentralization Support Facility (DSF) in Jakarta, Indonesia. This was to be an innovative experiment that would, for the first time, synthesize the decentralization programmes of multiple donors, and establish a joint office in which they would work.

From the start, the tensions between individuals and organizations ran high. For many staff it was the most difficult professional environment they had ever experienced. 'I've never seen anything like it', said one, 'people getting so angry, crying, and completely breaking down'. German participants described the office as a *haifischbecken* – a 'pool of sharks' – while World Bank staff called it a 'pit of snakes'.

This story describes some of the struggles in the first few years in the life of the facility.

The idea that development aid will be more effective if donors work together is now well established. In the Paris Declaration on Aid Effectiveness (2005), increasing harmonization was seen a key element in the effort to improve the impact of aid. The argument for harmonization is that there are too many overlaps between donors, and they would achieve better development results if they worked together to coordinate their work. Rather than donors being in competition, or simply ignoring each other, harmonized aid should 'reduce transaction costs' for recipient countries, because governments will no longer have to deal with many, often conflicting donor programmes. At least, that's the theory.

One ambitious attempt to realize the potential of harmonization is the Decentralization Support Facility (DSF), established by the UK's Department for International Development (DFID) in Jakarta, Indonesia. The facility would eventually bring together, under one roof, staff from no less than three Indonesian ministries and nine donor agencies, and integrate their support for decentralization.

Decentralization has been a dramatic, tumultuous process in Indonesia. Rolled out after the fall of Suharto in 1998, it provoked a radical transformation of almost every major institution in Indonesia – and was seen by donors as a major opportunity to promote pro-poor reform. The DSF was to be no ordinary donor office. It was not 'an organization', or a legal entity of any kind, but a radical experiment in aid design. The attempt to develop joint programmes on



By **Amy Pollard**, a policy analyst at the Catholic Agency for Overseas Development (CAFOD), London, UK.

decentralization, which would have a real impact on poverty in Indonesia, would sorely test all concerned.

Interestingly, although the initiative was intended to promote collaboration between donors by breaking down the institutional barriers between agencies, the pressure to try to harmonize their work intensified the differences between them. The Paris Declaration was founded on the hope that harmonization would make the aid system simpler. Why, then, did relationships at the DSF become so complex?

Conflicting interests

The most common explanation of this apparent paradox was that it was all about ‘interests’. Each organization and individual was seen to have their own incentives and disincentives, which structured their motivations and actions. The way these interests were understood – or misunderstood – by others had a critical impact on how the relationships within the DSF developed.

One important set of interests concerned the different financial positions of the various agencies. The bilateral donor partners (Germany, the Netherlands and the UK) had access to grant funds, which were more flexible than the loan funds of multilaterals like the Asian Development Bank (ADB), the UN Development Programme (UNDP) and the World Bank. There was competition between UNDP and the World Bank to access the DSF trust fund set up by DFID, and this led to increasing mistrust. When UNDP staff complained that the World Bank had too much control in the DSF’s governance structure, for example, this was seen as motivated by their own interest in accessing the fund. When money was allocated to the World Bank, UNDP raised

concerns that the system for allocating funds had set up a conflict of interests in favour of the Bank. While the UNDP complaint was ostensibly about ‘process’, it was interpreted by others as financially motivated sour grapes.

Interests were seen not only as financial, but also bound up with the different strategies the agencies used to solve problems.

UNDP was often perceived to have a particular interest in ‘process’. One afternoon I interviewed the head of a World Bank programme in Indonesia. I asked

him about how he went about solving problems in multi-donor work, and he offered to show me. He called a senior colleague at UNDP, and put the call on speaker-phone. It was a convivial call with someone he knew well, but the two agencies were in the midst of a dispute over a joint project. Each subtly defended their own staff and discussed how to resolve the issue. As he spoke, he switched between documents on his screen, working a carefully formulated text on his position into the flow of conversation. As he listened, he even answered the odd email.

When he hung up, he asked me what I thought was interesting about what I had heard. I said it was his slick combination of reading, emailing, speaking and listening – he said I wasn’t supposed to notice that. The interesting thing, he thought, was that his UNDP colleague had said they should decide who would send out invitations for an upcoming meeting. ‘You see – process – that was her solution’. His previous experience with UNDP had sensitized him to any action that could be interpreted as springing from this ‘UNDP approach’. He was able to speak fluently and precisely because he had anticipated the issues and had key prompting documents open and ready. He had expected a ‘UN approach’, and perhaps interpreted her responses in a different way than he would have done had she worked for another agency. In this, we can see how the kind of interests that actors anticipate in others may influence the kinds of interests they perceive.

Meanwhile, World Bank staff were seen to have an interest in turning the DSF into ‘another World Bank office’, and to skew the institutional arrangements in their favour. The relationship between the ADB and the Bank was particularly tense. ADB staff, even senior managers, began to see evidence of World Bank conspiracies everywhere – from the design of posters to the choice of office furniture. Early evaluations of the office noted that disputes over issues that would have been trivial in other circumstances, became points of contention in the context of the tensions developing within DSF.

One day, a UNDP manager alluded to the invisibility of the World Bank’s interest in domination. She advised me conspiratorially, ‘You’ve read Gramsci, haven’t you, darling, this is a hegemony!’ For her, the Bank’s interest in dominating the DSF could be read from myriad issues in the office, from the vocabulary that Bank staff used in meetings, to clerical errors in the printing of business cards.

Given such sensitivities, staff went to great pains to anticipate how the documents and reports they produced might be perceived by others. There was a consensus that ‘managing perceptions’ was key – both to prevent agitation among agencies and to ensure that the donors did not pull the plug. But it soon became clear that perceptions were not going to be manageable, and anticipating the reactions of others was enormously stressful.

For those leading the design of DSF, the challenge was to write the facility’s planning documents in ways that would weather any eventuality in an uncertain future. They needed to have a robust and flexible interpretive scope. It was not for



HH / Clara Molden



HH / Jeff Rotman

the author to be direct about whether or not a text resolved tensions between different agencies. That was left to the readers to judge for themselves, on behalf of their respective organizations. Thus, in many of the email discussions on drafting documents for DSF, there was a lot of innuendo. It was expected that all readers within this politicized bureaucracy would be able to read between the lines.

Homeopathic solutions

DSF design documents were written in such a way that every agency could see hints of things they agreed with. Designing the DSF, one manager believed, was rather like concocting a homeopathic remedy. ‘Homeopathy is based on the idea that water molecules contain the “memory” of substances they once contained. But homeopathic solutions are so dilute that there is no molecular evidence ... of those substances. Homeopathy relies on the placebo effect and faith. The DSF was established to reduce poverty through harmonization. But these core concepts have become so diluted through the design and redesign process that no evidence of them remains. So, to achieve its goals, the DSF [will have to] resort to placebos and faith.’

In other words, all donors would have to accept that it was in their own interest to ensure that DSF documents

recognized the interests of others. Indeed, placebos can be effective, whether they are based on reason, conjecture or delusion. The interests intimated in these documents carried with them a sense of something missing, to be filled in by each reader as they read between the lines. Thus, the sense of something missing, which is at the heart of perceiving the interests of others, is an engine of power. Just as a child learning to walk must lose its balance in order to move forward, when institutions struggle, power has to remain an issue of doubt.

What happened next?

I finished my fieldwork in June 2007, but my informants report that DSF has remained ‘a rollercoaster ride’, with decision making an arduous, fraught and time-consuming process. There has been a heavy change-over of staff. The scale of the facility’s ambition has been tempered and, with more conventional management arrangements in place, the Indonesian government is now leading the initiative.

As I completed my fieldwork before the DSF began implementing its programmes, I am in no position to evaluate whether DSF succeeded in its aims, or to assess its impact on poverty. For further information on the facility’s progress, visit www.dsfindonesia.org. ■

Relationships matter

One possible view of this story is that it is just ‘gossip’, what development aid officials chat about after office hours over a beer. Shouldn’t a serious magazine like *The Broker* focus on the *real* challenges of the Paris Declaration and not distract readers by publishing this kind of anecdotal trivia? But wait a moment! Why should it be trivial to study the everyday office life of aid agency staff?

A long-standing issue in international aid has been how official donor agencies, bilateral and multilateral, have designed and run their own projects in relation to their own concerns and interests. As a consequence, already overstretched recipient governments have had to connect with and make sense of the overlapping, sometimes contradictory, activities of dozens of separate donors. Thus an important element in the Paris Declaration has been the principle of harmonization, which means donors joining up to implement common programmes and procedures, so that the recipient has one rather than many interlocutors.

The harmonization agenda, associated with donor aspirations to provide budget support rather than manage their own separate projects, has meant that staff now spend much of their time not visiting projects in the field, but talking with their counterparts in other agencies. To avoid the recipient government having to enter into separate ‘policy dialogues’ with the five or ten donors interested in supporting a particular sector, such as ‘decentralization’, donors choose one among themselves to represent their common position *vis à vis* the government. When it works well, the government can get on with the business of implementing its decentralization policy knowing that all the donors will have fallen into line behind an agreed approach, and that if an issue arises it has only one, rather than a dozen interlocutors to deal with.

Because aid officials have been spending increasing amounts of time negotiating among themselves – and getting stuck in traffic as they drive from one donor coordination meeting to the next – placing all the staff working on a single sector in the same office would seem a good way to encourage a spirit of camaraderie and sense of common purpose. But, as this story demonstrates, it didn’t work out that way. Rather, establishing a joint office appeared to have exacerbated the tensions between the various agencies all struggling to influence the policy agenda.

A shared office solution is still unusual, but much of what Amy Pollard describes sounds very similar to my own experiences when working for DFID in Bolivia. A donor community is a political presence in any country. It seeks to

influence change in that country through its intellectual and financial engagement with national and international actors and institutions. In that shared effort, there are intense internal political struggles. In Bolivia, authority and leadership within the donor community were primarily achieved through the capacity to exert patronage through networks of clients within and outside the government, as well as with fellow donors. Such capacity was only partly contingent on the size of the donor’s budget; it also required access to information, social and political competence and prior reputation within the global donor network. Hence, collective decision making was, in Pollard’s words, ‘an arduous, fraught and time-consuming process’.

Officials need to demonstrate to their head offices that they are having a tangible influence on the local scene. Struggles within the multilateral part of a local donor community may reflect strong disagreements between their respective head offices on policy or procedural matters. Equally likely, as in the DSF case, conflicts between multilaterals arise from competition over access to donor government resources. Seemingly minor matters such as who issues invitations to a meeting then acquire symbolic importance.

Pollard’s detailed ethnographic research is important. It puts into words what is common knowledge among those on the ‘inside’, but is either still not recognized as something that urgently needs to be tackled, or solutions are proposed in terms of changing ‘incentives’ or finding better ‘mechanisms’.

The Broker has recently hosted a discussion about complexity. Ralph Stacey, a leading theorist on complexity, has talked about ‘shadow conversations’ in organizations that take place informally and are in tension with the official ideology. Ethnographic research such as Pollard’s throws light on such conversations. Stacey argues that organizations become less dysfunctional when shadow conversations, instead of being dismissed as gossip, are recognized and nourished. These can become constructive ways of exploring relational differences, and that is a first step to being able to work more easily together.

When aid agencies recognize that relationships matter, they will be taking an important step towards making aid more effective. ■

By **Rosalind Eyben**, research fellow at the Institute of Development Studies (IDS), University of Sussex, Brighton, UK.

-
- Eyben, Rosalind (ed) (2006) *Relationships for Aid*. London: Earthscan.
 - Eyben, Rosalind (2007) Harmonization, *Development in Practice* 17(4–5): 640–646.
 - Stacey, Ralph (2007) *Strategic Management and Organizational Dynamics: The Challenge of Complexity*. New Jersey: Prentice Hall.

On the website

In recent weeks, activities on *The Broker* website have been dominated by the debate on the WRR report. Here we report on some of the other highlights.

Theory versus policy

The International Studies Association hosted its annual convention in New Orleans in February. Under the theme 'Theory versus policy: Connecting scholars and practitioners', the conference addressed foreign policy, environmental studies, international political economy and global development. Marieke Hounjet and Alexander von Rosenbach blogged from the conference on behalf of *The Broker*.

In one post, Marieke observes: 'As Sakiko Fukuda-Parr argues, human development presented the international community with a narrative ... on what the purpose of development should be, leaving the causes aside. In this sense she warns of a scenario in which ideas like the MDGs start to define poverty, similar to the way in which IQ nowadays defines intelligence'.

Global green economics

The Second International Conference on Economic Degrowth took place in Barcelona at the end of March (<http://www.degrowth.eu/v1/>). *The Broker* attended and launched a new blog on what can be done to achieve a green global economic system. Guest contributor Tom Green of the University of British Columbia wrote: 'The fact that improvements in energy efficiency and green technologies on their own won't get us out of this pickle are becoming clearer, as we see many of the gains of eco-efficiency being eaten up ... this means that the "technology will save the day" argument is less and less plausible'. For more blog postings and video interviews visit:

>> www.thebrokeronline.eu/Global-green-economics

By Louise Stoddard, web editor



Many of the blogs on *The Broker* website discuss policy processes using academic terminology. Most of them are written by long-standing experts in the field. But what do younger researchers have to say about how the development sector is evolving? Are they on the development treadmill already? In a new blog, 'Treehuggers' Treadmill', newcomers to the world of development ask critical questions about 'unquestionable' terms and reflect on what has happened in the sector and what should happen in future.

South African researcher Mari-Lise du Preez writes 'I have learnt that putting many experts in one room does not guarantee that you will get good answers. Not unless you start by asking good questions. In the past five years, I have become a big believer in asking the right questions. In today's world, I believe it to be even more important than knowing all the answers. In the spirit of asking questions, therefore, I throw the ball in your court: Is there anything you want to know? I'm sure my fellow bloggers will have an answer for you'.

In his reply, Pepijn Jansen of Wageningen International kicks off a discussion: 'Well, I don't know about you, but I don't trust complex solutions that no one will understand ... just doesn't work for me. I believe making a difference has nothing to do with complexity, but rather with good ideas and good practice. And not with guru-like talks and consultants that are selling out'.

Frank Hubers of Oxfam Novib argues that 'in spite of all the money spent in the past years in an effort to show results, the public still does not believe that development work is effective. And, again, NGOs are going to respond to this by investing more in their M&E systems and hiring more consultants. The irony is that, in order to show results to their public, the overhead costs of NGOs are actually rising and rising. And the public has something to complain about again...'

Are you a treehugger with an axe to grind? To be considered for the Treehuggers blog team, contact us at editor@thebrokeronline.eu. We are particularly interested in hearing from development workers in the South.

>> www.thebrokeronline.eu/Treehuggers-Treadmill

Europe's international role

Our blog on Europe's international role has continued, with several entries discussing the report *New Challenges, New Beginnings*, by the European Think-Tanks Group. The report presents practical recommendations for moving forward Europe's international engagement, based on an analysis of the current state of play and the key challenges facing Europe and the world.



Lifting US aid out of the past

Small numbers, big story

The Obama administration faces the unenviable task of persuading sceptics of the need for a revamped and relevant foreign assistance policy. But is the administration's message falling on deaf ears?



Bigstock/Vladru

In a bid to fulfil his campaign promise to elevate America's commitment to international aid and development, President Barack Obama recently asked Congress for a 3% increase in the

foreign assistance budget for the fiscal year 2011. Occasionally, small numbers tell a big story. Especially when they forecast the reversal of a critical historical trend in the spending habits of the world's largest economy.

In absolute terms, the United States remains the world's largest provider of economic assistance dollars, with a proposed 2011 budget of US\$36.4 billion for overall development-related spending, to support programmes in 153 countries. In relative terms, however, the share of America's budget spending on global aid programmes has shrunk dramatically over the past half century, sinking below those of most Western European countries. Today, America ranks seventeenth, i.e. near the bottom of the Commitment to Development Index of the world's 22 richest economies.

What went down may go up again

This slide down the scale was accentuated by the end of the Cold War, when the implosion of the Soviet Union suddenly left the United States in a position to reconsider the ideological rationale behind its foreign assistance strategy. For nearly half a century, America's economic assistance programmes had been shaped by one overarching political objective: to contain Soviet influence and roll back communism throughout the world.

Stripped of its Cold War rationale, the United States suddenly found it easier to assess the true impact of many of

summary

- Originally shaped by Cold War ideology, US foreign assistance policy is now driven by a narrow vision of the country's global security objectives, which has resulted in a large share of earmarked funds being allocated to just five countries.
- US policy needs to be radically reassessed and realigned to address broader needs such as climate change and its impact on poverty and migration, the food crisis and global health challenges.
- The creation of a centrally managed agency and a cabinet-level post to oversee US foreign assistance programmes would greatly increase efficiency and accountability.
- The Obama administration must sell the concept of foreign assistance to sceptical taxpayers and partisan critics if it is to succeed in demonstrating America's commitment to global development.

its aid programmes. It found that much of the money it had spent propping up anti-communist dictatorships in Central America, or rebel groups like UNITA in Angola, had done more to inflate the Swiss bank accounts of corrupt opportunists than to boost sustainable economic development. On the positive side, this awakening sparked a renewed effort to tie future aid to measurable efforts to promote democracy.

Ironically, America's new emphasis on good governance abroad was offset by less than exemplary governance at home. Two decades since the fall of the Berlin Wall, Washington has yet to replace the Cold War-inspired legislation that has governed its foreign assistance strategy with an updated policy framework. Until this failure is addressed, it will continue to hamper the overall coherence of America's approach to foreign aid.

The United States currently gives roughly as much to its top-five aid recipients – Iraq, Afghanistan, Egypt, Israel and Colombia – as it does to other developing countries. The only country that is set to join this exclusive club is Pakistan,

By **Michael Soussan**, adjunct assistant professor of international relations at New York University's Center for Global Affairs.



Reuters/Larry Downing

which has become a reluctant host to much of the Taliban's surviving leadership structure. This stark imbalance is not driven by any assessment of actual needs as they exist around the globe today but by a narrow conception of America's global security objectives.

The US Agency for International Development (USAID), created by John F. Kennedy in 1961, has never denied the role US national interests play in shaping its resource allocation strategy. In the agency's own words, 'US foreign assistance has always had the twofold purpose of furthering America's foreign policy interests in expanding democracy and free markets while improving the lives of the citizens of the developing world'. From the postwar Marshall Plan to this day, American assistance dollars have been closely pegged to the country's foreign military deployments and the perceived hierarchy of threats to its national security interests.

Half of America's aid dollars now flow to only a few countries, some of which (notably Iraq and Afghanistan) remain notoriously corrupt despite their recent forays into

democratic governance. Not surprisingly, this has done little to convince US taxpayers to change their minds about the overall effectiveness of foreign aid programmes. According to a Pew Research poll in June 2009, foreign aid was the most unpopular item in the national budget, with 33% of Americans expressing a desire to see it reduced. Therein lies the key challenge now facing the Obama administration.

The political landscape

The US Foreign Assistance Act of 1961, which was designed, in Kennedy's words, to help 'countries that are on the rim of the communist world and under direct attack', is incompatible with twenty-first-century needs. Critics of US aid policy argue that it needs to be abandoned in favour of new legislation that focuses on issues like terrorism, climate change and its impact on poverty and migration, the food crisis and global health challenges.

It may, of course, be wildly optimistic to expect a country that had such difficulty reforming its own healthcare system



to act decisively on the global health front. Nonetheless, these new priorities have begun to influence thinking in Washington in recent years and have made their way into Obama's 2011 budget proposal to Congress. If the proposal survives the increasingly partisan mood on Capitol Hill, it may set the stage for wider reforms on the foreign assistance policy front. And even if some of Obama's initiatives are opposed, they will not have been submitted in vain if they manage to spark a renewed (and long overdue) public debate.

The 'good news', according to Todd Moss of the Center for Global Development, a Washington think-tank, is that 'the new international affairs budget, by being placed within the broader national security budget, is being exempted from the freeze on discretionary spending', which previously shackled US aid programmes. The bulk of the increases will go to Afghanistan, Pakistan and Iraq, three 'frontline states', as Moss calls them, that already account for about one-fifth of the total US foreign operations budget. 'This leaves about US\$2.5 billion in new money to be spread across anything new the administration wants to do'.

Most of it is expected to go to food security initiatives and modest increases in global health investments and climate change, while an additional US\$900 million will go to increase America's contribution to international financial institutions. Moss warns that Obama's budget proposal remains modest, and may only 'add to the growing impatience among *developmentistas* who had been expecting so much more from an administration that had made such lofty promises about U.S. leadership in the fight against global poverty'.

True enough, the US president barely mentioned foreign aid and development at all in his first address to Congress in January 2010. It also took his administration over a year to appoint a new chief for USAID. At the same time, pressure is growing within conservative circles to promote new, across-the-board cuts in US foreign aid. The notion that

America, the single largest money borrower in the world, can ill afford to send money abroad at a time when its own economy is at risk, is not without resonance with American voters in the current climate. Indeed, for now the best way for Obama to prioritize development assistance may be to move his agenda forward a few small steps at a time.

Selling foreign assistance

If the Obama administration really wants to improve the overall coherence and effectiveness of its foreign spending, it will need to find new arguments to convince a sceptical American public. This, in turn, will require an honest assessment of the shortcomings of America's current foreign assistance framework.

For inspiration, the White House may wish to turn to a milestone 2008 report by the Modernizing Foreign Assistance Network (often referred to as the Wye River Consensus Group), an umbrella organization whose members include some of the most prominent thinkers and professionals in the development community. Indeed, their assessment pulls no punches.

According to the report, US foreign assistance is allocated to 24 government agencies and 50 programmes, many of which have similar functions. This means that, unlike, say, Sweden or Denmark, where international aid is managed centrally by foreign ministries, the US State Department is dependent on a myriad of agencies that report to various departments to execute aid programmes. The group of experts also laments the fact that in 'the executive branch, there is no single person, office or department with a mandate to coordinate these programmes, promote policy alignment or, importantly, to be accountable for the efficient and effective expenditure of taxpayer resources'. White House leadership, they say, is clearly needed.

Is this just a polite way of saying that current US aid organizations perform with an alarming lack of transparency, effectiveness and efficiency? In Iraq alone, the USAID-led reconstruction effort lost track of nearly US\$8.8 billion. Stuart W. Bowen, director of the Office of the Special Inspector General for Iraq Reconstruction, notes that the Coalition Provisional Authority 'did not establish or implement sufficient managerial, financial and contractual controls to ensure that funds were used in a transparent manner'. Ironically, this happened at the very same time that the US Congress was investigating massive fraud under the UN Oil-for-Food programme, from which the US\$8.8 billion in question had been transferred in the first place.

The Wye River Consensus Group argues that the best way to improve the accountability of US foreign assistance would be to establish a cabinet-level post to oversee the implementation of all US aid programmes and help lead an effort to redraft the Foreign Assistance Act from scratch so that it better reflects contemporary challenges.

Thus far, the White House has remained shy about adopting recommendations from its think-tank community. But in a speech on 10 January 2010, US Secretary of State Hillary Clinton signalled that she had got the message about

Priority actions for modernizing US foreign assistance

According to the Wye River Consensus Group, the organization, policies and practices of US foreign assistance must be fundamentally overhauled along the following lines:

- Develop a national strategy for global development
- Elevate global development as a national interest priority
- Create a cabinet-level post to oversee all development assistance
- Reach a 'grand bargain' between the executive branch and Congress on management authorities, and plan, design and enact a new Foreign Assistance Act
- Streamline the organizational structure and improve organizational capacity by creating a cabinet-level department for global development
- Rebuild human resource capacity and strengthen monitoring and evaluation
- Increase funding for and accountability of foreign assistance

the need both to reform and raise the profile of US foreign assistance. She also outlined her '3D' strategy, centred on Development, Diplomacy and Defence. One might conclude that she is proposing a massive reallocation of money, given the stark imbalance between US defence and development budgets. Not so, we learned from Obama's recent budget proposal, or, at least, not yet.

But some analysts, like Sarah Jane Staats of the Center for Global Development, have opted to put a positive spin on the new proposals. 'Is this a development-friendly budget? Yes. Does it elevate development alongside diplomacy and defence in a national security framework? Yes. Was the development community hoping for more? Of course. But in my mind, the fact that the international affairs budget wasn't thrown to the wayside and is instead presented as part of critical national security spending and gets a modest increase is significant.'

Questions remain about how Clinton's new objectives will be implemented in practice, but at least her ambitious agenda stems from a clearly articulated vision.

As she shared her rationale for elevating development to a central pillar of US foreign policy, Clinton said: 'We cannot stop terrorism or defeat the ideologies of violent extremism when [...] young people see a future with no jobs, no hope and no way ever to catch up to the developed world. We cannot build a stable global economy when hundreds of millions of workers and families find themselves on the wrong side of globalization, cut off from markets and out of reach of modern technologies.'

While such language does a good job of massaging the ears of professionals within the development community, what kind of real appeal does it have to the average US taxpayer? Will it make sense to Joe the Plumber?

Charitable donations

The recent declining trend in US foreign development commitments is not, as some international critics have charged, a function of America's increasing stinginess. Americans give around US\$300 billion to charities per year. It would take three Frenchmen, seven Germans or 14 Italians to equal the charitable donations of one American. Even as federal foreign assistance declined as a proportion of GDP, an increasing number of US charities and foundations became active internationally. Web-based charities have capitalized on the surge in public interest for 'do-it-yourself' programmes, which allow individual citizens to invest directly in microfinance enterprises.

Wealthy individual American donors, like Bill and Melinda Gates, have radically altered expectations of what private foundations can contribute in support of global health programmes. At this year's World Economic Forum in Davos, Gates announced his intention to invest US\$10 billion in the fight against a number of diseases such as AIDS, tuberculosis, rotavirus and pneumonia over the next 10 years.

In addition to pouring previously unheard of sums of cash into the humanitarian sector, foundations such as the Gates's



Rear Admiral Gregory Smith and Denise Herbol, deputy director of USAID, at a press conference in Baghdad, January 2008.

are pushing through innovative benchmarks for project evaluation and impact assessment. They do away with much of the obtuse bureaucratic language that has done so much to confuse the public's understanding of what many international organizations actually manage to achieve.

Private foundations have also become increasingly influential in setting the international agenda. Ambassadors from the world of entertainment have a way of channelling public attention to issues that might have taken diplomats and government bureaucrats years to rally attention for on their own. In Darfur, it took the UN system nearly nine months to sound a real alarm bell after the systematic killings began in earnest in 2003. Once George Clooney hitched a ride to nearby Chad with *The New York Times*' Nicholas Kristof, the Save Darfur movement in the United States quickly gained public momentum.

Pragmatism first

Since Obama took office, the administration has been hard pressed to manage the public's expectations about what can reasonably be achieved during his first term. The development community appears moderately encouraged by Obama's first budget proposal to Congress, and by Clinton's promising rhetoric. Both point to a genuine desire by the administration to elevate America's commitment to global development.

As the competition to sway the administration on this critical issue gains momentum in coming months, the development community would do well to remember that Obama's approach to foreign policy to date has been driven less by ideology than by pragmatism. In this regard, the ideological *developmentistas* may need to revise their own arguments to match Obama's avowed pragmatism before they can count on him to champion real changes they can believe in on the national stage. ■

A longer version of this article can be found at www.thebrokeronline.eu

Dropping a bad habit

The virtues of ignoring GDP

It is now widely recognized that GDP has many shortcomings as an indicator of social welfare. It is time for macroeconomists and policy makers finally to take action.

The gross domestic product (GDP) is a basic measure of a country's overall economic output. Over the years it has also come to be used as a measure of social welfare and progress. Indeed, information about GDP (per capita) growth has a major influence on decision-making by individuals, businesses and governments. In fact, politicians and macroeconomists can become noticeably nervous when there is little or no GDP growth.

There is mounting evidence, most recently from 'happiness research', that the use of GDP must be regarded as a serious form of information failure. But reports detailing the shortcomings of GDP do not seem to have got through to government economists, educators, policy makers, politicians and journalists, who continue to use it as if nothing has changed.

This apparent paradox is the result of an ambivalent attitude among many economists. While they accept the criticism, they claim it is irrelevant. Such denials come in two basic forms:

- *GDP information has only a modest impact on economic reality.* Yet there are many indications that its influence is significant. For banks and financial markets, GDP is a core indicator. For companies, GDP growth indicates a favourable investment climate. GDP growth expectations even affect consumer confidence. Low GDP growth in particular worries politicians, who are constantly haunted by the spectre of not being re-elected.
- *Despite its shortcomings, GDP still provides useful information.* One possible benefit of GDP growth is that it creates confidence and economic stability. But the downside is that a decline in GDP generates negative expectations that reinforce the decline. Moreover, GDP per capita is widely

seen as a useful measure of productivity. And while the less frequently reported GDP *per hour worked* is a much better and internationally comparable indicator of productivity, it is not a good proxy for social welfare.

Policy relevance

Ignoring GDP essentially means removing systematic and cumulative errors resulting from individual and public responses to it. It creates a new perspective for judging alternative public policies, including regulatory taxes on overtime, consumption of luxury goods, restrictions on commercial advertising and cutbacks in temporary contracts. While such policies may seem unattractive from the perspective of GDP growth, they are more appealing from the perspective of real social welfare.

Policies promoting social welfare at the expense of GDP would receive less resistance if there was less impetus for unconditional GDP growth. Take the economic assessment of policies designed to avert climate change. Most view the problem as a trade-off between a policy's benefits and its costs as measured in terms of reduced GDP growth. In rich countries, however, the latter is not a good measure of lost prosperity (happiness). From a happiness perspective, the real social cost of such policies is lower, while the costs of climate change, notably for poor countries, are more serious than when expressed in terms of the effects on GDP. Stringent, 'safe' climate policies would therefore be much more welcome from the perspective of happiness or real welfare. In effect, this means GDP growth would carry less weight in the evaluation of climate policies.

Ignoring GDP information would also influence our response to the current economic and financial crisis. Crisis management should focus on two main aims. First, minimize unemployment ('crisis malaise'), since it entails a huge loss of welfare for affected individuals and families. And second, restore economic confidence.

By **Jeroen van den Bergh**, ICREA research professor at the Institute of Environmental Science and Technology and the Department of Economics and Economic History, Universitat Autònoma de Barcelona, Spain.



Hollandse Hoogte / David H. Wells

Continued GDP growth is not a prerequisite for achieving either aim. While lower unemployment is likely to increase GDP, a higher GDP does not necessarily lead to more jobs. Constant media reports about disappointing GDP growth merely serve to reinforce a negative spiral of confidence. The pursuit of growth consequently becomes an obstacle to finding a way out of the crisis. Economists should invest more intellectual energy in studying full or nearly full employment – and devise policies for achieving this – in an economy that isn't constrained by the onus of 'constant growth'.

Putting all our eggs in the GDP basket unnecessarily blinds us to what might effectively solve the most worrying problems of our time. More generally, GDP growth fetishism, i.e. the relentless pursuit of growth, constrains us in our attempts to find ways of improving human welfare.

It should be stressed that ignoring GDP information, i.e. diminishing the role of GDP, does not imply being against growth. The message is more subtle. Ignoring GDP in public policy implies that governments have to be neutral or indifferent to economic growth. If a government had no GDP information and could not gauge whether its economy was growing – or by how much – its only possible response would be to show no concern about growth at all. Instead, the focus should be on real changes in welfare. If such changes go hand in hand with growth, it might make some people happy, but those in the know would not give it a second thought.

Alternatives

GDP was never intended as a measure of welfare, but it has come to be used that way almost by default. Most economists, investors and politicians, whether left or right, seem completely unmoved by GDP's shortcomings. They consider irrelevant arguments that point out its failings. But the truth is that supporting the GDP indicator is a bad habit, nourished by the uncritical treatment of GDP information in economics courses and in the media.

Most economists believe that we should not abandon GDP until a suitable alternative has been identified. Some proposed alternatives represent a considerable improvement as indicators of social welfare, but none of them is perfect. However, regardless of the availability of a credible alternative, if the use of any indicator represents a serious information failure, as is the case with GDP, this practice should be altered as soon as possible.

Macroeconomists in particular, and development economists to a lesser extent, seem reluctant to abandon GDP. They cling to it almost instinctively and dogmatically. It seems that GDP information is so central to their training and work that it is emotionally difficult for them to criticize or detach themselves from it. To do so would be tantamount to questioning the relevance of their own studies and publications, and perhaps even the relevance of the broader field of economic research.

There are many other economists and non-economists, however, who are much more willing to take GDP information with a grain of salt in light of its many shortcomings. Macroeconomists need to adopt a more critical and honest attitude. They need to seriously consider whether the current body of macroeconomic knowledge really justifies assigning any kind of normative role to GDP. If not, there is only one course of action. Drop the habit. Ignore GDP as a measure of social welfare. ■

-
- Layard, R. (2005) *Happiness: Lessons from a New Science*. Penguin.
 - Stiglitz, J.E. (2009) GDP fetishism. *The Economists' Voice* 6(8), article 5.
 - Van den Bergh, J.C.J.M. (2009) The GDP paradox. *Journal of Economic Psychology* 30(2): 117–135.

📖 A longer version of this article can be found at www.thebrokeronline.eu

How to measure well-being

Cutting to the core

Since 1972, economists and others have tried to supplant GDP-driven indicators with measures that take human well-being into account. But how easy is that, and how close are we?

Can human well-being be measured? This question is the subject of an extensive philosophical debate, and the end is not yet in sight. The problem lies in the definition of human well-being. What exactly is it, and how can it be measured? If you can't define it, can you even measure it?

Measuring human well-being is a problem of method, and there have been many notable attempts to solve it. Perhaps the most important contribution to this debate in recent years is the 2009 report by the Commission on the Measurement of Economic Performance and Social Progress, set up by French President Nicolas Sarkozy in 2008. Sarkozy asked three economists – Nobel laureates Joseph E. Stiglitz and Amartya Sen, and Jean-Paul Fitoussi of the *Institut d'Etudes Politiques de Paris* – to 'identify the limits of GDP as an indicator of economic performance and social progress, including the problems with its measurement'. Known as the Stiglitz Commission, they were also asked to propose alternative methods of measurement.

One of the commission's first major contributions came one year before the report was even published. The authors assessed previous methods for measuring human well-being and concluded there were in fact three separate problems. The importance of this finding, however, can only be properly understood in the larger context of a debate that has been going on for almost 40 years.

A first attempt

The debate was unleashed by a study called 'Is growth obsolete?' by William D. Nordhaus and James Tobin in 1972. The study presented two methods for measuring well-being that acted as alternatives to more conventional ones, a Measure of Economic Welfare (MEW) and a Sustainable Measure of Economic Welfare (MEW-S).

As the title of their study suggests, the context for their alternative methods was the hypothetical obsolescence of

summary

- For decades, economists have attempted to develop reliable methods for measuring human well-being, as opposed to only material living standards.
- Each new indicator used a predecessor as a model and attempted to improve on it.
- The most notable contribution is the 2009 Report by the Commission on the Measurement of Economic Performance and Social Progress. It not only proposes a reliable standard, but also one that measures data across countries and over time.
- Most indicators assume that human well-being has to be defined before it can be measured, but that's not the case. Human well-being can only be defined by how it is measured.

growth. To set the tone, they quoted ecologist Paul Ehrlich, who suggested that we 'must acquire a lifestyle which has as its goal maximum freedom and happiness for the individual, not a maximum Gross National Product'.

These words marked a shift away from conventional methods of measuring well-being, which focused on statistics gleaned from GNP and GDP. If a society is materially well off, the conventional argument went, then the level of well-being must be high as well. But, as the authors say, 'GNP is an index of production, not consumption'. It measures material wealth but not economic welfare.

The two measures developed by Nordhaus and Tobin therefore introduced a series of corrections to conventional methods for calculating the product. This enabled them to remove factors that do not impact well-being and to include factors that do.

The first step in their complex system of corrections focused on the net instead of gross product since it is necessary to take capital depreciation into account. They then introduced the idea of a per capita level of consumption that does not exceed the 'trend rate of increase in labour productivity', a concept the authors described as 'sustainable'. If per capita consumption were to exceed this sustainable level, it would encroach on 'some of the fruits of future progress'.

By **José Eli da Veiga**, professor of economics at the University of São Paulo, Brazil.



The authors concluded their study by comparing the results obtained with MEW to data on the Net National Product (NNP), which measures GNP minus depreciation. They should have compared them to GNP data, however, which would have been more consistent with their study's objective. Had they done so, they probably would have reached the opposite conclusion.

What's more, it is difficult to grasp today how the authors could have neglected to include estimates based on environmental damage or the depletion of natural resources in the calculations they termed MEW-S. Despite this gap, there is every reason to view their study as the predecessor of all later efforts to correct or adjust GNP (or GDP) to arrive at some aggregate measure of welfare.

First turnaround

It took 17 years for a significant new economic indicator to emerge as an alternative to GDP for measuring economic welfare. The Index of Sustainable Economic Welfare (ISEW), proposed by Herman E. Daly and John B. Cobb in their 1989 book *For the Common Good*, inevitably took its cue from its predecessor, MEW, and attempted to build on it.

For a start, ISEW attempted to fill the gaps in MEW-S by including factors such as environmental damage and the

depletion of natural resources. As Tim Jackson, Nat McBride and Saamah Abdallah illustrated in their presentation to the 2007 conference 'Beyond GDP', ISEW can be likened to an equation. It is based on consumer expenditure, after which 'positive and negative adjustments are made to it to account for a series of social, economic and environmental factors'. Additions include household and volunteer work, while subtractions include pollution, climate change, crime and divorce.

This new, inclusive indicator for measuring human well-being initially made a huge impact. After the United States, at least 11 other countries from five continents had their ISEW calculated. In 1995, ISEW was transformed into the Genuine Progress Indicator (GPI) by the US NGO Redefining Progress to also include 'purely social factors such as the cost of family breakdown and underemployment'.

Corrections to GNP or GDP could result in a reasonable indicator that draws attention to the incongruent evolution between a national economy's performance and the economic welfare it has generated. However, this has little to do with sustainability, which necessarily refers to the future. Showing that the rate of increase in welfare is lower than the rate of increase in GNP or GDP says nothing about whether either measure will be sustainable. ➤

The major problem with ISEW – which worsened with GPI – is the speculative nature of attributing monetary value to environmental damage, gains in leisure and domestic or voluntary work. Assessing losses or gains in this way, particularly if they do not have a market-determined value, will always be an arbitrary exercise. It therefore remains to be seen whether society will ultimately accept such a measure.

Second turnaround

What MEW, ISEW and GPI have in common is that their analysis begins with national accounting data which traditionally focuses on calculating the product (be it internal or national, gross or net) in order to obtain an indicator of economic welfare or genuine progress. This is quite different from what followed in the 1990s, which witnessed an immense proliferation of indicators.

This inevitably only confused matters. This is clearly argued in *Sustainable Development Indicators in Ecological Economics*, a collection of essays from 2006 edited by Philip Lawn. The book's assessment of the situation is that no reliable indicator of economic welfare had been developed up to that point, nor could a satisfactory indicator of human well-being have arisen.

This changed with the publication of the report of the Stiglitz Commission in 2009. Its authors identified three separate problems. Measuring economic performance is one thing, they argued. Measuring the quality of life is another. And measuring the sustainability of the process is yet

another. The report proposed guidelines for addressing these three problems that were far more radical than anticipated.

First, the GDP (or GNP) must be entirely replaced by an accurate tool for measuring available household income, and not product. Second, quality of life can only be measured by a sophisticated composite index that also incorporates recent discoveries in the economics of happiness. And third, sustainability demands a small group of physical indicators, and not a juggling act that artificially tries to place a monetary value on non-merchandise.

In other words, the report proposed abandoning product-driven accounting, adapting a more comprehensive approach to quality of life and a more pragmatic approach for measuring sustainability. This could bridge the gap between information contained in GDP or the Human Development Index and what people consider valuable in life. 'It requires developing a statistical system that complements measures of market activity by measures centred on people's well-being and by measures that capture sustainability'.

As the authors of the report point out, this kind of system has to be plural and embrace a gamut of different measures 'because no single measure can summarize something as complex as the well-being of the members of society'. They outline five recommendations for measuring material well-being. Look at income and consumption, rather than production; emphasize the household perspective; consider income and consumption jointly with wealth; assign more

Stiglitz Commission in search of new yardsticks

The economic crisis these past two years prompted severe questioning of the old model of finance-driven growth, and a search for alternative measures of well-being and societal improvement. In 2008, French President Nicolas Sarkozy expressed his concern that the government's efforts to offer economic opportunities for low-income residents and immigrants were not reflected in the GDP (or in the sense of citizenship in the *banlieue* suburbs). He therefore set up the Stiglitz Commission to look into alternative measures of societal well-being. The commission's report suggested options to surmount the problems of relying on unified indices. It also included a review of whether and how to incorporate environmental sustainability in the well-being equation, an effort led by Columbia University resource economist Geoffrey Heal.

But what well-being equation should be used as a yardstick? If well-being itself is inadequately measured (whether by GDP or the often-criticized Human Development Index, which conflates per-capita GDP with human well-being indicators such as health and education), imagine the commission's reaction to composite environmental indices! The section of the report on measures of sustainability says that little can be done in the general accounts to reflect environmental losses in a consistent and uncontroversial measurement. This should be done (if at all) in satellite accounts and/or with complementary measures, such as footprint analysis and 'dashboards', which tell you whether the economy is really getting off a sustainable track so that presumably it

can be fine-tuned and put back on track. This approach would put greater emphasis on biophysical measures of sustainability, such as the ecological footprint, than on monetary expressions of human demand for environmental quality. In this light, it is more consistent with ecological economics than with mainstream environmental or resource economics.

When we look at the rationale behind Sarkozy's request for alternative measures, it becomes clear that a distinction should be made here between 'doing green economics' and improving the measurement of the economy using a sustainability yardstick. The Stiglitz Commission tried to measure the meaning of welfare improvements, incorporating some of the latest thinking on the metrics of sustainability (either in the same well-being equation or alongside it). Although the French government did not immediately see an improvement in its welfare indices as measured by the commission, it is plausible that better measurement might stimulate action to improve performance along more social and environmentally desirable lines. There is therefore some hope that if policy makers were to use this yardstick to measure economic performance, they would tend to invest more in greener, more socially desirable things, as they would have a greater weight in the aggregate measure of economic performance than they do now.

Peter H. May, Federal Rural University of Rio de Janeiro, Friends of the Earth – Brazilian Amazon.

prominence to the distribution of income, consumption and wealth; and broaden income measures to non-market activities.

Material wealth, however, only constitutes the first of eight key dimensions of well-being, according to the report. The other seven are health, education, personal activities, political voice and governance, social connections and relationships, environment and insecurity. All of the above impact well-being, and yet conventional indicators overlook many of them. These eight dimensions are the ingredients of a multidimensional definition of well-being, according to the report.

Measuring quality of life

The authors consequently adopt the phrase ‘quality of life’ (QoL) to denote those aspects of life that shape well-being beyond the command of economic resources. They propose five further measures for assessing QoL.

First, health, education, personal activities and environmental conditions need to improve. ‘In particular’, the authors argue, ‘substantial effort should be devoted to developing and implementing robust, reliable measures of social connections, political voice, and insecurity that can be shown to predict life satisfaction’.

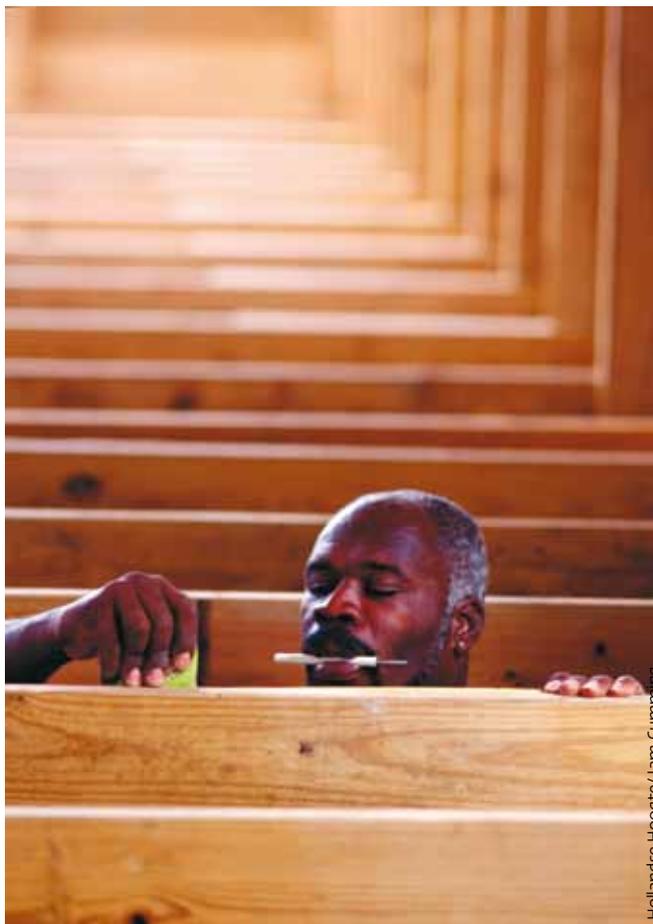
Second, QoL indicators should expose inequalities, as they ‘are integral to any assessment of quality of life’. Third, surveys should identify the relationship between different QoL domains for individuals, ‘and this information should be used when designing policies in various fields’.

Fourth, information is needed ‘to aggregate across quality-of-life dimensions, allowing the construction of different indexes’. And fifth, since QoL is also determined by subjective well-being, and not only objective well-being, surveys are needed that capture people’s ‘life evaluations, hedonic experiences and priorities’.

Is there a meaningful and reliable method for collecting data on subjective well-being? According to the report, research shows it is possible. Since ‘subjective well-being encompasses different aspects (cognitive evaluations of one’s life, happiness, satisfaction, positive emotions such as joy and pride, and negative emotions such as pain and worry), each of them should be measured separately to derive a more comprehensive appreciation of people’s lives’.

This will take a great deal of effort and ‘investment in statistical capacity where available indicators remain deficient’. As the authors say, ‘this is particularly the case for data on how people spend their time (and on their enjoyment in performing these activities). An important priority is to develop such data at regular intervals and based on standards that allow comparisons across countries and over time’. This would make it possible not only to measure standards of current well-being but also to identify factors that may influence future well-being.

Until now, none of the approaches developed in the past 40 years has entirely convinced policy makers, academics or the public to abandon conventional methods. This may be related to the difficulty of defining something so subjective.



Hollandse Hoogte/ iam Cumming

The Stiglitz Commission’s multidimensional definition is the most recent and perhaps the most complex attempt.

But the failure of new approaches to replace conventional ones may well rest on a paradox, namely that it is not true that you can only measure something once it has been defined. In fact, the opposite is true. A definition arises from an agreed-upon measure. In this context you could say that human well-being can only be defined by how it is measured. ■

- Daly, H.E. and Cobb Jr., J.B. (1989) *For the Common Good: Redirecting the Economy Toward Community, the Environment, and a Sustainable Future*. Beacon Press.
- Lawn, P. (ed) (2006) *Sustainable Development Indicators in Ecological Economics*. Edward Elgar.
- Nordhaus, W.D. and Tobin, J. (1972) Is growth obsolete? In: *Economic Research: Retrospect and Prospect*, vol. 5. National Bureau of Economic Research, pp.1–80.
- Stiglitz, J.E., Sen, A. and Fitoussi, J.-P. (2009) *Report by the Commission on the Measurement of Economic Performance and Social Progress*. Commission on the Measurement of Economic Performance and Social Progress.

Responsibility to protect

The International Coalition for the Responsibility to Protect (ICtOP) aims to build global solidarity so that when a crisis happens in one part of the world it becomes a concern to *all*.



ANP / Gavin Heller

Can you tell me about the International Coalition for the Responsibility to Protect (ICRtoP) and why it was established?

In September 2005, the UN World Summit endorsed the principle of ‘responsibility to protect populations from genocide, war crimes, ethnic cleansing and crimes against humanity’. According to the RtoP principle, states are responsible for protecting populations from mass atrocities, while the international community has the responsibility to assist states in providing that protection, and to intervene if they fail to do so. In January 2010, representatives of eight regional and international NGOs founded the ICRtoP. The coalition aims to promote understanding of the principle, to strengthen capacities to prevent and halt mass atrocities, and to mobilize NGOs around the world to push for action to save lives.

In your previous work you focused on women in conflict. Why did you decide to start working on the Responsibility to Protect?

Coming from a war-torn region, I have always had a deep interest in peace and security issues. RtoP is a new tool with the potential to advance global peace. How can we not be excited about such a novel idea? There is nothing more basic than protecting human lives.

I wish the norm had been adopted when war broke out in 1997 in Congo-Brazzaville, where I was working. We were told to leave the office immediately. I remember how frightening it was as we walked home in groups, with shooting all around us. The conflict lasted many months, but the shootings went on for years after the conflict was ‘officially’ over. Every day we hoped the UN would come to our rescue, but they never did.

Talking about RtoP reminds me of the initial controversies surrounding violence against women (VAW). Years ago, people used to say we could not intervene in cases of domestic violence because these were private matters, which happened in ‘the sovereign domain of the head of the family’. The advocacy work of women’s rights groups has led to a paradigm shift. From the unthinkable to the inevitable, domestic violence is now universally recognized as a violation of women’s human rights. RtoP should be viewed through the same lens. Sovereignty is again at stake, but we cannot

Doris Mpoumou joined the International Coalition for the Responsibility to Protect (ICRtoP) as its director in February 2010. She is a human rights and social justice advocate/activist with over 12 years’ experience in policy analysis, advocacy and coalition building on issues such as peace and security, global governance and violence against women (VAW). Previously, Doris worked with the International Rescue Committee’s programme to end VAW in her native Congo-Brazzaville. Most recently, as a programme officer at Wellspring Advisors, she managed a portfolio of grants to countries such as the Democratic Republic of Congo, Ghana, Liberia, Senegal, Tanzania and Uganda. Interview by **Annette Jansen**.

close our eyes to mass atrocities just because they occur in the ‘domestic’ domain of states!

How will you use your expertise on women in conflict to further the work of the coalition?

My work entailed advocating for the protection of women from violence and other human rights violations, and promoting their leadership role in conflict resolution and peace building. A number of those advocacy strategies could readily be adapted to advance the coalition’s work on RtoP.

For example, we need to humanize the RtoP concept. It can be helpful to bring in the voices of survivors or their descendants – in a way that is respectful of their experiences – as we seek political endorsement or to educate the public and the media. RtoP should not be just another UN norm. The Coalition will reach out across the globe to forge strategic alliances with relevant stakeholders to make sure that people feel they own this norm and integrate it into their own agendas. It is not only up to the UN or civil society leaders to uphold the norm: it must be a collective endeavour.

We need to build global solidarity so that when a crisis happens in one part of the world it becomes a concern to *all*. Victims of rape in Bosnia and the DRC may come from very different backgrounds, but they share a common experience. We hope that the RtoP message will help them come to the conclusion that ‘Your battle is my battle’.

A gender perspective needs to be part and parcel of RtoP. Because RtoP focuses on protecting populations at risk or victims of mass atrocities, there is a danger that it will look at women only as victims. We would then roll back all that women’s movements have achieved in demanding accountability on women’s rights violations. Instead, we also need to pay attention to the role of women as agents of protection and leaders in peace processes.

How can research help to develop a gender perspective in RtoP?

We have developed some knowledge on early warning, but we know little about what can actually be done to halt or prevent mass atrocities. What would you do in the case of mass rape, when the national government is unwilling or unable to act? Should you use force to end the rapes? Would

that be effective? We know that the deployment of an all-women contingent to Liberia helped to create an environment that was conducive to reducing sexual violence. But we do not know precisely how that worked.

Another knowledge gap concerns the identification of women-specific mass atrocity crimes. Rape has been recognized as such, but what others should be considered? In the context of early warning, could troops be deployed solely to prevent women-specific mass atrocities? We need research to identify other indicators that will help to identify women-specific crimes.

What research is currently being done on these issues, and what additional work is needed?

Most strategies are designed in the North and adapted in conflict contexts in the South. It is important for donors to support action research that link women’s organizations with research institutes in order to generate data on effective ways to prevent or respond to VAW in conflict areas. We need a holistic approach to VAW, one that addresses the medical, legal and psychological aspects, as well as the underlying causes. But I know of no conflict where a holistic approach has been used for lack of adequate resources and coordination among key actors leading these anti-violence projects.

UNIFEM has investigated the role of women in peace negotiations. This research showed that war is a male-dominated arena, and that women often lack the resources to participate in peace talks. They are not invited, or do not have the know-how, but we know from experience that if we provide training to women, they are able to sit at the table and bring about change, as the women in Liberia did.

At the institutional level, research is needed to explore synergies between, for example, the Special Representative of the UN Secretary General on sexual violence in war zones and special mechanisms such as the inquiry procedure of the Optional Protocol to the 1979 Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). ■

For more information, visit the ICRtoP website:
www.responsibilitytoprotect.org

Great expectations

***The Dragon's Gift: The Real Story of China in Africa*,
by Deborah Brautigam. Oxford University Press, 2009, 397 pp.**

A review by Daniel Large

Most inter-governmental gatherings tend to be relatively obscure events, attracting little attention. But occasionally they signal shifts that are likely to have lasting impacts. One such event was the third Forum on China–Africa Cooperation in Beijing in 2006, which made China's African relations visible to the wider world. Then, at the fourth forum in Sharm el-Sheikh in November 2009, the Chinese announced new measures to strengthen their strategic partnership with Africa, ensuring that China's relations with Africa will continue to be a regular feature of media, academic and policy discussions.

Interest in China's expansion into the vast continent of Africa soared after 2006. It did so, however, in the absence of hard information about the Chinese engagement. Mainstream media tended to simplify and exaggerate the relationship. Binary formulas were commonly used to describe China's 'new' role in Africa (the 'new colonialist', the 'new hegemon') and Africa's apparent 'new' position in Chinese foreign policy (the 'new Sinosphere', China's 'new Wild West'). China's motivations were frequently reduced to resource supply imperatives, and its relations with Africa were evaluated in zero-sum terms (positive-negative, threat-opportunity). It was only a matter of time before the relationship became the subject of works of fiction.

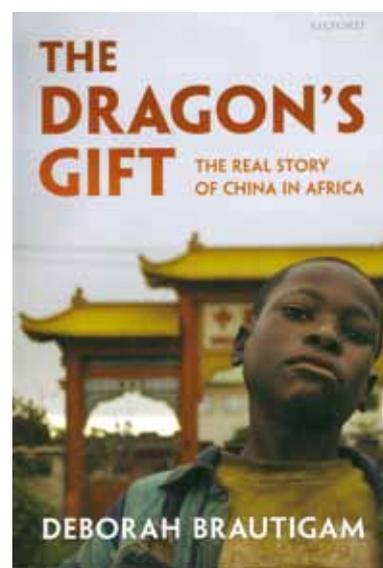
It is the everyday fictions, 'myths and realities' of China's engagement in Africa, particularly Chinese aid, that Deborah Brautigam explores in this timely book. Having published a seminal work on Chinese aid in Africa 12 years ago, Brautigam,

associate professor at the American University in Washington, DC, is an unusually well qualified authority. Her clearly written account successfully weaves together knowledge of the African and Chinese contexts, overcoming the prevailing divide in the academic literature between those familiar with either Africa or China.

After charting the history of Chinese aid in Africa, Brautigam discusses how China's own experience as a recipient of aid and external investment has informed its overseas aid policy. China's state-sponsored engagement in Africa is the considered product of tactical flexibility within a long-term strategy, she believes, rather than a master plan of 'China Inc.', or the smash-and-grab resource raid depicted in some more colourful accounts.

Brautigam examines the nature of Chinese aid, and how it actually works, from the operations of the China Export–Import Bank to resource-backed infrastructure loans. Concerning how much aid Beijing gives to Africa – such information remains a state secret – she finds that it is less than is generally believed (about US\$1.4 billion in official development aid in 2007). In comparing Chinese aid to Africa with that from Europe, North America or international organizations, Brautigam observes that it 'is a lot like comparing apples and lychees. They do not offer the same kind of fruit' (p.179). But she does evaluate China's aid on its own terms, and examines what principles like 'mutual benefit' mean in practice.

The book goes on to explore the impacts of Chinese engagement on African manufacturing and presents interesting material on Chinese agriculture in Africa. The final chapter confronts the emotive issue of China as a 'rogue donor', noting the debates and revisions evident in Beijing's responses to African and external critiques,



and considers the implications for Africa and its more established partners.

Rather than the 'dragon's gift', this account is really about myriad Chinese gifts, how they play out and can refract with varying degrees of impact on development in Africa. Despite the hopes engendered by China's involvement in Africa, and its own development record, China's current role is also, rightly, recognized as ambivalent, contingent and ultimately dependent on African responses. It remains to be seen whether African governments can successfully manage China's engagement in order to convert its inherent potential into more widely beneficial and sustained development opportunities.

Any book claiming to tell 'the real story' sets its standards high, but this one succeeds admirably. For those interested in China–Africa relations, it enriches the field, defines new research standards and is constructively provocative. For those new to the subject, it is an essential text about a compelling, increasingly consequential relationship. ■

Daniel Large is research director of the Africa–Asia Centre, Royal African Society at the School of Oriental and African Studies, London.

Reports from the front line

The impacts of the HIV/Aids epidemic are often devastating – not only for those diagnosed with the disease, but also for community health workers involved in HIV treatment and prevention programmes. In South Africa, where the prevalence of HIV is higher than in any other country, more effective interventions are essential. In this report on The Broker thesis project we focus on the work of two South African students who looked at ways to improve HIV interventions in their own country.

Rachel Li (University of Cape Town)

In 'Growing up on HAART: The experiences and needs of HIV-positive adolescents in care and treatment', Rachel Li addresses the psychosocial aspects of HIV in adolescents. Growing numbers of children born with HIV/Aids can now expect to survive to adulthood, thanks to the increased availability of highly active antiretroviral therapy (HAART). Using a mixture of participant observations, surveys, interviews and focus groups, she documented the experiences and needs of a group of adolescents attending an infectious diseases clinic in Western Cape province.

Li offers several recommendations. In particular, HIV-positive adolescents need a better understanding of the disease as they gradually become aware of the social meaning of their status. She found that most young people diagnosed with HIV feel depressed, anxious and angry about their condition. For this group she calls for improved mental health care, as well as support to help them manage their treatment.

As children grow up they must take increasing responsibility for keeping their appointments at health clinics and maintaining HAART regimens. During this transition, adolescents are at high risk of dropping out of treatment programmes, so that specific interventions are needed to encourage them to continue their

medication and promote responsible treatment management.

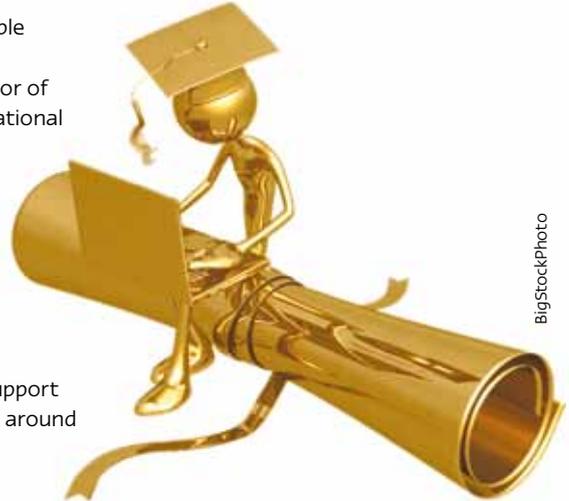
In her review, Nicky Pouw, director of the masters programme in international development studies at the University of Amsterdam, commended this mix of research methods. They had enabled Li to gain 'insights into the mental problems of HIV-positive adolescents, the difficulties they face, their coping mechanisms, and their need for support from the people and communities around them'.

Annabelle Wienand (University of Cape Town)

In 'The potential of visual and participatory approaches to HIV literacy in South Africa', Annabelle Wienand looks at ways to improve the effectiveness of HIV prevention and early-stage intervention programmes. For this, she developed visual and participatory approaches to convey information to community health workers in 'HIV literacy workshops'.

During the workshops, the participants produced life-size 'body map' drawings, enabling them to learn about anatomy and discuss perceptions of health and illness through a series of participatory exercises. Wienand believes that knowledge of human biology is important in tackling HIV/Aids, particularly in South Africa where many adults lack a basic education. She argues that people are more likely to listen to HIV prevention messages if they understand why they need to change their behaviour, rather than simply being told what to do.

Reviewer Nicky Pouw described this as 'a most original piece of participatory action research'. Wienand had designed a range of 'practical tools based on an analysis of existing approaches to HIV education and other health interventions'. Most participants appreciated the novel visual tools and participatory techniques used in the workshops. ■



BigStockPhoto

The Broker thesis project is a platform for masters-level research on development-related issues. Masters graduates from around the world are invited to submit their theses for review by a reading committee consisting of policy makers, politicians and academics, who will assess the theses on the basis of their originality, scientific quality and relevance to development practitioners and policy makers. Current members of the reading committee include:

- Meine Pieter van Dijk, UNESCO-IHE Institute for Water Education, Delft, the Netherlands;
- George Essegbey, Science and Technology Policy Research Institute, Accra, Ghana;
- Nicky Pouw, University of Amsterdam, the Netherlands;
- Jan Pronk, Institute of Social Studies, The Hague, the Netherlands;
- Rudy Rabbinge, Wageningen University and Research Centre, the Netherlands.

This section of *The Broker* presents reviews of a selection of the theses submitted, offering an insight into the wide range of research carried out by masters students from all continents. The full texts of the reviews and the theses can be found online at www.thebrokeronline.eu/the_broker_thesis

W = 27,380 + 1.81x ... or not?

The usually serene world of peace researchers is currently being rocked by a veritable war about who can count the best, and who is counting what. The row is not about something trivial, but about war victims.

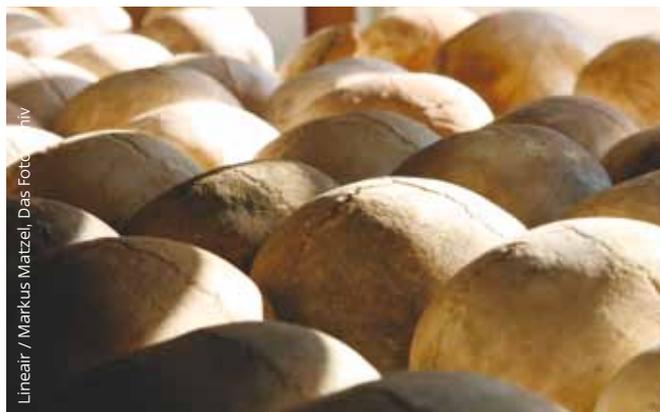
The controversy surfaces during every armed conflict. Following the invasion of Iraq, estimates of casualties were painfully different. In 2006, the World Health Organization (WHO) reported 151,000 deaths in Iraq, while an article in *The Lancet* quoted a figure of 601,000. Both investigations were heavily criticized, which is hardly surprising given the political implications.

In 2008 the *British Medical Journal* published an article analyzing estimates of war deaths based on health surveys in 13 countries over the period 1955–1994. The authors examined the method used by the Norwegian Peace Research Institute (PRIO), which had concluded that the number of war victims has decreased significantly over the past 15 years. They claimed that PRIO's calculations were too low by a factor of three. In response, an article in the *Journal of Conflict Resolution* (JCR) concluded that the Norwegians were right and that the illustrious BMJ was simply wide of the mark. The dispute continues.

It is a dispute about methods. One, the incidents-based method, involves collecting as many reliable reports and testimonies as possible for each war, and then counting the victims. The other, survey-based method analyzes population statistics, including health surveys, and sample surveys by WHO which involve asking people how many family members they have lost due to war.

Survey-based research involves comparing expected and deviant trends, and attributing the difference to war. It systematically generates death figures that are sometimes five times higher than those obtained using the incidents-based method. *Et voilà*, this largely explains the considerable differences. The BMJ even produced a mathematical formula that causes the actual number of war victims (W) to be higher than the 'wrong' number (x) based on the Norwegian dataset: $W = 27,380 + 1.81x$.

The authors of the BMJ article applied the survey-based method to the same 13 countries examined using the incidents-based method included in the Norwegian dataset. They disputed the Norwegian outcomes because they believed the dataset was contaminated with unreliable media reports and did not consider genuine, unreported casualties.



Linear / Markus Matzel, Das Foto

The JCR retaliated, claiming it had drawn on much deeper sources than media reports. According to the JCR, the BMJ can not count either, since it quoted 5.4 million war deaths for this group between 1955 and 1994, while the Norwegians referred to 2.8 million. The difference is therefore a factor of *two*, not three. Applying the appropriate margin of error eliminates even that difference.

The definition of a war death also varies. The WHO talks of deaths that 'respondents attribute to war'. The Norwegian definition is stricter, referring to 'battleground deaths in conflicts whereby one of the two armed parties is a state'. This leaves a certain leeway, since there are numerous conflicts between non-state actors, and numerous one-sided conflicts, where an armed party attacks an unarmed one.

The WHO regards the victims of these types of conflict as war deaths, but they are not included in the Norwegian dataset. Genocide or politicide were occurring in eight of the 13 countries, and the definition of war deaths made a difference. Provisional Swedish research showed that the death statistics could be 55% higher as a result.

The dispute between the two schools is welcome in so much as it will hopefully contribute to a convergence of definitions. The fact that such a dispute can actually take place is laudable because it means that, for the first time, multi-country studies can be systematically compared over lengthy periods. However, it is still a dispute, which is being keenly fought on the basis of widely varying viewpoints, and has considerable political implications for decision makers and public opinion. ■

By **Ko Colijn**, special professor of global security issues at Erasmus University Rotterdam, the Netherlands.

A longer version of this article can be found at www.thebrokeronline.eu