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Aid, social policy, and development

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Abstract: This paper discusses past and current social policy strategies in the international aid architecture. From the 1990s, aid strategy and policy shifted to put a stronger emphasis on human development. This accelerated with the Millennium Development Goals and will continue under the Sustainable Development Goals, which have even more ambitious targets. The paper also assesses some of the concerns associated with the 'Paris-style' aid modalities, and discusses major challenges for the future global development agenda.

Keywords: aid, social policy, developing countries, global development agenda
JEL classification: F35, F53, I38, O19

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1 Introduction

Social policy is a cornerstone for human development along with the institutions and modalities that underpin the provision of education, health, as well as other social infrastructure and services. People value these regardless of the instrumental role that they play in enabling their participation in economic, social, and political life. This is in essence what Amartya Sen has referred to as 'functionings' and 'capabilities' (Sen 1999).

Countries struggle to create a sound social policy, which often ends up truncated and ineffective. The persistence of weak administrative and political institutions, as well as financing constraints, are few of the problems. Opportunities for accelerating poverty reduction and containing social inequality are hence missed, alongside with ways to transform the economy that support broad-based growth. By providing knowledge and finance, there is scope for external actors—official aid agencies, International Non-governmental Institutions (INGOs), philanthropists—to help countries unlock the potential of social policy for both social and economic transformation.

Over the past 25 years, aid in all its forms has increasingly supported the provision of social services, either via direct interventions or through the support of domestic social policies and their institutions in recipient countries. This has been reinforced by the Millennium Development Goals (MDGs). The international development community has seen aid to social services as an instrument to help countries break out of poverty traps, and as means to support social justice as well as the rights of the poorest and most vulnerable in society.

In real terms, aid to social policies increased from an average of US$2 billion a year in the 1960s to US$50 billion in the 2000s at constant 2010 US$ prices. The increase in development aid has been accompanied by a proliferation of actors (notably private foundations and individual philanthropists) that provide funding in addition to traditional donors and manage aid programmes and projects (e.g., bi-lateral agencies, inter-governmental agencies, global health initiatives, NGOs, and private agents) (McCoy et al. 2009). A wide variety of actors deliver aid to social services using different modalities, depending on the amount of earmarking they require and the extent to which they rely on governmental systems for planning, disbursement, and monitoring of funds. This rise in the number of actors raises the overall resource envelope and expands the possibilities for recipient countries (although one downside is that it adds to an already complex and fragmented aid architecture).

Surprisingly little research has been conducted on the effectiveness of these diverse aid modalities and actors, and how they connect with the issues of efficient resource allocation, donor fragmentation and co-ordination, as well as the politics of aid. This paper provides an overview of these major concerns.

This paper is organised as follows: Section 2 presents a brief overview of the evolution of social policy within the aid architecture. Particular attention is given to the fundamental transition that began in the 1990s, which placed a strong emphasis on human development and also saw the arrival of new players onto the aid scene. Section 3 discusses issues around the transition from project aid—which still dominates social sector aid but which is incapable of delivering the impact at scale now demanded by the Sustainable Development Goals (SDGs)—to sector and budget support, which have many advantages, but which require a loosening of donor control. Section 4 concludes with reflections on the implications of the overall findings for the future development agenda.

2 Social policy and the aid architecture

By social policy, we mean actions and principles that, through the provision of healthcare, education, water and sanitation, as well as social protection, enhance human welfare. It is now widely recognized that social policy is far from being a passive participant in the broader processes by which poorer societies converge with the living standards of richer ones, but is itself an active and instrumental driver of economic and social change.[1] Social policy took, however, a considerable amount of time to be accepted in the official donor community, although it has arguably been always featured in the work of academics and the INGOs right from their inception.

Since the 1950s there have been important shifts in the provision of aid, which have interacted with aid's support to social policy in all its forms. In development's early decades, official donors favoured infrastructure together with the 'hard' sectors (manufacturing, large-scale agriculture, etc.). During the 1960s, aid to education constituted just 8 per cent of total aid flows, and rose only marginally to around 11 per cent during the 1970s. The social sectors were seen as the 'softer' side of development, to be given less priority, except when skilled labour was needed for higher productivity and growth—this was the era of 'manpower' planning. To take education as an example, aid was largely concentrated on secondary and higher education, as these were regarded as catalysts for labour productivity growth (World Bank 1980). Nearly 50 per cent of bi-lateral co-operation went to secondary and nearly a third to tertiary and technical education (OECD 2012).

In this era, aid focused on financing capital expenditures, as newly independent countries needed considerable physical infrastructure, equipment, and technical assistance. From the 1960s to the 1970s some two-thirds of World Bank educational lending was allocated to the construction of schools, and around 30 per cent was used to purchase equipment (Tilak 1988). Social sector spending came under considerable budgetary pressure in the 1980s in the era of structural adjustment (Coombs 1985). Recurrent budgets in education and health were often cut drastically in countries hit by macroeconomic crisis, so that donor supported investments on the capital side became ineffective for lack of necessary recurrent spending. This led to the phenomenon of schools without books and health systems without vital drugs and staff.

At the same time, the period from the mid-1960s to the 1990s was marked by a progressive expansion in research on the impact of social sector investments, at both the macroeconomic and household levels. This eventually helped to encourage a major surge of aid into the social sectors from the mid-1990s onwards.

On the macroeconomic side, economic theory started to highlight the importance of human capital investment to economic growth and aggregate welfare (Lucas 1988; Romer 1994). Moreover, as globalization took off in the 1980s, it became ever more evident that human capital investment could transform a country's prospects. Successful development depends on how effectively a country uses its 'factor endowments' for production and exchange in the global economy. For poor countries those endowments are natural resources (renewable and non-renewable) and labour. With high fertility rates, the young population of Africa and South Asia is growing. Yet, most of that labour is relatively unskilled, ending up in occupations characterized by low-productivity and therefore low earnings.

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[1] For a detailed discussion of the concept of social policy, see the seminal work of Marshall (1965) and Titmuss (1974), and also the studies of Blakemore and Warwick-Booth (2013) and Spicker (2014) for more recent analysis.

By improving human capital, social policy can help shift the fortunes of poor economies in the global economy; creating a growing stock of skilled labour raises labour-productivity (and with it earnings) and adds value to previously unprocessed exports derived from the country's natural resource endowment (Haq 1996; Lin 2008). By the 1990s there was a widespread view that education and health investments, including innovation and knowledge creation, have profound effects on the long-run social and economic progress of nations (Barro 1991; Rebelo 1991; Benhabib and Spiegel 1994; Barro and Sala-i-Martin 1998).

Parallel to this increased macroeconomic understanding of the transformative role of better education and health was a growth in knowledge of the household and community impacts. This was driven by the new economic literature on human capital, an increasing amount of household data, and new empirical methods. In the area of education, Psacharopoulos (1983), followed by Psacharopoulos and Patrinos (2004), showed that private returns to education were higher than returns to investments in physical capital; with average rates of returns to an additional year of schooling in the order of 10 per cent. This and other research was highly influential in the World Bank, reinforcing the Bank's shift towards the social sectors in the 1990s under the presidency of James Wolfensohn.

Evidence also started to accumulate on the impact on poverty and human development more broadly. For health, Anand and Ravallion (1993) and Bidani and Ravallion (1997) showed that health expenditure has a positive and significant impact on the poor in developing countries whereas Gupta et al. (2002) provided evidence that health expenditure was important in reducing child mortality. Similarly Baldacci et al. (2003), Gomanee et al. (2005), Mosley et al. (2004), and more recently, Gebregziabher and Niño-Zarazúa (2014) have shown that public spending is an important determinant of social outcomes and aggregate welfare, including lower poverty incidence.

Research has also shown the difficulty that the poor have in making investments in human capital; not just household budgetary constraints but fragmented credit and insurance markets as well, leading—in extreme situations—to 'poverty traps' that are difficult to break in the absence of public action (Zimmerman and Carter 2003; Carter and Barrett 2006). By lifting the budgetary constraint on those investments, aid can be a catalyst for human development—and not just an act of humanitarianism, important as that is.

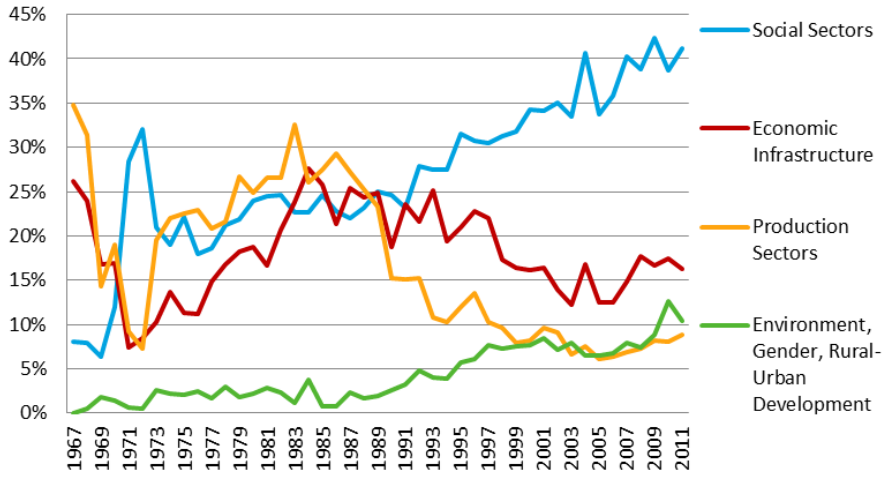
An accumulating body of research eventually started to influence policy, helping to move the social sectors up the hierarchy of donor priorities. This culminated in discussion around the MDGs leading to an acceleration in the growth of donor funding for the social sectors from the mid-1990s onwards. Yet research was only one driver of change in aid policy. Equally important—or perhaps more important—was the evolution in development thinking; towards a more multidimensional and holistic perspective on development, in which social policy was seen as an increasingly vital part. This new approach placed a strong emphasis on tackling the structural factors that impede the delivery and use of services, drawing on evidence on incentives, information, and social norms (and reacting against an over-emphasis on user-fees that marked the structural adjustment era).

The 'World Declaration on Education for All' was adopted in 1990 by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and other multi-laterals, which emphasized the strengthening of national efforts to improve basic education for all. The same year, the WHO and UNICEF pushed the Universal Childhood Immunization campaign that led to a significant increase in the number of children being immunized with the six Expanded Programme on Immunization (EPI) vaccines—tuberculosis (TB), diphtheria, tetanus, pertussis, measles, and polio. These initiatives paved the way for the global strategies that have raised the

profile of social policy, notably the MDGs, the Social Protection Floor, and public-private initiatives, such as the GAVI Alliance and the Global Funds to fight AIDS, Tuberculosis and Malaria, among others.

These high-profile initiatives were associated with a period of unprecedented growth and innovation in the aid architecture, including aid to the social sectors. This can be seen in the composition of aid flows. In 1960, US$36.4 billion were allocated to development activities. By 2011, aid flows had quadrupled, to US$146 billion. As Figure 1 shows, aid to the social sectors rose significantly from just above five per cent of total aid flows in the late 1960s to around 40 per cent in 2011. In real terms, aid to social services increased from an average of US$2 billion a year in the 1960s to US$50 billion in the 2000s, reaching US$64 billion by 2011.

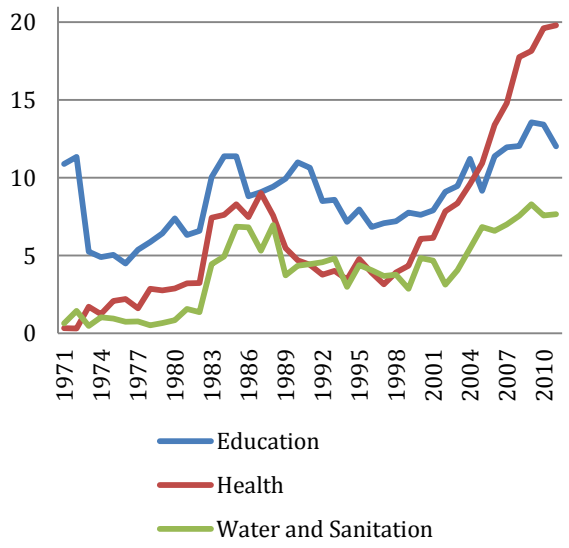
Figure 1: Total official development assistance (ODA) and aid to the social sectors, 1970-2011



Source: Authors, based on OECD (2012).

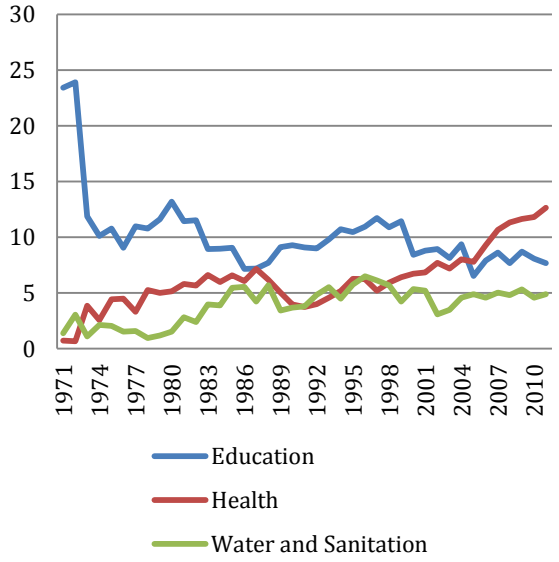
As seen in Figures 2 and 3, education along with the provision of water and sanitation, but notably healthcare as well as reproductive and population policies, have largely benefited from the transition of the aid architecture as the official development community adopted broader definitions of development. Water and sanitation policies, often linked to urbanization and infrastructure investment, were featured in the earliest era of aid. However, these sectors were among those most affected by changes in aid policy from the mid-1990s onwards. Healthcare, on the other hand, has become the main objective of donor support to the social sectors, moving from nearly zero support to about US$ 20 billion at 2010 constant prices.

Figure 2. Aid to social sectors (billion US$ constant 2010)



Source: Authors, based on OECD (2012).

Figure 3. Aid to social sectors as % of total aid flows



Source: Authors, based on OECD (2012).

The increase in aid to social services has been accompanied by a proliferation of actors that provide financial resources, technical co-operation, as well as management of aid programmes and projects (McCoy et al. 2009). These actors rely on different aid modalities to support social services, which are executed in accordance with how well they are co-ordinated and linked to government systems, the private sector, and NGOs.

The growth in social sector aid is not just from 'traditional' (OECD-DAC) donors. It is also associated with the creation of new global initiatives and the rise of new bi-lateral donors. For the former, the most prominent initiatives include the Bill and Melinda Gates Foundation, the Global Fund for AIDS, Tuberculosis and Malaria, and the GAVI Alliance. The proliferation of new global initiatives has sparked a debate about how best these new actors can assist development efforts.

Proponents of vertical approaches argue that the urgency of tackling diseases such as HIV/AIDS, tuberculosis, and malaria that are major causes of mortality, demand specific and tailored policies (Biesma et al. 2009). This may be so, but nevertheless, broader structural problems in health systems are likely to continue limiting progress in these major diseases (Shiffman 2006; Lieberman et al. 2009).

There is mixed although scarce evidence on the effectiveness of vertical approaches. The WHO's Positive Synergies Collaborative Group (2009) found that although there are significant data gaps, global health initiatives can positively reinforce developing countries' health systems. Dodd and Lane (2010) also found that global health initiatives have facilitated innovation in fund raising and delivering. In contrast, a seven-country study by Spicer et al. (2010) found that although the Global Fund for AIDS, Tuberculosis and Malaria has had positive effects on co-ordination at the national level, it has increased the complexity of the aid architecture, and undermined alignment and harmonization at the sub-national levels (Spicer et al. 2010).

Frenk et al. (2003) have proposed a 'diagonal' approach that consists of using single disease projects to address broader structural problems in health systems, such as human resources, drug supply, and financing. Some examples of diagonal approaches include the Global Fund's health systems strengthening programmes and the US President's Emergency Plan For AIDS Relief (PEPFAR) investments in human resources, supply chains, and health systems infrastructure (Moore and Morrison 2007).

There are also important cases of South–South development co-operation where countries have worked towards similar objectives. For example, a partnership between Brazil and Mozambique to combat HIV/AIDS has produced positive results (Sridhar 2010). Other important initiatives have focused on sharing knowledge about what works in terms of policy implementation and design. After succeeding in eradicating polio, India began to advise other countries in Asia and Africa that still struggle to control the disease. Bangladesh has also provided advice to control diarrhoeal diseases whereas the Aga Khan Development Network facilitates knowledge transfer in integrated primary and secondary care services in poor communities of south and central Asia and east Africa (Blanchet et al. 2014).

The study by Leite et al. (forthcoming) on the Brazilian Ministry of Social Development and the Fight against Hunger's co-operation with Africa focuses on the experiences of *Bolsa Família* and the Food Purchase Program. Leite et al. highlight the complexities underpinning South–South co-operation and the internal and external drivers, often linked to the leadership of domestic actors, growing mobilization, and disputes among domestic institutions and interest groups, and shifts in the global political economy, that explain the successes and failures of bi-lateral initiatives between developing countries.

3 Sector and budget support

The MDGs and their high level of ambition put a spotlight on the issue of achieving impact at scale: getting quality education, healthcare, as well as water and sanitation to millions of people at a reasonable cost that is institutionally sustainable. Despite some significant successes in the delivery of basic services in the last 15 years—manifested in declining rates of maternal and child mortality as well as increased school enrolment—countries still have a long way to go, especially those that are fragile with poor governance and administrative capacities, and which have made least progress in the MDGs. In the context of state fragility and weak institutions, donors have sought out to partner with NGOs, the private sector, and religious institutions (see Clarke forthcoming) for a discussion on a successful case in Papua New Guinea). Basic service delivery will continue as policy theme under the SDGs, which have a level of ambition far ahead of the MDGs.

While countries now have more domestic revenue with which to fund social policy—the result of economic growth and better tax institutions—many still need aid, both to finance service delivery and for technical assistance. Yet, a mass of small projects with different donors and different administrative and accounting procedures are a high cost route to impact at scale—and are unlikely to get us to the targets now set by the SDGs. The transactions costs of projects can be very high. To take just one example, Deutscher and Fyson (2008) report that health workers in some districts in Tanzania spend over 20 days per quarter writing reports for different donors. Moreover, project aid tends to have low local ownership with capacity building often dying out when donors cease funding, whether they have (or not) achieved their short-term goals.

The launch of the MDGs and the imperative of impact at scale made it harder over the last decade or so for donors to ignore the technical advantages of sector-wide approaches (SWAps) and budget support. Such programme aid provides opportunities for better co-ordination and planning, more stability in funding, and more local ownership; recipients receive more value from the aid's value as transactions costs fall in comparison to project aid. Governments and their donor partners can also take a more holistic view of how to achieve human development, which is much harder when the project modality prevails.

To do this, simulation models, like the one developed by Dessus et al. (forthcoming), can inform policy decisions and the design of expenditure frameworks about the potential impacts of budget and sector support—and provide insights into complementarities and trade-offs between social spending categories. These kinds of tools are highly desirable as countries try to move ahead with the SDGs and their multiplicity of goals and targets.

To achieve the SDGs fully will require a heavy but worthwhile investment in upgrading the data and information base on public spending, and social spending in particular. Limited information on capital and recurrent social expenditure in developing countries, and the contribution of aid to such expenditures, have made it difficult to undertake analysis of the impact of aid on the social sectors at disaggregated and sub-national levels. Aid's full effect is under-estimated as project aid is not always consolidated in recipient's budgets: this limits a more precise estimate of impact.

While programme aid has considerable merits, this is not to say that it is easy to implement, nor always effective. Experience with SWAps and budget support is mixed, and country-specific factors are crucial to success, depending on administrative capacity and the policy environment (Hutton and Tanner 2004; Sundewall and Sahlin-Andersson 2006). Having partnered with NGOs and other non-state institutions to deliver basic services in fragile states, donors face the dilemma that public health and education systems do not necessarily have the capacity to absorb and use effectively a rapid rise in programme funding, and in some cases too rapid a ramp-up may overwhelm the ability of recipient countries to plan, manage, and budget additional resources (De Renzio 2005, 2007; IMF 2007). Equality of access is another challenge, given that the poorest are often the hardest to reach—and therefore aiming to reach as many people as possible may leave behind those most in need (Mangham and Hanson 2010).

Despite these difficulties there is a body of evidence that finds budget support to have a positive effect on government ownership, accountability, and the capacity for public financial management (Marshall and Ofei-Aboagye 2004; and Leader and Colenso 2005). For six African countries Williamson and Dom (2010) found that sector budget support improved the efficiency of government by supporting the planning, budgeting, management, and accountability processes. They also found, however, that although access to social services had been improved, quality and equity in the delivery of these services remained below expectation.

Nevertheless, corruption has derailed the continuation of budget support in some cases. Bourguignon and Sundberg (2007) find that the success of budget support is linked to the governance and policy environment of aid-recipient countries and that donors are unwilling to engage when corruption and misuse of funds is prevalent. Chiripanhura and Niño-Zarazúa (2014) also show that in the context of weak democracies, opportunistic behaviour by incumbent governments which receive aid can lead to political business cycles to the detriment of further democratization. Budget support can be a highly charged political issue, its technical merits notwithstanding.

In the 2005 Paris Declaration on aid effectiveness, donors and recipient countries as well as multi-laterals agreed on five principles of 'good practice': ownership; alignment; harmonization; mutual accountability; and results-based management. A mid-term evaluation found that although some progress had been made, it was not fast enough (OECD 2008a). The 2008 Accra Agenda for Action aimed to accelerate progress towards ownership, inclusive partnerships, and results (OECD 2008b; Wood et al. 2011). Overall, action to reform the aid architecture has yet to match the rhetoric, despite attempts to speed-up the reform of the international aid architecture at subsequent meetings such as in Busan in 2011.

The in-depth study by Leiderer (forthcoming) examines the extent to which the harmonization and alignment principles of the Paris Declaration, implemented through SWAps and budget support, have contributed to health and education outcomes in Zambia—a 'model' country for adopting the Paris reforms. The study finds that despite positive effects, implementation of these aid principles has not been sufficient to overcome the negative effects of un-coordinated and fragmented aid. Budget support needs to operate within a framework of broader reform in the international aid architecture.

Unfortunately the broader reform has been slow. Aid to the social sectors is still characterized by many un-coordinated small-scale donor projects; more than two-thirds of aid disbursements in 2011 went to projects (UNU-WIDER 2014). Project aid continues to be favoured by donors as they can more closely and easily control the design, monitoring, disbursement, and accountability procedures, especially in environments of weak institutional and administrative capacity (OECD 2008a). They are willing to impose high transactions costs on themselves, and most importantly on their recipient partners, to achieve tight control: accountability to donor electorates wins out over aid effectiveness. Riddell and Niño-Zarazúa (2012), Martine Alvarez and Achary (2012), and Blanchet et al. (2014) show that the continuation of project aid is to a large extent due to donor governments' desire to track the effects of aid and show results to their constituencies.

Yet it is not clear what the real effects of projects are. So far, the fact that most evaluations of project aid performance rely on evaluation ratings based on subjective measures makes it difficult to rigorously examine the factors that explain success in aid initiatives. This point is illustrated in the study by Metzger and Günther (forthcoming); they compare evaluation ratings to objective and quantitative indicators of 150 drinking water projects funded by the German Development Bank. They find that while the effectiveness of ratings is best explained by country-level characteristics and project management and design variables, the available data is too limited to know *how* donor performance and project design drive the effectiveness of projects. To do such analyses, the authors argue, donors need to collect, store and publish more and better data.

One fundamental issue is the focus of aid on poverty reduction versus other goals. In principle, there is a strong argument for focusing on low-income countries, and more specifically, on the poorest and most vulnerable in society. Such a view is 'prioritarian' in nature; prioritarians argue for helping the worst off because an improvement in their wellbeing has a greater (ethical) value in the context of societies with a shared sense of justice (Parfit 1991, 1997; Barrientos 2010). Such a focus has a strong foundation in principles of social justice, especially amongst proponents of Egalitarianism (see Dworkin 1977; Roemer 1998).[2]

[2] The implicit greater weight of income transfers to the poorest would also satisfy the Pigou-Dalton Principle, which states that an income transfer from the rich to the poor (even in a global cross-border perspective) would result in greater equity as long as the transfer does not reverse their current position (Dalton 1920).

But when we move from the terrain of high principle to that of empirical facts, we find that the pattern of bi-lateral aid flows is still dominated by the commercial and trade interests of donors, their national security interests, and colonial history (Heyneman and Lee 2013; Shepherd and Bishop 2013). Donors crowd around particular countries, not necessarily the poorest. So despite the prioritarian principle that aid should go most to the poorest, Baulch and Vi An Tam (2013) find that in practice bi-lateral aid is at best poverty-neutral—in contrast to multi-lateral aid, which is more pro-poor.

The 'graduation' of countries from low- to middle-income status also raises problematic issues for aid policy, including support to the social sectors. More low-income countries (LICs) are becoming middle-income (MICs). In 2000, there were 63 countries classified as LICs; by 2011 there were 36, mostly sub-Saharan Africa (SSA) (Sumner 2010). This graduation has prompted donor countries to start shifting away from the new MICs. United Kingdom, for instance, has wound down aid to India. Yet, some 50 per cent of the world's malnourished children are Indian. Also, 75 per cent of the world's poor currently reside in MICs, which include such populous countries as China, India, Pakistan, and Nigeria, whereas just two decades ago, 90 per cent of the world's 1.8 billion people in poverty resided in LICs.

The prioritarian principle would favour the continuation of aid to the new MICs, especially in light of health and the achievement of the MDG 1c (targeting malnourished children). Yet, these countries have larger domestic resources for funding poverty reduction, the exclusion of their poor from economic growth is in part due to social norms that donors have little influence over, while small donor projects are unattractive to their national governments.

Whichever countries aid is allocated to, identifying the poorest for selection into social programmes is a major challenge facing the programme implementers. One increasing role for aid, whether provided by traditional official donors, NGOs, or new donors, is to transfer knowledge and scale-up social policy innovations, such as conditional cash transfers (CCTs) especially in SSA (Niño-Zarazúa et al. 2012).

The randomised control study of Sabates-Wheeler et al. (2014) assesses various targeting mechanisms to learn lessons about which approach is the most effective at minimizing inclusion and exclusion errors in the context of a cash transfer programmes. They conclude that community-based targeting is more accurate than categorical targeting by age or household composition. They point out, however, that targeting performance is strongly affected by the implementation capacity and modalities of development agencies. More of this kind of research is necessary as social policy moves forward, and it is an area where aid can make a valuable contribution, both in funding pilot social protection programmes and in research that better understands their impact.

4 Conclusions

Donors have made considerable progress in supporting the social sectors in recipient countries. Social policy is no longer regarded as the soft end of aid policy. The entry of new donors, especially philanthropists, has added to the considerable policy innovation now seen in both LICs and MICs. South–South co-operation is an increasing feature of the aid landscape, which helps to provide valuable expertise about what works in social policy, drawing on success—especially in the areas of social protection and basic healthcare delivery.

However, profound issues remain. Aid remains highly fragmented and un-coordinated, reducing its benefits to recipients, as they have to deal with multiple donors and projects simultaneously,

each with their different procedures. Recipients regularly complain that donors fail to consider sufficiently their needs and priorities. Several studies show that the donor community continues to struggle to abide by the principles of the Paris Declaration.

Political incentives and political economy factors can also play a role in the behaviour of incumbent governments in recipient countries, which may ultimately constrain the effectiveness of aid. When states are fragile and conflict-prone, and public institutions are ill-equipped to deliver social services, donors have turned to NGOs and community-based organizations as alternatives. Yet, this still leaves open the challenge of building public institutions capable of effective delivery.

Evidence also shows that aid is not always directed to where it is most needed. There are many drivers behind donors' decisions on the allocation by country and by sector of their aid, and poverty reduction and human development are not necessarily at the top of the list, whatever the rhetoric of their commitments to global development goals. Bi-lateral aid does, however, look set to move away from MICs at least as a source of social sector funding, although donors may continue to provide some technical assistance if governments want it. A major issue for the MICs irrespective of whether they receive aid or not is how to increase the benefits of economic growth for the poor, especially the poorest who are often disconnected from linkages to the growth process.

All social sector programmes, whether funded by aid or not, need more and better evaluation of their impact. Rigorous evaluation is too often limited by the available data, and although there have been positive steps to improve the generation of knowledge, evaluation data from developing countries remains incomplete, limited, and often of poor quality.

The world has come a long way in understanding the contribution of social policy and investment to support it in achieving both economic and social transformation. Yet, the social sectors still represent a major long-term challenge for developing countries to help everyone live more active and fulfilling lives.

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