

JUNE 2018

DEVELOPMENT EFFORTS NEED TO REACH LAST MILE

REPORT



This event is part of our Development Policy Forum (DPF), which brings together a number of important development actors, including the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Agence Française de Développement (AFD), the Japan International Cooperation Agency (JICA), the European Investment Bank (EIB), the United Nations and the World Bank. Reflecting the growing role of the private sector in development, the DPF has now welcomed Coca-Cola and Eni to the forum. The DPF contributes to the global and European conversation on inclusive development. Through its activities and publications, the DPF reflects the rapidly-changing global debate on growth and development and seeks to encourage a multi-stakeholdered, fresh, up-to-date thinking on the multiple challenges facing the development community.



Co-funded by the
Europe for Citizens Programme
of the European Union

INTRODUCTION

Efforts to promote development need to focus on hard-to-reach areas and overlooked groups of people, experts told a Friends of Europe Policymakers' Dinner, "Leaving no one behind – the SDG challenge of reaching the last mile" on 5 June 2018.

About three-quarters of the world's poor live in remote areas with insufficient access to education, healthcare, clean water and sanitation. The percentage of children not in school in these areas is twice as high as in urban areas, and children are 1.7 times more likely to die before their fifth birthday in comparison to urban areas. That makes it urgent to push aid efforts well beyond cities, which often present the most-visible challenges.

The United Nations' Agenda 2030 calls for leaving no one behind and ensuring that all sustainable development goals (SDGs) are "met for all nations and peoples and for all segments of society". An implication is that development actors think beyond per capita GDP and reach out to the last mile: the poorest of the poor, the most geographically distant and the most marginalised – with a special emphasis on women and girls.

THE ROOTS OF INEQUALITY

A quarter of the world population is youth and about 90% of them live in developing countries, said [Naoko Ueda](#), Deputy Director of the Development Centre at the Organisation for Economic Co-operation and Development (OECD). "Are they incorporated in the labour market? We found that there is a skills gap for young people. Even when they are educated they are not integrated into the formal market. So there is a need to bridge this gap."

One important reason: "We need to avoid making youth disenchanted from governments. Especially in Latin American countries, not only youth, but people in general have less trust in their own government, partly because of the lack of quality of social and public services. If youth are disenchanted with their countries, that can lead to instability."

Women also need special focus, as they face barriers to work that men do not – and the causes go beyond workplace discrimination. "There is a social norm that women have to do more housework, and that really disadvantages them from spending more time in the working environment," said Ueda. "That inhibits them to progress into the labour market. Therefore, a greater number of women are highly educated these days but not necessarily advancing in terms of economic opportunities. The imbalance of household chores is greater in developing countries than in developed countries. My recommendation for gender is that it is important to have gender policy initiatives – but at the same time, don't forget this root cause of social norms."

“There is a skills gap for young people. Even when they are educated they are not integrated into the formal market”

Naoko Ueda

Deputy Director of the Development Centre
at the Organisation for Economic
Co-operation and Development (OECD)

“Ethiopia is on an industrialisation path thanks to growth and planning. There are hundreds of industrial parks in the country”

Li Yong

Director General of the United Nations Industrial Development Organization (UNIDO)

AN INDUSTRIALISATION MODEL

Industrialisation provides opportunities for social as well as economic progress, and it is one of the objectives of Agenda 2063, the African Union's strategic framework for the socio-economic transformation of the continent over the next 50 years. It is also closely related to the UN's SDG number 9: build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

There are some examples of successful investment programmes in Africa – notably in Ethiopia, which was once known for devastating famines, but is now developing a base of light industry. “Ethiopia is on an industrialisation path thanks to growth and planning,” said [Li Yong](#), Director General of the United Nations Industrial Development Organization (UNIDO). The country is now home to a growing number of industrial parks, which focus on labour-intensive sectors such as apparel, textiles and food processing. “The poverty rate has fallen from 44% in 2000 to 23.5% in 2015-16.”

The Industrialisation policy concentrated on those sectors because they are labour-intensive. “A country of 100 million people has moved ahead in poverty reduction. We remember the scenes of famine 38 years ago, but now the country is moving more towards economic development. There are hundreds of industrial parks in the country. I visited one centred on leather goods: companies there had hired 1,300 people of whom 70% are women. Industrialisation in Ethiopia started with three pillars – food processing, leather and textiles – but now they are expanding to chemicals, pharmaceuticals and light manufacturing.”

One way that other African countries can industrialise like this is through UNIDO's Programme for Country Partnership, which supports a country in achieving its industrial development goals using a multi-stakeholder partnership led by the host government. It combines ongoing government and partner interventions and aims to leverage additional investment in selected priority sectors.

“We work together with governments, development institutions, the African development bank and the private sector to develop an industrial sector strategy,” said Li. “I believe that something that happened in Asia, in North America and in Europe will also happen in Africa.”

ROLES FOR BIG BUSINESS

Industry is also important because it can help with some needs better than governments or development organisations. Many years ago, Melinda Gates pointed out that Coca-Cola is present in over 200 countries – so surely it could help to get resources to the last mile? “When she posed that question, she was really looking at logistics in our system,” said [Beatriz Perez](#), Chief Public Affairs, Communications and Sustainability Officer for The Coca-Cola Company. “How can we get vaccines over that last mile using Coca-Cola’s skill, trucks and know-how?”

Last year, the company piloted a programme in Tanzania called Project Last Mile. “We started by trying to think about how to utilise our system to get vaccines out there,” she said. “However, we learned through the first pilot that skills and training had a bigger impact. It was less about putting vaccines on trucks. It was about working with the ministry of health, local governments and communities to ensure that there was refrigeration at the local point of distribution so that the vaccines could be stored properly. What happens when the refrigerator holding the vaccines breaks down? Someone isn’t just next door to come and fix it. So our people trained the individuals operating these facilities – the medical and health centres where people would come for the vaccines. Then the programme could be sustainable without always having to have Coca-Cola on site, without always having to use our trucks.”

Other Coca-Cola projects include the Replenish Africa Initiative for bringing drinking water to the millions of Africans without access to it. This kind of programme has to take into account specific local circumstances. “It’s Important for us to look at what problems we are trying to solve and be very clear about them,” said Perez. “How do we make sure that when we go into the community, we’re not just putting a standard water programme in place – because maybe in Ghana there’s plenty of water but the water’s not clean, and in other areas, maybe in South Africa, there’s a drought. How do you make sure that you’re really on the ground in understanding the local issue and sitting with the community first? When you come in as a private-sector partner, you need to ensure that you’re working in line with the government as well as the people who live and breathe in that community.”

Another programme is Educating Nigerian Girls in Nigeria Enterprise (ENGINE), which aimed to strengthen the educational and economic opportunities of Nigerian women and girls. Of the 21,000 who were involved, more than half now run their own businesses. “At this point in time, those women and girls now don’t need us,” said Perez. “They are going to thrive and be very successful and their communities will be better off.”

“Skills and training had a bigger impact. What happens when the refrigerator holding the vaccines breaks down? Someone isn’t just next door to come and fix it”

Beatriz Perez

Chief Public Affairs, Communication
and Sustainability Officer
for The Coca-Cola Company

“The key definition is that the SDGs are a matter for all in society. It means a whole-government approach and questions about the governance of the world”

Stefano Manservigi

Director-General for International Cooperation and Development (DEVCO) at the European Commission

Beyond the main speakers, other participants made other points about the delivery of development policy on the ground.

- Without greater opportunities for Africa’s growing number of young people, there is potential for unrest, which could have an impact on Europe. “If millions of young people don’t have jobs and skills and are frustrated, they can turn to extremes. For a continent that is 14 km from Europe, that is a scary prospect.”
- Uber is trying to inform women in developing markets of the opportunities to become drivers. “First though, we need evidence about the potential from the growth in the sharing economy.”
- The financing of small businesses does not need to cost a lot. “The poor don’t need \$1,000 to start a project – just 200 or 500. But planners often don’t see the need to provide so little money. They should also try to accommodate people without collateral: from experience, women who were given short loans were good at paying them back.”
- You cannot put a price on the value of education. “I remember growing up as a young boy and my mother was trying to balance resources in the house. She always put education first. I asked why, and she said: ‘That is the only thing that no one will take away from you.’”

THE SDGS ARE DIFFERENT

An important principle of the SDGs is that they contain goals for all parties, including those that have traditionally acted as donors or enablers. “The key definition is that the SDGs are a matter for all in society,” said [Stefano Manservigi](#), Director-General for International Cooperation and Development (DEVCO) at the European Commission. “That means, first and foremost, that we reflect on all societies. It means a whole-government approach and questions about the governance of the world. The way in which the SDGs could be attained, for example, through the Belt-and-Road initiative is different from how they could be reached in a different way. This needs to be factored into our reflections much more. Otherwise we fall back into just the technology of innovation. You can fight against poverty but if you don’t change the model of producing energy or of consuming and therefore the model of how we have access to food, I don’t think it will last.”

The SDGs also imply new understandings of poverty. “There is the poverty of those who are already poor and there is the poverty of those who are almost middle class but who risk falling back into poverty,” said Manservisi. “This is particularly true in the so-called middle-income countries, which have just achieved a certain level. If we look at the SDGs as just MDGs-plus, we will not be capturing their true meaning. So we need a holistic approach, a whole-of-government approach, which mobilises civil society and at the same time raises questions about the governance of the world.”

One implication is that new metrics for development are needed. “I would not challenge the statement that we should focus on the most neglected people,” said Ueda. “But at the same time, when we tackle the SDGs, we should go beyond GDP per capita. If we look at GDP per capita, many countries look OK: many Latin American and African countries have gone up the ladder. But at the same time, their inequalities as well as their wellbeing indicators show that they are not well off.” This can be seen from measures of social inclusion, work-life balance, availability of public services and life satisfaction. “We should not forget those people.”

When a country achieves higher per capita income, it can automatically lose support from international financial institutions. “Every country has a different stage in development and we should not just cut them off abruptly,” said Ueda. “We have to rethink international cooperation innovatively.” That also includes paying special attention to countries with particular needs, such as island countries affected by climate change. “This discussion is not about shifting support from low income countries to middle income countries,” she said. “But we should not forget that there are different kinds of vulnerability.”

Once people are given the chance they need, they often end up helping others themselves, said moderator [Shada Islam](#), Director of Europe & Geopolitics at Friends of Europe. “There are still people at the bottom of the pyramid – people that we need to empower, people that we need to reach, but also enterprises and places and women and girls in those remote areas,” she said. “Once empowered they are really solid contributors to the national economy and the global growth that we want.”

“If we look at GDP per capita, many countries look OK: many Latin American and African countries have gone up the ladder. But at the same time, their inequalities as well as their wellbeing indicators show that they are not well off”

Naoko Ueda

Deputy Director of the Development Centre
at the Organisation for Economic
Co-operation and Development (OECD)

“There are still people at the bottom of the pyramid – people that we need to empower, people that we need to reach”

Shada Islam

Director of Europe & Geopolitics
at Friends of Europe

CONCLUSION

Final key recommendations emerged from the dinner:

- Developing-country success stories, such as Ethiopia, can serve as best-practice models for other countries and other parts of the world.
- The private sector often has strong digital and logistics skills. These can be valuable when implementing plans on the ground in remote areas.
- Development aid for poverty relief should go beyond providing funds to people in need. Business skills, such as saving money and using it wisely, can help people develop enterprises.
- It's important to go beyond GDP and find other measures that capture the average progress of a country.
- Groups such as women, who often find themselves at a social and economic disadvantage, need special attention. In particular, they have to benefit from the educational opportunities available to other members of society.



SHARE THE PHOTOS



Friends of Europe

Connect. Debate. Change.



Tel: +32 2 893 98 23

Fax: +32 2 893 98 28

Email: info@friendsofeurope.org

friendsofeurope.org

Friends of Europe is a leading think-tank that connects people, stimulates debate and triggers change to create a more inclusive, sustainable and forward-looking Europe.