

**The Social Challenge in Development
From Economic to Social Policies**

[Revised Version]

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Introduction

The world is going through changes unimaginable only a few years back. Well-established socio-political paradigms have crumbled, and accepted development models are in doubt. Within the conflicting views of a “new world order” still not well understood, the concept of development itself merits revision. This environment of change presents tremendous challenges.

In the developing world, the drive for progress places new demands on human and financial resources already stretched thin. However, this is neither exclusively an issue of available wealth nor purely an economic phenomenon. Underdevelopment continues to be deeply rooted in poverty and inequality. The negative impact of these factors on the capacity of individuals and communities to take the lead in their own future remains the main obstacle to achieving equitable and sustainable development.

The underlining human development issues of today are both, achieving an ethical distribution of the available wealth, and opening equitable access opportunities to benefit from economic growth. The generation of a new development ethos, as the foundation of development is the core challenge countries face in the coming decades.

A refurbished development discourse emphasizes the availability and better use and management of resources, both natural and economic, as keys to poverty reduction. However, to focus only on efficiency and accountability is to misunderstand the capacity building role that development requires. To an extent, it is true that these concerns reflect a myriad of problems in most countries in the South. It is also true, however, that it is the persistent accumulation of wealth among a few, nationally and internationally, and the unequal distribution of the benefits of growth, what continues making development unsustainable and poverty reduction efforts ineffective.

The paradox of the 1990s was that changes in the world economic order reinforced rather than made disparities disappear. “Despite economic growth, most ... countries face severe social problems. ... In other words, recent progress has *not* generated more opportunities for the poor. Nor has it distributed benefits more efficiently” (Esquel, 1993: 2). Almost a decade later, there are indications that an important number of countries are poorer than before and inequality in many instances is deeper than before.

Because policies in the recent past, and their proposed adjustments to combat poverty did not go beyond predominant neo-classical economic interpretations of development, the suggested solutions had limited impact on the pervading inequities affecting the most disadvantaged sectors in society. In some cases, they even widened the gap between rich and poor. This scenario has raised critical questions about how to build a new basis for sustainable development in the twentieth first century.

Today, there is a need to better address the implications of at least three relevant questions. The first is how, on what basis, and with what effects are decisions about the redistribution of social resources made and implemented, both nationally and internationally? The second, is how to improve public policy-making in general and redistributing social policies in particular to achieve greater impact on the well being of people? And the third is what new forms of governance and public accountability must be set in place to enhance social participation, consolidate democracy, and have a long lasting impact on eliminating poverty and facilitating human development?¹

The purpose of this paper is twofold. First, it discusses the need to revisit some of the assumptions of the predominant international development discourse as a means to move towards a new ethical notion of development that can be socially. Second, it argues in favor of addressing social and human development concerns at the forefront of development economic policies and programs

1. The Shifting of International Agendas

1.1 New Trends and Questions

New international economic alliances, socio-political conflicts, breakthroughs in information technology, and the application of scientific innovations in new fields of human activity have made geographical boundaries and even the concept of nation-state lose their traditional rigidity. New development trends and slogans are replacing those proven futile in the near past in bridging the gap between North and South. A common thread of the new wisdom is its unclear meaning and potentially dangerous implications.

International agendas in environment, education for all, market liberalization, democracy, and transfer of technology represent only a fraction of the new precepts reaching the developing world as a result of the geopolitical interests of industrialized countries and the global dominance position of the U.S. In most cases, these new “action programs” come with price tags well beyond the resources available both in the North and the South. In

¹ Human development “is a process of enlarging people’s choices,” of creating “a conducive environment for people, individually and collectively, to develop their full potential and to have a reasonable chance of leading productive and creative lives in accord with their needs and interests” (UNDP, 1990: 1).

addition, a complex net of political interest and pressures behind these programs, not only bias the actions of international organizations, lending institutions and donor agencies alike, but lead them to jump into the latest politically correct wagon, creating illusory targets and new forms of development conditionality with dreadful social impact for the poor.

Nowhere, this has been more evident than in the follow-up attempts to the series of U.N. summits and meeting held in the past fifteen years, believed to be a breakthrough in international development. Lewis T. Preston, President of the World Bank indicated at the early 1990s that “because of its close linkage with poverty, we are also increasing our focus on *environmental* issues: establishing a system of assessment to address environmental aspects of Bank-supported operations; supporting free-standing environmental projects; ... and ... helping countries put in place national environmental action plans” (1993: 4). These attempts took place while countries were still adapting to the conditions and effects of economic adjustment programs. Since then, many other such events have taken place at different scales, seeking to reinforce old commitments, re-establish already set directions, and make new pledges to the world poor.

In the context of changing economic and geopolitical circumstances worldwide, there are still a number of basic facts and questions to address. These include, for example: What is the new role of the state? What form of democracy is required for development to occur? Are communities capable of playing long-lasting roles in their own development? Can current social institutions and systems respond effectively to basic human development needs? In what areas of social activity can governments be most effective? What is the value of social innovations that work when replicated in diverse cultural settings? How feasible are holistic approaches to science and knowledge utilization? How to improve development aid effectiveness? What is the social the cost and impact of, for example, new environmental, economic, or governance dogmas?

Achieving a greater and more just balance in the relationships between economic growth, equity, and satisfaction of basic needs can help to better understand this complex array of development issues that remain central to development efforts. The underlying concern, however, is one of basic ethical principles guiding the new interaction between nations and between governments and civil society.

1.2 The Costs of Aid

The last forty years of development efforts have taught valuable lessons. It seems, however, that learning from this experience is a slow process.

One of the lessons is that the large amount of resources invested through aid flowing to the South has not been without a cost to developing countries. In fact, in many instances

development aid is a profitable investment that contributes more to maintaining the standards of wealth of industrialized countries than to eradicate poverty beyond, perhaps, carefully selected targets that can serve as a showcase.

It is now recognized, that a socially grounded notion of social policy change was not the driving force of development in the 1980s and 1990s but rather a market driven economic ideology of growth and trade. Adjustment programs, claiming to be a tool to reduce poverty over the long-time, were justified by placing economic management efficiency as the building block of development. They, in fact, reinforced old colonial North-South links, with the result of making industrial countries net recipients of financial resources. "From the onset of the debt crisis in 1982 through 1990 ... each and every month, for 108 months, debtor countries of the South remitted to their creditors in the North an average six billion five hundred million dollars ... in interest payments alone. If payments of principal are included in the tally, then each of the 108 months ... witnessed payments from debtors to creditors averaging twelve billion four hundred and fifty million dollars ..." (George, 1992: xiv). In the process, Southern countries had no option but to deflect national resources away from key social sectors, curtail essential social programs, and open their national markets with dreadful impact on their national industrial base.

The last two decades marked important shifts in the perception of international development priorities worldwide. A neo-liberal approach to correcting macroeconomic disequilibria conditioned development in the South by leading countries to adopt fiscal and financial policies and a market-oriented ideology at an immense social cost.² There is now sufficient evidence that aid efforts of donors and international organizations paid insufficient attention to the *social policies and related decision-making process*, which in practice constitute a pillar of economic development and growth strategies. This, despite an ongoing formal discourse of concerns about sustainable development and the poor.

Overtime, the negative impact of economic adjustment programs, a focus on sustainable development strategies which integrate environmental, social and economic policies, shifts towards poverty reduction strategies, and most recently commitments to achieve ambitious goals by 2015 maintain these issues at the forefront. Still, however, little is known about the implications of these attempts to break the persistent unbalance between economic and social priorities.

² In Latin America, the Inter-American Development Bank has indicated that this approach focused primarily on "the adoption of monetary, financial and fiscal measures and the liberalization of the production apparatus, with a view to opening up the economies and allowing competitive and market forces to become the major mechanisms to ensure an improved allocation of resources" (IDB, 1993: i). However, the same organization recognizes that "in absolute numbers and as a percentage of the total population, ... there is today more poverty in the region than at the beginning of the 1980s" (IDB, 1993: 1). This perception is reinforced by the assessment of the UNDP which argues that income distribution in the region is worse than in the rest of the developing world (UNDP, 1990).

2. In Search of a Social Agenda in Development

2.1 Who Sets What Policy Directions?

Entangled in the fuzziness of the international political agendas of the day, many aid agencies, international organizations, and governments continue to pay lip service to the dramatic social crisis eroding developing countries, particularly in Africa, parts of Latin America, and in some of the most populated countries on earth caused by economic liberalization, debt and unequal international competitiveness. In the meantime, a deteriorating social dimension of development, resulting from the impact of market driven growth on human well-being, remains not fully addressed in its longer-terms implications.

The emphasis on public policy reforms to serve economic imperatives created new benchmarks to measure countries in their commitments to meet the targets set by global politics and capital. The failure to see beyond the relationship between short-term economic policies, the interests of multinational corporations and growth has deepened the gaps between those who have and those who do not. “Today, the increasing trends towards market-oriented economic and social policies again threaten to divide the struggle of the poor from those of working people” (CCCB, 1988: 318). The magnitude of the problems created by these policies has lately led to an illusion of producing progress by setting international development targets that few are capable to meet.

Far back in 1986, the Roundtable on Development: the Human Dimension pointed out that “the economic and social costs of the adjustment process ... are under no circumstances justifiable or acceptable, even under the pretext of promoting growth” (UNDP, 1986: 5). This implied then that “the human costs of the current processes are unacceptable from a humanitarian perspective. Nor can they be accepted from an economic perspective” (UNDP, 1986: 6). The overall development impact of these measures imposed over the past two decades will continue to be felt well into the new century. However, a gap remains between the rhetoric recognizing the dramatic impact of pervading poverty and the concrete steps taken to address the problems. Almost a quarter of a century later, little seems to have changed as the UN Millennium Declaration reinforced, once more, the need to give priority to the needs of the poor.

The fact is that in the midst of a worldwide process of economic globalization and growing polarizations, developing countries continue to struggle to establish competitive models of industrialization that could give them room to engage in sustainable development. Despite progress in some areas in the last two decades of development, these efforts did not fully succeed in enhancing popular participation in decision-making based on culturally relevant governance principles, or contributing to the achievement of greater social equity. In many instances, countries and regions face greater poverty and wider inequalities than ten years ago. By the end of 1990s, over 50 countries in the world were poorer than at the end of the

1980s and in over 20 countries the Human Development Index suffered a decline.

The combination of new development trends, increased economic globalization, growing conflicts, the imposition of new trade liberalization models, the formation of strengthened coalitions among industrialized countries to monitor a global political and economic events, have serious implications for most developing countries. “As we enter a world of open economies and globalized markets it is more important than ever that our countries define their own policies. Unless this is done, it is highly probable that increasingly, economic and political policies will be dictated from abroad. This trend affects some of the most crucial issues: the environment, the illicit traffic in drugs, disarmament, the peaceful resolution of conflicts, and poverty” (Zumbado, 1993: 6).

2.2 Two Views of the Same Problem

The predominance of an economic rather than human development approach in the past twenty-five years persists conditioning developing countries to drastically restructure their economies and trade policies to establishing appropriate incentives for investments, free trade and economic growth. In practice, however, this is not a negotiated process as many would like to believe.

Developing countries are often left with no options other than to shift priorities and reallocate available resources away from social programs perceived not to have an immediate economic payoff or that may threaten international capital investments. Examples are many, from agricultural production, to production of medicines, to health, education and wages policies. The fact is that frequently than not public policies, particularly social policies are subjected to market criteria of profitability, productivity, competitiveness and efficiency at the cost of human values and equity considerations. In the attempts to explain the devastating micro impact of macro economic adjustment policies resulting from this approach, the argument continues to be made that despite the social costs, the overall result is still positive in the Pareto optimal sense that losers are compensated by the winners, still leaving a net gain³

Missing is the understanding that without human development economic growth cannot begin, and even less be sustained, despite what economic models can tell us about the future. Depriving large sectors of the population of equitable opportunities to access quality education, universal standards of health and nutrition, and services for personal development that can lead to productive employment is both economically inefficient and short sighted in the long-term. “There is a requisite minimum of social spending below

³ “Considerable uncertainty remains about the human impact of adjustment, because of the analytical and methodological difficulties of measuring the effects of adjustment on the poor and on the social sectors” Behrman and Deolalikar, 1991: 292). However, the reality of the negative effects on the poor are visible in most countries.

which it is impossible to prevent socioeconomic deterioration and degradation” (IDB, 1993: 31).

Poverty in some countries is reaching new depths and the gaps between rich and poor are becoming wider. The absolute number of poor people in many developing countries has increased dramatically. In many others, the traditional middle class is disappearing and the number of families under the poverty line has grown compared to fifteen years ago. In some regions, like Latin America, this has assumed dramatic proportions exacerbated by recurrent financial crises and mounting debt.

In practice, public policies dealing primarily with economic variables have ended in no more than maintaining the financial solvency of governments at best, and reducing the power of key sectors of the population to afford the goods and services required for maintaining minimum levels of well being at worst. Central to this neo-liberal approach dealing with the development crisis has been the weak capacity of the central states to govern and provide for the well being of the population. Moving from state-centered policies towards market-oriented ones has created a “perverse association (between the state and the economy) that privatizes extraordinary profits and socializes all loses” (Portantiero, 1992:19). Under the prevailing trends of economic globalization promoted by industrialized countries, new forms of trade, economic protectionism, capital flows and investments, and capital accumulation are set among the first public policy priorities. One of the immediate outcomes is the relegation of social policy concerns to a second place.

Two views reflect the opinions about how to deal with social reform⁴ to combat poverty and underdevelopment. In one of them, a predominantly economic argument maintains that the poor in developing societies can only be helped if countries break the barriers impeding opening the path towards general economic expansion in an efficient way, following the steps of developed nations. This applies to government management, democracy, legal frameworks, and even cultural practices.

This argument promotes a shift away in the responsibilities of the state to provide for human development. Guided by a philosophy of free enterprise, it places the responsibility of development on the private sector and on the poor themselves, claiming that micro political and economic participation and self-help approaches can overcome inefficiencies in government and structural inequalities in society. It focuses on two ways of action: “first, the building momentum towards the private sector as a preferred provider of a range of services and opportunities; and second, the devolution of decision-making control and authority from the federal to the state and local governments” (Watkins and Watkins, 1987:

⁴ “Social reform is defined as a process contributing to human development through the combination of policies and instruments aimed at efficiently involving all individuals in the growth process, in the context of a general improvement of their well being” (IDB, 1993: i).

16). Implicit in this view is the notion that in societies that have achieved higher levels of economic development with the state disengaged from the social sphere, the poor almost automatically enjoy greater equity in the distribution of wealth and receive a greater share of the benefits of growth.

The other view argues that by recognizing that the lack of political participation is one of the main causes of inequality and poverty, corrective measures like democratization, redistribution of political power at various levels, and direct community involvement, will open the gate to the poor to access available wealth (Ascher, 1984). Little is known, however, about the social, cultural and organizational factors that may obstruct effective participation at the local and community levels, and about the structural difficulties that may exist among local government to manage social development programs.

These views carry several risks. First, they see the achievement of short-term targets of economic growth as the primary goal of development. This places the well being of individuals and their capacities to carry out change in subsidiary position to that of economic and political decisions. Second, they create the illusion that an efficient state is the one that discharges all its responsibilities for correcting social inequalities to other levels of government. The record of the 1990s shows that these views carried a high price and that at the end of the century, the world faces “remarkable deprivation, destitution and oppression” (Sen, 1999).

2.3 The Changing Role of Governance

The challenge of development in the 1990s and beyond is bringing to a central place in international development, new ways to ensure human development based on ethics and equality over the long-term. This requires revisiting the basic assumptions about economic development and the governance of society so widely and uncritically accepted in the public arena, particularly among those who make international development their business.

There is an urgent need to place at the center of development concerns the capacity to question the approach of national and local governments that design policies, implement measures and monitor practices based on the economic interests of the few at the cost of the social priorities the many. The promotion and support of effective social change, which may contribute to enhance human development, is an essential complement to public policy reforms, the building and maintenance of democracy, and overall development efforts.

The new social agenda in development requires a fundamental re-thinking of the existing forms of governance, and the roles of central and local governments based on enhanced forms of popular participation and social consensus. “Crisis does not always mean catastrophe. It means that old ways of thinking and acting are breaking down. While

today's crisis has both economic and political causes, at its root it has a crisis of values. It challenges us to invent a new political culture with new forms of collective actions, which in turn could lead us to new modes of understanding” (Portantiero, 1992: 17).

Changing governance practices, however, cannot stop at facilitating new forms of social participation. There are areas of responsibility that governments must retain within a framework of improved efficiency. These include the “solution of social issues, the general financing of the actions of economic agents and the preservation of the operations of markets in terms that will prevent the concentration of economic power and the exclusion of the participation of all economic agents” (Iglesias, 1992).

Equally important is the implementation of effective changes in government management practices at all levels, beginning with the central government itself: “while there cannot be an efficient state without good government, good government is impossible without an appropriately reformed state” (IDB: 1993: ii). This requires decentralization; restoring confidence in the capacity of the state to manage public finances and spending; establishing accountability mechanisms; and enhancing its capacity to integrate social and economic policies.

A key dimension in this process, however, is the understanding that the relationship between economic and social policies is not a sequential one. Developing societies cannot afford to address macroeconomic and economic growth issues first in isolation as they have done in the past, and only later deal with social and human development issues.

Although most international financial organizations, including the IMF and the World Bank, are beginning to recognize the centrality of the “social side” of development, they still pursue a sequential rather than integrated approach to economic and social policies. The Managing Director of the IMF indicated, “economic growth and the implementation of sound macroeconomic policies are necessary conditions for social progress, and above all, for the reduction of poverty” (Camdessus, 1993: 2). The President of the World Bank argued, “a two-track approach is required for effective poverty reduction. First, there must be a pattern of efficient, long-term growth in which the poor can participate through their labor. Second, there must be investment in health, education and other social services so that the poor can respond to the opportunities created by growth” (Preston, 1993: 2).

3. An Inclusive View of Development

The lack of a view that includes both social and economic development on an equal footing makes the planning and design of development strategies unsustainable over the long-term. Not placing human well being at the center of social, scientific and economic change and of the policies to implement it, continues to make development an exercise in

international rhetoric more than an effective tool to combat poverty and inequality.

The issue is not one of negating the relevance of the economic dimension as one important component of human progress, or whether economic growth is a necessary factor in sustainable development. Promoting economic development, as the leading force, above all others, obliges one to raise questions about the guiding value explaining whom economic growth is serving. Similarly, there is little doubt that in the developing world there is a wide spread fiscal crisis which tends to aggravate existing conditions of poverty. "What is open to question is the idea that the crisis can be resolved by dismantling social welfare policies. ... The roots of the fiscal crisis are to be found not in excessive social policies, but in other subsidies traditionally offered by ... governments" (Portantiero, 1992: 18).

The call to give social priorities and policies an equal strategic dimension as to those given as a matter of course to economic policies and interests, by no means implies that development strategies ignore the person as the ultimate desirable target of their strategies. On the contrary, almost without exception, the discourse of international development organizations as well as in the intentions of national development plans, identify the well being of people as their fundamental goal. What is not present, however, is the explicit understanding about how to achieve such goals in measurable terms. In practice, the process of goal and objectives setting, the planning and resource allocation decisions for development are often placed in the hand of economic rather than other types of social expertise, making it practically impossible to identify the various degrees of impact of development plans on the poor, except for those that can be measured in financial terms.

Development strategies too often refer to the poor as if it were an abstract homogenous notion that permits politicians and development professionals to categorize peoples above or below a statistical line, defined in economic terms. This view may facilitate communicating an image of deprivation in the news lines. However, in the process this approach not only ignores the complexities and differences in the expressions of poverty; it places individuals at the recipient end of economic decisions, and provide targets to economic modeling exercises whose predictions which may or may not eventually translate into modernization, progress, scientific advancement or greater access to wealth.

This approach has serious long-term ideological implication overall, and particularly for developing countries. These countries not only lack resources but also they often lack the means and infrastructure to identify target groups, monitor the delivery of programs, and evaluate their impact. Their current state structures, their private sector or at the community level lacks the capacity and the means to facilitate the provision of significant input into policy processes.

While industrialized countries moved towards a model of national development that has dismantled the remaining aspects of the welfare state, countries in the developing world

were left to seek social development alternatives at a tremendously high social cost. The results were many and in most cases worrisome. They included the reduction of state social investments in health and education; the growing privatization of social services with little or no success; decentralization measures without the institutional and legal frameworks to make them work, and the setting of various models of user fees to maintaining the provision of social benefits to the most needy. Steps such as these in the social arena facilitated the liberalization of measures for foreign firms investments, capital flows, free trade, the environment, deregulation and privatization of government-owned enterprises.

However, short-term objectives and a focus only on the delivery side of a market driven social system limit this economic-centered framework. This framework excludes from its considerations the critical assessment of the role of existing patterns of capital accumulation on resource allocation in the social arena. By doing so, it leaves unquestioned the impact of wealth accumulation as the driving force of social change.

In such an agenda, social policies become only an additional component of a wider system of supply and demand regulated by the availability of money. The capacity of specific groups to deliver and acquire differential types of services becomes thus localized and isolated by income boundaries. Primary health care, basic education, childcare programs, the provision of shelter, and welfare options are, in practice, all de-universalized in their supply and become competitive in their demand. At best, they are simply subsidiary to the most pressing political goals of the day, and fluctuate with the political shifts driving central governments. Thus in a cyclical manner, the effects of shifting in the provision of social benefits away from the state brings, progressively, the weakening of an already precarious social safety net upon which low-income sectors depend more and more for their survival.

A new perception of development oriented towards reducing poverty by emphasizing the importance of social policy changes needs to come to the realization that there is a fundamental difference between economic growth and human development. The later is not a direct outcome of the former in societies where social inequality is deeply rooted in the ethos of capital and on cultural, gender and ultimately class differences.

Ignoring such differences leads to the current discontent with international development policies, programs and actions. The international development business continues attempting to find way to rationalize and explain their actions. Still, however, there is no a satisfactory response to why international development institutions, decisions and programs persist in focusing on economics in the expectation that these policies will have trickle down effects and result in better conditions for the life of the poor, and that then capacities to carry out or influence social change will be strengthened.

In most developing countries, the emphasis on new forms of governance and forms of

management without state institutions capable of regulating and correcting social imbalances risks widening even further the gaps in terms of access, quality and content of social policies and services. The risk is making them more selective in the short-term as a form of political protection and less effective over the long-term. Changes in the provision of social services in basic health care, education, housing, sanitation, and child care without the capacity to determine to measure the scope the impact of social policy strategies and the reach of specific beneficiaries, risk further excluding groups from the coverage of key programs. Over time, this will leave a larger proportion of the poor unprotected and with fewer opportunities to influence decision-making processes.

If economic efficiency rather social effectiveness continues to be the driving force, the poor will have even less options to influence the public policy base of development strategies. Key groups including women, children, indigenous people and the elderly will remain outside the actions and regulations setting social goals. This will weaken even further the popular base of democracy, and the impact of strategies to address human development and wealth redistribution.

CONCLUSION

There is a growing feeling that social policies and programs formulated from a predominantly economic perspective and without due regard for human development and values have not succeeded in combating poverty in the past. More often than not, policies and programs respond to crises or address the basic needs of key target groups as a response to political considerations. The results are sectoral constrained responses, provision of irrelevant programs beyond the internal rhetoric of the donor agencies, and ultimately an entrenching of existing patterns of powerlessness among key sectors in society.

In practice, from a policy stand point, attempting to meet the social side of development within and economic framework has led to adopt reactive rather than strategic decision-making processes. Nationally, they have often lacked a comprehensive and systemic approach to integrate into their considerations the outcomes of social, cultural, economic and political processes by which individuals and groups can advance in their growth. In human development terms, decision-making processes have not sufficiently contributed to enhancing the capacity to identify, organize, acquire, generate, and use knowledge for development. Nor have they enhanced people's choices to improve individual and collective abilities to achieve higher levels of well-being and improved conditions for local and national participation.

Moving towards an inclusive view of public policies implies addressing them in a non-sectoral way and as a multi-dimensional series of political processes and actions designed, planned and implemented by social institutions and actors in response to basic needs over

the long-term. In such a context, the aim of public policies is comprehensive rather than exclusive. They must be designed, formulated and implemented primarily to generate the human development conditions that improve the standard of living of the population, redistribute wealth, and facilitate the attainment of personal development and economic well-being.⁵

From a human development perspective, social policies in this context involve the strategic interaction of national and local level decision-making across sectors and systems, programs and innovations. Ultimately, their purpose is to establish the human foundation on which other development policies, including fiscal and economic policies and actions can take place. This implies moving away from a remedial approach, to one in which social policies become pre-requisites for other broader development actions.

However, to place social policies at the center of the inclusive public policies and as the driving force of development agendas requires looking carefully at the social policy-making processes and the conditions required to make them more effective and value driven. Research and evaluations that could lead to an understanding of how, through what processes, by what means, and with what degree of success social policy decisions are designed, applied, and evaluated becomes thus of great importance, both nationally and internationally.

There is an urgent need to address issues dealing with the institutional capacity of societies to formulate and implement effective social policies within this framework. However, most developing countries lack the appropriate institutional policy frameworks to design, apply, monitor and evaluate social policies and programs that can lead to sustainable development. They also lack the human, methodological and information resources to identify and assess needs, set priorities and measure effectiveness in program delivery. Strengthening policy-planning and management capacities at various government levels becomes a priority if inclusive policies and decision-making is to be successful. The design and evaluation of training programs and methods adapted to national and local conditions is a primary concern in this context, as it is the transparent monitoring and assessment of aid flows to reduce poverty.

It is a fact that economic globalization has changed traditional ways of designing and implementing public policies in general and social policies in particular. The new international economic environment places additional demands on governments already under domestic pressure for greater political participation and self-directed development strategies. This makes it even more difficult to formulate and implement locally

⁵ In a policy framework, human development is a social process that manifests itself through the critical stages of an individual's life in the transition from birth to adulthood and the productive integration in society. It occurs in formal, no formal and informal settings, cutting across topical problem-areas and issues. Socially, it is not the outcome of single sectoral actions or programs, but the result of integrated actions to satisfy basic needs.

responsive, sustainable and inclusive public policies. There is a need to identify key entry points to monitor current poverty reduction efforts, including their social and cultural impact beyond project or program delivery, the viability of economic policies once the project or program concludes, the social and political dimensions of accompanying political integration strategies, and the changing role of governments in policy-making and follow-up.

Regarding the later, democracy - as the basis for social governance - is central to building an equitable social policy-making capacity. However, globalization challenges the traditional relationships between the state as a political and welfare institution and the civil society. Autonomous civil institutions are irreversibly changing the political process in many countries with far-reaching impacts on democratization, development, human rights, and policy-making. There is a need to better understand the role of civil institutions in defining social policy agendas, influencing public policy-making, and providing alternative models for the provision of social services. There is also a need to assist policy-makers and practitioners to identify successful innovations that enhance popular participation in policy-making and explore mechanisms for democratization and local participation.

Equally important is a focus on the means to make equity a reality. Issues of policy relevance and equity in access, use and outcome of services are fields in need of further exploration. This implies, in turn, setting national and local avenues for policy and program management; identifying mechanisms to increase popular participation in policy decision-making; exploring options for the financing of social programs and innovations; and developing indicators to assess degrees of impact and success. Evaluations to assess the content, planning, management, and outcomes of policies to meet basic needs, and of strategies that foster policy innovations, promote human development, and encourage grassroots solutions to poverty can play a critical role.

Enhancing participation in inclusive public policy decisions requires knowing more about the political viability of new policy initiatives and options available to build on opportunities for developing social consensus not only at the national level but also at the level of local governments and communities. Understanding the interplay of cultural, economic, and institutional factors becomes crucial to setting viable social policy frameworks that are relevant to the needs of key target groups. Setting in place mechanisms to tap resources in cost-effective ways to maintain basic social services for the poor, requires understanding existing social resource systems, their use, and the innovations that can be developed to complement them. Paying greater attention to the relevance, quality and accessibility of services, particularly where rapid urbanization is taking place requires identifying cost-effective and innovative financing to provide and deliver programs and services. Explore the feasibility of partnerships among public, private, non-government and community sectors requires to assess equitable means of cost recovery that do not jeopardize access to services. Examining the impact of resource

redistribution among groups at risk requires enhancing the understanding of the social, economic and spatial factors affecting social services and the ways in which governments incorporate the criterion of quality into social programs and policies. This will entail developing low-cost methods of identifying groups at risk and monitoring social programs.

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