Assessments of 23 National Poverty Programmes

COUNTRY PROFILES

BENIN
Comprehensive Monitoring

Benin's poverty programme, based on the Social Dimensions of Development strategy adopted in 1994, involves improving macroeconomic policies, targeting interventions to the poor and setting up a comprehensive poverty monitoring system. To date, monitoring poverty has been the programme's main accomplishment.

THE SOCIAL CHANGE OBSERVATORY PROVIDES POLICY-MAKERS WITH TIMELY AND RELEVANT INFORMATION TO MAKE DECISIONS.

Called the Social Change Observatory, the monitoring system is a network of autonomous and complementary units, such as the Urban and Rural Observatories, the Price Observatory and the Labour Market Observatory. The observatory's monitoring of household living conditions and responses provides policy-makers with timely and relevant information to make decisions.

The observatories, usually with three to five staff, operate through the technical units of ministries to strengthen the capacity to monitor the impact of poverty reduction programmes. Fairly inexpensive to operate and easy to replicate in other countries, the system has produced a valuable database and set of poverty profiles.

THE NEED TO LINK MONITORING WITH POLICY-MAKING

The Benin system uses qualitative and quantitative surveys to monitor household living conditions. Covering both urban and rural areas, the qualitative surveys identify people's perceptions of poverty, wealth and personal well-being. Although meant to help the government implement better anti-poverty interventions, the surveys have not fully achieved this objective.

So far they have been used mainly to identify poorer groups and areas. For example, surveys show that the informal sector employs more than 90% of the non-agricultural labour force and about 40% of the entire labour force. But Benin's employment promotion programme has chiefly benefited unemployed school graduates and workers laid off from public enterprises.

Surveys also show that more than 80% of rural women are illiterate—and that rural people see little connection between more education and a greater likelihood of generating income or finding a job. But the country's education programmes do not appear to take this information into account.

THE EMPHASIS ON ECONOMIC GROWTH

Thus, although Benin has developed an exemplary poverty monitoring system, it has not used the information to develop a coherent and well-targeted national poverty programme. Part of the problem is the heavy reliance of the anti-poverty strategy on promoting economic growth.

Recognizing the need for a better set of targeted interventions, the government initiated in 1997 the Common Social Minimum strategy to provide people with basic education and health care, ensure food security, stimulate income generation and integrate rural areas into the economy. Then in 1998 the government adopted a national development plan (for 1998–2002) with poverty reduction as its ultimate goal and sustainable human development as its organizing principle. An advisory panel, with members from the government, civil society organizations, the press and academia, oversees the plan's formulation and implementation. The plan's chief focus is to promote rapid economic growth through structural adjustment.

The main challenge for the government is to integrate its two main development objectives: stimulating economic growth through structural adjustment and anchoring its poverty programme in the perceived needs of the poor. Serious constraints impede its ability to do so, however. Benin's external debt totals more than 60% of GDP, and its annual budget deficit is entirely financed by external resources.

BRAZIL

Reforming Social Expenditures to Be More Pro-poor

According to the estimates of a government research institute, about 15% of Brazilians are extremely poor, based on a $1-a-day poverty line. The results from other studies suggest that the incidence of extreme poverty is higher among blacks and higher still among the rural population. Regional variations are pronounced: the north-east has about 30% of the country's population, but 62% of the poor.

Most remarkable is that the incidence of poverty is still almost as high as it was in the late 1970s—despite a reduction from about 21% in 1994 to 15% in 1997. The main reason is the persistence of very high inequality.

New policies are needed to reduce inequality and spur faster growth. The unequal distribution of social spending is no doubt a major factor in maintaining inequality and thus poverty.

THE MOST IMPORTANT EXPLANATION FOR THE PERSISTENCE OF POVERTY IN BRAZIL IS THE HIGHLY CONCENTRATED DISTRIBUTION OF INCOME.

Spending on education, health, social security, social assistance and labour accounts for almost two-thirds of the government budget and about a fifth of GDP, the highest shares in Latin America. But the bulk of the benefits go to the middle classes and the rich.

Take education. Close to a third of the poorest fifth of the population does not attend primary school. But the sharpest differences show up in secondary and tertiary education. More than 90% of the poorest four-fifths of the population do not attend secondary school, and practically none make it to universities.

Only primary schools end up being relatively targeted to the poor, not because the government succeeds in targeting resources, but because richer households send their children to private schools. Public expenditures on secondary and tertiary education are very badly targeted to the poor. For scholarships—chiefly to graduate students—four-fifths of the money goes to the richest fifth of the population.

For health care the poor have to resort to lower-quality public hospitals and clinics, while the better-off tend to go to private facilities—many funded with public resources. Of the government's transfer programmes, only the distribution of milk, school lunches and books tends to be targeted to the poor. Unemployment benefits do benefit the poor to some degree, but contrary to popular perceptions, they are heavily concentrated among the better-off workers laid off from formal sector jobs. Government expenditures on pensions are much more concentrated—especially those for the legislative and judicial branches—with two-thirds going to the richest fifth of the population.

So while the persistence of poverty in Brazil over the past 20 years is undoubtedly due in part to mediocre growth, the most important explanation is the highly concentrated distribution of income, worsened by inequitable social spending.

The entire structure of social expenditures should be overhauled, with cutbacks needed most for tertiary education, publicly subsidized private hospitals and the highly inequitable system of government pensions. New programmes targeting the poor should be launched—such as the universal minimum wage pensions for agricultural workers and the Bolsa-Escola Programme, which transfers income to families on the condition that their children stay in school.

BURKINA FASO

Seeking Debt Relief to Increase Social Spending

Burkina Faso is among the poorest countries in the world. According to its national definition of poverty, 45% of its population is poor. But unlike so many other countries in Sub-Saharan Africa, it does not have a stand-alone poverty reduction strategy or programme. A major problem is its onerous external debt burden. Before it can make any progress against poverty, it badly needs debt relief.

Rather than an explicit anti-poverty plan, the government has incorporated into its national development policy various programmes—mostly in basic social services—that contain projects to improve the well-being of the poor and set targets to do so.

The Letter of Intention for a Policy on Sustainable Human Development formulates the country's national development policy for 1995–2005. To provide every citizen access to economic, food, health, environmental and personal security, it has set three quantitative targets: a minimum increase in GDP per person of 3% a year, a doubling of the literacy rate from the current 22% and a gain in life expectancy of 10 years from 52 years.

The government's main anti-poverty policy is to increase the share of public resources allocated to the social sectors, understandable given the country's extremely low human development. In 1997 Burkina Faso ranked 171st among 174 countries according to the human development index and recorded a human poverty index of 58%.

A NEW 20/20 STUDY

To examine the effectiveness of its budgetary allocations, the government has undertaken several studies with assistance from UNDP, UNICEF and the African Development Bank. One study, in the context of the 20/20 Initiative, examined budgetary allocations to social sectors in 1990–97. It also looked for ways to reallocate funds to basic social services and improve the efficiency and efficacy of social spending.

The study concluded that 18% of the government's budget went to basic social services, 27% to all social sectors. But the study found that meeting the government's objective of raising the budget share for social sectors to 40% by 2005—to respond to the enormous needs of these sectors—was not possible through reallocations alone. During 1995–97 the government had reduced the defence budget by a billion CFA francs a year and cut the allocations to higher education by 5% a year.

THE DEBT BURDEN

The government had few options for increasing spending on the social sectors because of its heavy external debt. In 1995–97 its total external debt was 423% of exports. Worse, its export earnings shrank an average 16% a year in 1990–96.

In 1990–97, 31% of the country's export earnings were allocated to servicing debt. In addition, the 20/20 study found that, except for 1997, the share of the government's budget allocated to debt service was substantially higher than that allocated to basic social services (see table).

A NEW MONITORING SYSTEM

A positive outcome of the government study has been the setting up of a monitoring system for programmes to be undertaken as part of the 20/20 Initiative. The evaluation and monitoring of all relevant programmes are to be coordinated by a committee comprising officials from the Ministries of Health, Education and Water and the Environment. In addition to coordinating monitoring, this committee will recommend measures to improve the effectiveness of public expenditures.

The weakness of Burkina Faso's approach is its tendency to identify poverty as a problem for social policy to resolve. The government does not give poverty reduction a high priority in its national development agenda. Nor does it have a coherent multisectoral poverty strategy or an influential administrative agency to coordinate its implementation.

Budgetary Expenditures for Basic Social Services and Debt Service in Burkina Faso, 1994–97 (billions of CFA francs)

	1994	1995	1996	1997
Basic social services	27	24	28	35
Debt service	48	48	42	35

CHINA
Two Decades of Poverty Reduction

Since 1978, when China initiated major economic reforms, it has achieved remarkable successes in reducing abject poverty—successes that provide many lessons for countries with less developed programmes.

China's official estimates of income poverty show an extraordinary drop from 260 million poor in 1978 to 42 million in 1998. Using a higher poverty line, the World Bank estimated that in 1998 the poor numbered more than 100 million—still a dramatic reduction.

To supplement the economic reforms, the State Council's Leading Group for Poverty Reduction was established in 1986 to coordinate targeted interventions against poverty. In 1994 China launched the ambitious 8-7 Poverty Reduction Plan to eradicate abject poverty by the end of 2000. Today China's $2 billion annual programme budget is concentrated in 592 nationally designated poor counties.

Rapid economic growth has been a major factor in China's success. But progress has been most notable when growth has been concentrated in agriculture and in poorer regions. The rural poor remain heavily reliant on agriculture for their livelihood. And the greatest advances against poverty came in the early 1980s, when rural economic reforms spurred rapid agricultural growth.

POVERTY REDUCTION SLOWED

But by the late 1980s, when China's development strategy directed resources to industry and to the richer coastal provinces, poverty reduction began to stall. The allocation of public resources to agriculture declined, and the terms of trade turned against the sector. Special concessions for taxes and repatriation of profits went to foreign investment in the coastal areas while the producer prices for grain, important for poorer regions, were kept depressed.

Since the mid-1980s regional disparities have been widening, mainly because the richer coastal provinces—benefiting from increased trade and foreign investment—have been growing faster than the poorer central and western provinces. Many of the poor, in the rural interior of the country, have been left behind. The growth in the late 1980s and early 1990s was not pro-poor.

MORE FOCUSED TARGETING

China's poverty programme has tried to address the growing disparities by channelling resources to poor regions—through subsidized loans from the Agricultural Bank of China, a food-for-work infrastructure programme run by the Planning Commission and grants by the Ministry of Finance. The Leading Group for Poverty Reduction is supposed to coordinate and oversee these initiatives, but not implement them. Most activities are managed by sectoral agencies. This arrangement has motivated broad participation by government agencies, but the Leading Group has little say in how the funds are used locally and little information on their impact.

In the past China's poverty programme, which has resembled a regional development programme, had difficulty targeting its resources directly to poor households. An early mistake was to allocate resources to enterprises in poor counties rather than to poor households. Many of these enterprises, inefficient and unprofitable, have drained resources away from poverty reduction.

The government recently put a stop to this, allocating more funds, for example, to microfinance operations, regulated by the Agricultural Bank of China, to improve targeting. To be most successful, such operations should have more local community participation.

Targeting could also improve if more resources went to basic education, health care and nutrition in poor regions—critical for the capabilities of the poor. It could also improve if such programmes were made an explicit part of the country's poverty programme, not run separately.

China's infrastructure programme has stimulated the economy in poor counties. But more emphasis on small-scale projects would improve targeting. A high priority for China's poverty programme is to supply the rural poor with drinking water and promote their food security.

New initiatives to target urban poverty would also improve the programme's impact. The urban poor, although still a small share of all the poor in China, have been growing in number.

INTEGRATION WITH ECONOMIC POLICIES

Stimulating the rural economy would slow rural-urban migration, and making public finances more progressive could help. China's poverty programme would be strengthened tremendously if its targeted interventions were part of its overall economic strategy. An economic strategy that takes into account the effects of policy not only on economic growth but also on poverty and income distribution would help fulfil the government's commitment to eradicating poverty.

DOMINICAN REPUBLIC
Governance Reforms Essential to Poverty Reduction

Economic growth and low inflation combined to reduce income poverty in the Dominican Republic in the 1990s. Unemployment is down significantly, and real wages are on the rise—minimum wages more so than average wages.

Poverty now probably affects about a fifth of the population, according to preliminary estimates from a 1998 survey. Further progress appears contingent on governance reforms that can help translate growth into poverty reduction.

A GOVERNANCE STRUCTURE DEPRIVED OF RESOURCES HAS LITTLE LATITUDE TO REALLOCATE RESOURCES TO THE POOR.

Although the results for different surveys are not comparable, there is general agreement that poverty rose in the recession of the last half of the 1980s. But with the revival of growth from 1992 onwards, it began to decline.

The economic growth of the 1990s does not appear to have dramatically reduced poverty, however. One reason is high inequality: the Gini coefficient of income distribution remained at 0.42 in 1996 (0 indicates perfect equality, 1 perfect inequality). Another reason is that spending on human development has not favoured the poor. A national poverty programme, hampered by implementation problems, is still trying to get off the ground.

LOW SOCIAL EXPENDITURES

Public expenditures in the Dominican Republic are relatively low—about 16% of GDP in 1998. Social expenditures are also low—about 6–7% of GDP, or half the Latin American average of about 14%. With public expenditures so low, the government has difficulty building effective institutions to provide public services, enforce laws and administer justice. A governance structure deprived of resources has little latitude to reallocate resources to the poor. Citizens cannot expect social justice from a weak state.

During the last half of the 1990s the government began moving to focus spending on the neediest, launching the Decent Community Programme. But it faces obstacles. One is people's scepticism: past experience with structural adjustment policies has led many to believe that such initiatives are motivated primarily by politics.

To build its capacity, the government has concentrated on increasing the salaries of civil servants. Between 1996 and 1998 such salaries increased in real terms by more than 40%. The impact of these reforms on the poor is likely to be no more than indirect. To focus on the poor, the government has to reallocate resources away from organized urban groups, usually not among the poorest.

Historically, social programmes have concentrated on constructing facilities, such as housing, water supply, drainage systems and sports complexes, all in urban areas. In 1989 the government spent 1.8% of GDP on housing but only 0.8% on primary education. The unit costs of the government-built houses were high, few people benefited and those who did were usually the politically influential, not the poor.

But there has been progress. Real social expenditures tripled between 1991 and 1999, with almost half the increase after 1996. In addition, expenditures have been directed more to basic services, which have a greater impact on the poor.

POVERTY REDUCTION AS A CENTRAL GOAL

The new government that took power in 1996 declared poverty reduction one of its main objectives. But apart from maintaining growth with low inflation, it has not yet mounted a full attack. In 1996 it drew up a National Social Development Plan for improvements in such services as education, health and housing. It established presidential commissions to channel resources to neighbourhood development for the poorer areas of major cities and to provincial development to help spur rural prosperity. The idea is to decentralize public management and encourage community participation.

One obstacle: the public's low opinion of past poverty programmes. Take the Community Initiatives Promotion Fund, a social investment fund started in 1993 to deal with the negative effects of structural adjustment. It was launched with great fanfare, but when further external resources were not forthcoming and the political situation improved, the government appeared to lose interest. The fund has become just one more office among many providing social services. Although its projects are supposed to be community driven, few are in the poorer districts of the country.

An overriding problem for poverty reduction policies is that they are held hostage to sectoral policies, such as those in health, education or housing. Thus reducing poverty is not the responsibility of any one government office but the goal of the uncoordinated activities of different ministries.

THE DECENT COMMUNITY PROGRAMME

The Decent Community Programme, launched in 1998 to try to correct this situation, remains small and underfunded. Its resources add up to about 0.7% of GDP, and more than half its budget covers the normal expenses of government offices responsible for activities already under way.

The programme seeks to actively engage communities in implementing projects. And to coordinate the activities of public departments, it has set up an Inter-Ministerial Social Committee. Heading this group is the chair of the Presidential Commission for Neighbourhood Development, who has strong links to civil society.

The unfortunate legacy of past programmes is that the public generally sees the programme as a tool of party politics. So civil society organizations have held back from participating. Another legacy is that the Dominican state is still centralized: until recently the central government commanded 98% of public resources. While the government is committed to decentralization, the political situation is complicated by the fact that opposition parties head most local governments. So in today's circumstances broader political consensus and reforms in governance would go a long way to help improve the government's poverty programme.

THE GAMBIA

A Campaign to Make Poverty Reduction Sustainable

One of the poorest countries in the world and even poorer in recent years, the Gambia launched its long-delayed National Poverty Alleviation Programme when it returned to civilian rule in 1997. According to official estimates, more than half the population is poor and 37% extremely poor. Its poverty programme is impressive but depends on donors for 90% of its financing.

Recognizing the challenge, the government charted a two-part strategy: implementing macroeconomic and sectoral policies to promote growth with equity and encouraging people-centred development through community-based programmes. The National Poverty Alleviation Programme focuses on four areas: enhancing people's productive capacity, improving their access to quality social services, building capacity at the community level and promoting participatory communication processes.

The Strategy of Poverty Alleviation Coordinating Office, which reports to the Ministry of Finance, is the central clearinghouse for all poverty-related policies and interventions. The office is to assess the programme each year, propose new projects to fill gaps and seek donor funding for them. Each quarter it conducts field visits to meet with beneficiaries and puts the information that it gathers into a database.

THE SOCIAL DEVELOPMENT FUND

Because of rising inequality, the coordinating office is urging economic and social departments to be more pro-poor in planning and resource allocation. One mechanism for targeting is the Social Development Fund, initiated in early 1998 to implement projects and build local capacity. UNDP helped design and establish the fund, and the African Development Bank and other donors have provided the capital for loans and grants.

The fund provides grants for community-based schemes to organizations that are legally registered for such purposes and willing to cover 10% of the costs of the project, either in cash or in kind. One of the fund's tasks is to help register those organizations. The fund also helps build the capacity of civil society organizations that provide credit. There are many village-level savings and credit organizations throughout the country, but only six have met the requirements outlined by the central bank.

Thanks to its autonomy, the fund can process requests for grants quickly. A community hears whether its project has been approved within three weeks of submitting a proposal, and—if the project does not involve significant training and capacity building—funds are soon disbursed to beneficiaries. The fund recognizes, however, that the community members putting forward proposals are likely to be richer and better organized and so its grants are not being well targeted to the poor.

CORRECTING PROBLEMS

The programme faces a significant problem of sustainability. The coordinating office is financed entirely with external funds, and because it provides mostly grants, the fund is not self-sustaining. When donor financing ends in 2002, the fund's grant component is likely to be phased out.

THE FUND RECOGNIZES, HOWEVER, THAT THE COMMUNITY MEMBERS PUTTING FORWARD PROPOSALS ARE LIKELY TO BE RICHER AND BETTER ORGANIZED.

In addition, the government has problems in coordinating the donors, which often invest in projects without consulting communities about their needs. In one village two donor groups built separate wells within a short period. The villagers not only referred to the wells as "donor X's well" and "donor Y's well", they also refused to maintain them because they didn't see them as their responsibility. Such experiences are common. That is why UNDP and other agencies now emphasize a participatory approach to development.

GHANA
Decentralizing to Districts

Shortly after the World Summit for Social Development, Ghana designated the National Development Planning Commission as the co-ordinator of its poverty reduction activities, and UNDP helped establish a Poverty Coordinating Unit within the commission. In addition, the government formed an inter-ministerial committee on poverty.

Previous projects had been sectoral, duplicating activities and making national monitoring difficult. Now all poverty-related projects have to be registered and cleared with the planning commission, improving the complementarity among projects.

GREATER LOCAL DECISION-MAKING

The restructuring of local governments has given more scope for addressing local concerns without prior clearance from the regional governments. The planning commission provides general guidelines for the direction of the country's development, while each of the 110 districts now decides its development needs and priorities within these guidelines.

Of the national budget—known as the Common Fund—5% is distributed to districts, which are instructed to use a fifth of their allocation for poverty reduction activities. Districts also raise revenues through local taxes and have the authority to negotiate directly with donors for district-level projects.

One of UNDP's projects in Ghana is a pilot for participatory development in five districts. It seeks to build management capacity for better poverty reduction activities, develop people's skills for employment and income generation and empower women. Key managers have been trained in computer skills and in programme formulation and analysis. Civil society organizations and assembly members have received training in participatory methods and community mobilization.

Through district committees of a cross-section of people, communities formulate poverty reduction plans. The accompanying budgets are submitted to a separate committee to determine the sources of funding.

DEVOLUTION FAR FROM COMPLETE

The obvious strength of this process is that communities can have a greater say in the development activities in their districts—and that plans for national development can be more responsive to people's needs. But the process is far from complete.

Some of the plans from districts are the creation of consultants or senior district officials, not the communities. Plans are often presented as completed documents to communities, which approve them without developing any real commitment to the outcome. Although this process is more participatory than formulating national plans, democratic decision-making by communities is limited. This might change as communities become more aware of their rights and more active in articulating their needs.

One constraint on decentralization is the reluctance of qualified people to transfer to poorer areas. Opportunities for their families are more limited, and the system does not allow them much professional mobility. Successful district officials now have less chance to be promoted to regional governments. And because of the shortage of trained people, district officials who perform well tend to be swamped with work.

Although the districts now have significant authority, they still lack capacity to carry out their new responsibilities. The UNDP-supported project in five pilot districts can help, but another 105 districts need such capacity building.

KYRGYZSTAN
A Pioneering National Poverty Programme

Kyrgyzstan, one of the first CIS countries to try to implement an explicit poverty programme, adopted the National Programme on Overcoming Poverty—Araket—in early 1998. The programme lists eliminating income poverty—and raising people's standard of living—as the goal of the country's ongoing reforms. Still at an early stage, implementation of the new programme needs more donor support for capacity building.

Araket's traditional income measure of poverty shows that about 51% of the population was poor in 1997. The target is to reduce this to 10% by 2015. That would imply both rapid growth and reduced inequality. Economic growth approached 10% in 1997 but flagged with the financial and economic crisis in Russia. How this slowdown has affected poverty is not yet known.

AN ORTHODOX APPROACH

Araket's orthodox approach to poverty reduction combines employment-intensive growth with human resource development and adds a safety net for the hard-core poor. It distinguishes people able to work (to be integrated into the economy through growth and social services) and such vulnerable groups as children, retired people and the disabled (to be reached through targeted social assistance).

The emphasis is on getting the poor to help themselves—as the name Araket, or effort, suggests. Poverty reduction is closely identified with employment. During the transition the government has maintained social sector spending, and it recently increased the budget for social welfare. It has tried to target social assistance more effectively to the needy, but payments have often been months late or made in kind, such as with flour or oil rather than cash. And the subsidies for housing and communal services appear to benefit the better-off.

A major constraint is the government's lack of capacity to implement a comprehensive national programme, especially one more people-centred and participatory. Much more capacity will have to be built in local governments, civil society organizations and the central government.

THE NEED FOR BETTER MANAGEMENT

Another problem is that Araket overlaps with national programmes for employment, women, health and education. It needs a clear institutional and management structure to implement a multidimensional approach and form operational links with other government programmes. That structure is still lacking. So is a consistent approach to development, because the medium-term development plan does not even have poverty reduction as a key goal.

The poverty programme also lacks an explicit budget. And external donors have provided little support, even though a Poverty Alleviation Fund was created in mid-1998. The management unit that runs the fund is the secretariat of the National Poverty Alleviation Commission, the interagency coordinating committee chaired by the prime minister. But the commission has met only once since early 1998. In the meantime the fund management unit has tried to decentralize by setting up offices in each of the country's six provinces—but with too few resources. Moreover, confusion prevails over whether the fund or the Ministry of Labour and Social Protection is responsible for the poverty agenda—a common problem in trying to set up structures parallel to the government machinery.

Organizing poor communities is not an explicit objective of the programme, but the poor do participate in activities through *ashar*, a traditional means of mutual help, usually among neighbours, for such projects as building a house. Communities now apply ashar to identify common development priorities and determine how much each household can contribute to the endeavour—giving the community a bigger say in choosing development projects.

MALI
Expecting to Channel Debt Reduction into Poverty Reduction

Poverty is widespread in Mali. Since 1994 the share of people who are income-poor has hovered around 70%. About 58% of the population suffers from forms of human poverty. More than half the people lack access to drinking water, and more than three-quarters are illiterate. Hobbling the progress against poverty is the country's huge debt burden.

General conditions have been relatively favourable in the past five years. With the restoration of democracy, tensions among ethnic groups have subsided. The economy has been growing, and external and internal imbalances have been reduced. Poverty was reduced slightly and its depth moderated from 1996 to 1998. But most progress came in regions with the lowest incidence of poverty. Moreover, despite consistent economic growth since 1994, the share of poor remains unchanged. And in 1999 the economy faced new problems as a result of such factors as declining world cotton prices and a devastating electricity crisis.

Mali's new national poverty programme for 1998–2002 has a huge task before it. Not a separate programme, it is a strategic framework that provides coherence to sectoral programmes by having them focus on the principal objective of poverty reduction. It was elaborated—over the course of 18 months—with broad participation by government ministries, regional government units, civil society and external donors.

The Ministry of the Economy, Planning and Integration has primary responsibility for implementing the programme. The Sustainable Human Development Monitoring Unit, funded by UNDP and the World Bank, provides day-to-day coordination. Individuals in different ministries, or in contact with civil society organizations, act as focal points to ensure implementation. But the ministry has the difficult task of trying to implement a cross-sectoral poverty strategy within a sectoral institutional framework.

The government has budgeted $373 million for the programme's priority activities, with 80% to come from external donors. The state's contribution of 15% represents almost 2% of total public expenditure. Almost 70% of the $373 million is earmarked for investment in infrastructure, such as rural roads, schools and health centres.

EXPECTATIONS FOR DEBT RELIEF

An additional source of financing for the poverty programme could be debt relief from the Enhanced Heavily Indebted Poor Countries Initiative. Beginning in January 2000, Mali expects to have its debt reduced by $250 million—or by $128 million in net present value terms. If this yearly debt reduction were channelled into expenditures for basic social services—assuming that these continue to rise to become 14% of the total budget—the expenditure level could be increased by about 22%.

Of course, to qualify for debt reduction, Mali must abide by the conditions of the International Monetary Fund's Enhanced Structural Adjustment Facility. It also faces the risk that external donors might reduce their aid in response to debt reduction. In addition, since Mali is a gold producer, it would suffer if the IMF sold its reserves and world gold prices fell as a result.

If debt relief were channelled into funds for poverty reduction and used efficiently, it could enable the country to reach its modest targets for 2002. Among the poverty programme's objectives are to reduce the share of people who are income-poor to 60%, those who are illiterate to 47% and those lacking access to drinking water to 30%. Much depends on how well the programme targets its funds.

IF DEBT RELIEF WERE CHANNELLED INTO FUNDS FOR POVERTY REDUCTION AND USED EFFICIENTLY, IT COULD ENABLE MALI TO REACH ITS TARGETS.

A NEED FOR IMPROVED TARGETING

The government relies on broad targeting of resources to the poor, allocating resources to poor regions. Often, however, the poorest in these regions do not benefit. As evidence, the 31% of the people who are not poor receive about 52% of all social spending.

The government also targets many of its projects to women because of their high incidence of poverty—and vulnerability to poverty. Another reason is that increasing the well-being of women often has a directly beneficial impact on the entire family. The Plan of Action for the Advancement of Women (for 1996–2000) is being integrated into the national poverty programme, with UNDP support.

An evaluation of previous poverty programmes, done during preparation of the national poverty programme, indicates that the most successful initiatives have been community health centres, community schools initiated by parent associations and village savings and loan banks. But some of the poorest have difficulty in using such facilities as health centres because they have to pay for services or travel too far to reach them.

Beneficiaries of the earlier poverty programmes were generally unhappy with them. A major finding of the evaluation was that programmes could have been improved by involving beneficiaries in all phases of activity, from planning to follow-up. Particularly disappointing was the low participation of women. People pointed out that programmes should rely on existing organizational structures, not invent new ones.

They also put a high value on access to credit. As is often the case, women appeared to use loans more effectively than men. And given Mali's arid climate and water problems, people encouraged the government to put more emphasis on well drilling projects and to locate income-generating activities close to water supply points.

MAURITANIA
Promoting Local Participation

Mauritania has very low human development—ranking 149th of 174 countries on the human development index. About half its people are in poverty, with 40% of children malnourished and almost 60% of adults illiterate.

The stated objective of its national poverty alleviation programme (1998–2001) is to reduce the incidence of poverty by 18%. The strategy has two parts: promoting income-generating activities, especially for the self-employed, small entrepreneurs and members of co-operatives, and increasing the poor's access to social services, particularly education, health care and water and sanitation. The projected cost of the programme is $292 million, with half the funds already mobilized.

To coordinate the poverty programme, the government established the Commissariat for Human Rights, Poverty Alleviation and Social Inclusion with UNDP support in mid-1998. The commissariat functions with relative autonomy and receives financing from the state, external donors, the private sector and local communities. Its chief executive is the commissaire, who has the same rank as a minister. An advisory board—with representatives from different ministries (planning, finance, economics, education and environment)—meets every quarter, approves the annual programme and budget and decides on personnel.

Since 1998 several poverty initiatives have been developed. The government has adopted regulations for savings and loan associations that enable them to offer microfinance services and mobilize savings. These associations can provide the poor with access to financial resources and encourage them to save money rather than land, cattle and jewellery.

PROMOTING LOCAL-LEVEL PROJECTS

The Regional Priority Action Programme, with $12.5 million in funding, develops microenterprises and builds schools, health clinics, wells and roads. Drinking water projects have lowered the price of water and raised its quality—while hiring people from the community to maintain the equipment. Social habitat projects are also noteworthy: their formulation, financing and execution involve a partnership of local communities, civil society organizations, bilateral donors and the commissariat.

AN IMPRESSIVE FEATURE OF MANY OF MAURITANIA'S POVERTY REDUCTION PROJECTS IS THEIR PARTICIPATORY DESIGN AND EXECUTION.

A social fund for poverty alleviation was established in 1998, with funding of 10 million francs from Agence française de développement, the French international development agency. Its objective is to fund small community-based infrastructure and projects that generate employment and incomes—such as building roads and community centres that can provide food and water.

STRENGTHS AND WEAKNESSES

An impressive feature of many of Mauritania's poverty reduction projects is their participatory design and execution. Local communities take part in building and maintaining community education and health facilities. People from local communities are recruited to maintain water pumps and health centres, and communities often share the building costs. And the government has developed an information, education and communication strategy to inform communities about poverty reduction projects and programmes.

Striking in all this is the emphasis on promoting national civil society organizations to specialize in poverty-focused activities, such as agricultural production, fishing, cattle rearing and microcredit. The government is formulating an institutional framework to support civil society organizations in these efforts.

Perhaps the weakest element of the poverty reduction programme is the monitoring and evaluation system. Poverty profiles are prepared intermittently and socio-economic indicators monitored irregularly, limiting the capacity to effectively target programmes. Future monitoring should improve sampling methods and collect more regionally disaggregated information—using a combination of large income and expenditure surveys and lighter, faster poverty surveys.

MONGOLIA
Channelling Resources through the Poverty Alleviation Fund

Mongolia's National Poverty Alleviation Programme, initiated in 1994 for six years, focuses on a set of targeted interventions in local communities. Guided by the objective of reducing the share of income-poor to 10% of the population, its main vehicle is a Poverty Alleviation Fund—accounting for most of the $18 million committed to the programme by the government, the World Bank, UNDP and bilateral donors. The strength of the fund is its emphasis on decentralized decision-making and community participation.

Until the 1990s poverty was unknown in Mongolia. The collapse of trading relations with the Soviet bloc and a wrenching transition to a more market-based economy plunged more than a quarter of the population into poverty by 1994. A World Bank–sponsored survey in 1998 estimated that 36% of the population was poor.

The bulk of funds from the poverty programme have gone to microloans for income generation and to repairing or rebuilding schools, health clinics and rural infrastructure. As part of this effort, UNDP has helped set up a Women's Development Fund—to provide microloans to women and female-headed households. In addition, donors also support a Targeted Assistance Fund to complement the government's ongoing Social Assistance Fund by providing food, fuel and clothing to the poorest.

Local poverty alleviation councils choose projects from community proposals, and the people involved in the projects decide how to implement them. Loans are provided to households or to organizations representing vulnerable groups. The activities cover a wide range, including trading, carpentry, dressmaking, vegetable growing, some herd restocking and boot making and repair. One weakness of the programme is the lack of projects for herders. As herds have been privatized, many herders have moved into small urban centres, where poverty has risen most sharply.

The decentralized structure of the poverty programme has allowed it to reach poor people in every urban and rural district of the country. By some estimates, about a fifth of the poor have been able to increase their income. Better access to health care, basic education and preschool services has increased school enrolments and decreased infant and maternal mortality rates. Formerly dependent on the central government, people have become more proactive and self-reliant.

The microloan programme has raised the interest rate and shortened the duration of loans to one year. But the requirements still might not be strict enough to ensure financial sustainability. As loans are repaid at the local level, more accountability needs to be instituted in how the money is to be used. MicroStart Mongolia, supported by UNDP, has also entered the market for small loans. Despite higher interest rates and much shorter repayment periods, it is growing rapidly.

One of the strengths of the Poverty Alleviation Fund—its ability to bypass established government channels to direct resources to the local level—has caused some problems and confusion. The fund operates independent of the regular government structure and depends on external donors for most of its funding. Meanwhile, the Ministry of Health and Social Welfare is responsible for poverty programmes within the government but has little funding or authority over other ministries. Coordination of the entire poverty programme suffers: poverty has not become a cross-cutting issue for all government policy-making.

While relatively successful with targeted interventions, the poverty programme has been less so with promoting pro-poor macroeconomic policies—one of its original objectives. Growth has been slow, and inequality on the rise. The banking system remains weak and thus unable to help revive the economy in rural areas and small towns. While inflation is down, incomes are not increasing enough to counteract poverty—which has remained high but at least stable, thanks in large part to the government's poverty programme.

MOROCCO
Regional Targeting for Poverty Reduction

The poverty reduction programme in Morocco is promoting economic growth, developing human capital and providing a social safety net. Formulated in 1993 as part of the country's social development strategy, it became the National Programme for Sustainable Human Development and Poverty Alleviation in 1996, implemented as a series of subprogrammes and projects, several of them large, multifaceted regional activities. One is the five-year Social Priorities Programme, which was launched in 1996 with a budget of $266 million—three-fifths from the World Bank. This programme is being implemented in 14 of the poorest provinces and consists of projects ranging from basic schooling and literacy to health care to a series of employment-creating labour-intensive projects.

Another large integrated programme is the National Programme on Sustainable Human Development and Poverty Eradication in Rural Areas, financed by UNDP and implemented by the Planning Ministry. Operational in four provinces and targeting 40 of the poorest rural communities, the programme supports the development of animal husbandry and agriculture, dairy and cheese cooperatives, microcredit institutions —and such environmental protection projects as those for soil and water conservation.

A third large integrated programme targets the development of the northern provinces. Its objective is to develop the Mediterranean part of Morocco—a relatively isolated region with a fifth of the country's people—by supporting environmental conservation projects, developing agricultural and industrial enterprises and providing infrastructure, health care and education.

The government is enlisting the private sector in poverty reduction efforts. The Banque marocaine du commerce exterieur has joined with the Ministry of National Education and UNDP in a three-year programme to promote schooling and community development in some of the most disadvantaged rural areas. The bank will supply $2 million to construct rural community schools, while UNDP will provide technical assistance to encourage better community governance—the first public-private partnership of its kind in Morocco.

The government has also adopted microcredit programmes for poverty reduction. It passed a law in 1999 to strengthen the legal and regulatory framework for microfinance, and it will create a national microfinance federation with support from UNDP's MicroStart programme. MicroStart is to develop the capacity of local microfinance institutions so that they can sustainably provide microentrepreneurs with access to finance, technical training and institutional support. MicroStart's revolving fund supports five national microfinance institutions. Having benefited 12,000 clients, it plans to provide services to a total of 30,000 clients by 2001.

METHODS FOR REGIONAL TARGETING

Several of the regional poverty programmes use sophisticated methods to identify the provinces and communities to target. The National Programme on Sustainable Human Development and Poverty Eradication in Rural Areas selected the four poorest provinces by ranking all provinces according to 31 socio-economic indicators. These included demographic indicators (such as population density), infrastructure measures (such as length of roads) and indicators of access to social services (such as school attendance and access to drinking water). Then the programme used 11 indicators to select the 10 poorest rural communities within each province. These included such indicators as illiteracy, school enrolment for girls, the unemployment rate and the percentage of the population with access to electricity.

Such mapping helped identify not only the areas most in need of assistance but also the types of assistance they needed. Based on the results, 12 communities were given priority for gaining access to roads and electricity, and another 18 were given priority for obtaining access to drinking water. Priority for receiving a health clinic was given to seven communities for which the nearest clinic was six kilometres or more away.

The programme for the development of the Northern Provinces is based on the active participation of members of civil society and local authorities. Community-based and civil society organizations participate in identifying, implementing and monitoring and evaluating projects. Consensual systems of monitoring, evaluation and programme revision are also being established at the provincial and communal level. These mechanisms enable both local authorities and citizens to exercise some control over the activities.

The national poverty programme also has weaknesses. The coordination of the programme is complex and unruly, especially since the subprogrammes and projects are financed and executed by different sets of partners. For example, the Social Priorities Programme is coordinated by the government, the World Bank, UNDP and local communities.

LINKING POVERTY TO THE GROWTH STRATEGY

Additional problems include the lack of resources and the difficulties in targeting benefits. Dwindling resources impair the action plans of L'Entraide nationale, which provides assistance to orphans, the aged and the handicapped. And food and nutrition programmes generally benefit urban households even though they are supposed to target agricultural workers and landless labourers in rural areas.

Another weakness of the national poverty programme is its separation from the country's strategy for economic growth. The government puts strong emphasis on economic growth as the main engine for poverty reduction. To spur growth, it has introduced several monetary, fiscal and exchange rate reforms that liberalize the economy further and orient it more towards global markets. It has adopted measures in agriculture—where 70% of the poor work—that encourage the development of private enterprise in the context of decreasing protectionism and a progressive shift towards export markets. But too little thought has gone into developing policies that stimulate pro-poor growth and are coordinated with the government's national anti-poverty efforts.

MOROCCO'S SOCIO-ECONOMIC MAPPING HELPED IDENTIFY NOT ONLY THE AREAS MOST IN NEED OF ASSISTANCE BUT ALSO THE TYPES OF ASSISTANCE THEY NEEDED.

Such policies are especially important because Morocco's human development is low relative to its income. In 1999 it ranked 99th of 174 countries in GDP per person but 126th on the human development index. And while 13% of its people are income-poor, 39% are affected by human poverty. The links between economic growth, distribution and human development need to be more carefully analysed, with pro-poor policies formulated accordingly.

MOZAMBIQUE
Overcoming Widespread Poverty

After years of civil conflict, structural adjustment and a dearth of resources to improve people's standard of living, Mozambique is about to launch a new poverty reduction plan. What it most needs are policies to promote pro-poor growth and effective governance.

With the resumption of growth in the mid-1990s, the country adopted a five-year development plan (1995–99) that set the eradication of extreme poverty as one of its main objectives. This signalled a transition from a reliance on social safety nets to a more growth-centred approach to poverty.

POVERTY PLAN UNDER PREPARATION

The government has no explicit stand-alone anti-poverty plan, though it recently adopted official guidelines for a provisional poverty reduction plan for 2000–04. The plan will no doubt help coordinate anti-poverty initiatives, such as those for food subsidies, agricultural development and job creation.

The food subsidy programme, in existence the longest, has been the most successful in targeting benefits to the poor. In general, however, relying on targeted interventions makes little sense in a country where poverty is so widespread: about 69% of the population in Mozambique is poor, with four-fifths of the poor in rural areas. Poverty is so serious that the average income per person is below the official poverty line.

For a long time the country's development has been hampered by internal conflict. Landmines still pose a serious problem. But the current peace is probably the single most significant factor enhancing the prospects for poverty reduction. The rural population has been able to resettle and resume agricultural production. Social expenditures are now growing faster than those for defence.

The country still faces drought, flooding and typhoons, and sometimes plagues in the wake of disasters. Malaria, a continuing problem, has had a major impact on people's health and productivity. As a poor country, Mozambique has difficulty dealing with these problems and recovering from the shocks.

EXTERNAL RESOURCES

The country remains heavily dependent on aid, now 38% of GDP and averaging $63 a person a year. According to UNDP data, while more official development assistance is now being decentralized to build up the provinces, it tends to go to provinces that have less poverty. So the seemingly progressive reform of decentralizing spending has contributed less to poverty reduction than it should have.

The government approved a series of privately financed megaprojects, to be undertaken by multinational corporations, to build physical infrastructure—ports, dams, water supply and power grids. But the direct effect on jobs and on poverty is not likely to be great. And regional inequality is likely to intensify as the infrastructure stimulates growth mainly in the south of the country.

The provisional poverty reduction plan gives little attention to rising inequality. What is critical for Mozambique is to generate sustained pro-poor growth that will benefit the rural poor as quickly as possible.

The government has new fiscal incentives, such as an 80% reduction in the industrial tax, to encourage private investment in the poorer provinces, which are expected to receive the highest priority for public investment.

LACK OF FUNDS

The real issue for budget allocations is the general lack of funds. The poverty reduction plan does not yet have a budget, and most of its proposed budget is for education and health. The country has no externally funded social action fund, though one existed in the Social Dimensions of Adjustment programme in the early 1990s. Eligible for debt relief of $3.7 billion under the Heavily Indebted Poor Countries Initiative, Mozambique expects to channel the funds earmarked for debt servicing into the poverty reduction plan.

ELIGIBLE FOR DEBT RELIEF OF $3.7 BILLION, MOZAMBIQUE EXPECTS TO CHANNEL THE FUNDS EARMARKED FOR DEBT SERVICING INTO THE POVERTY REDUCTION PLAN.

But until enough resources are available, decentralization is not a viable option. Most provincial and local governments now run budget deficits. About 90% of the taxes continue to be collected at the centre. Local governments—few of them elected—need to be strengthened to implement the proposed anti-poverty plan. Representatives of civil society organizations have not played an active role in poverty programmes, and there is no provision for encouraging their participation. So making governance more pro-poor remains a major challenge.

NEPAL

Focusing on Poverty Reduction through Decentralization

A novel feature of Nepal's anti-poverty efforts—now a central objective of Nepal's development planning—is the link with an ambitious programme of decentralization and local empowerment.

Close to half the people in Nepal could be considered income-poor. Official statistics for 1996 estimate that more than 40% of the population is poor, while estimates based on a poverty line of $1 a day per person put the figure at more than 50%. Poverty is greater in rural areas, especially in higher-altitude and less accessible regions and among lower castes and ethnic minorities. Measures of human poverty tend to mirror the more traditional measures of income poverty.

A striking fact: income poverty in Nepal has increased since the late 1970s, mostly in rural areas. So for two decades growth has bypassed the rural poor. Advances in urban areas and their rural periphery have counteracted this trend.

What explains rural poverty? Lack of access to resources. The poor have low-productivity land, partly as a result of lack of credit and modern inputs, in turn a result of inadequate infrastructure and weak institutions. Lacking usable roads, farmers cannot obtain modern inputs or get their crops to market. Whatever services the government provides appear to be captured by better-off households because the poor are not well organized to defend their interests.

THE POVERTY STRATEGY

Poverty has been an underlying theme of all Nepal's development plans since the 1950s. The first attempt to formulate a separate plan for poverty was the Programme for the Fulfilment of Basic Needs during the Seventh Plan period, 1985–90, but political upheavals interrupted its implementation. With the restoration of democracy in 1991, poverty has again become a major objective of development planning. The Ninth Plan, for 1997–2002, singles out poverty as the sole development objective—an unusual arrangement.

The government follows a two-part strategy for poverty reduction. The first fosters broad-based growth to benefit principally the moderately poor, about 60% of all the poor. The second combines targeted programmes with social mobilization to reach the extremely poor.

The plan recognizes that mere acceleration of economic growth is not enough for effective poverty reduction—and that the composition of growth is important. Tourism and labour-intensive manufacturing are being promoted, but the main force for poverty reduction is faster growth in agriculture, which will stimulate employment in non-agricultural small and medium-scale enterprises. The plan is supporting the production of basic food staples in the plains of Terai and promoting livestock and higher-valued commercial crops in the hills and mountains.

PROBLEMS OF INEQUALITY

Greater equality in access to resources would help translate faster agricultural growth into less poverty, but the distribution of land ownership in the country has improved little despite decades of declared intentions. Part of the problem might be the inherently small plots, particularly in the hills and mountains, such that setting ceilings on ownership and redistributing to the land-poor cannot accomplish much.

An important source of new inequalities is the unequal access to education. The government is trying to meet the spending targets of the 20/20 Initiative for basic social services and is raising real social expenditures per person, but overall social spending remains low. More fundamental, the total budget is unusually low, with a revenue-to-GDP ratio of only 11%. Until tax revenue is raised, economic and social policies will compete for scarce government resources.

For anti-poverty activities, sectoral programmes are run by the line ministries, while most targeted programmes are run by the Ministry of Local Development. The ministry is also responsible for strengthening local institutional development, such as bolstering the district and village development committees. There is naturally some overlap between the two sets of programmes. In addition, a Social Welfare Council, affiliated with the Ministry of Women and Social Welfare, has been set up to coordinate the activities of civil society organizations.

ONE MAJOR LESSON: THE MORE SUCCESSFUL PROGRAMMES HAVE DEVOTED MUCH ATTENTION, AND OFTEN MUCH TIME, TO INSTITUTION BUILDING.

The diversity of actors demands more attention to coordination and to strong monitoring and evaluation. But monitoring and evaluation units have yet to be set up in most ministries, and the Poverty Cell in the National Planning Commission, established to monitor all poverty programmes, lacks the capacity to do so.

METHODS OF TARGETING

Nepal has used different methods to target the poor. One is to use an area-based programme to provide infrastructure to the more backward and isolated regions. Another is to target indigenous peoples, the oppressed and downtrodden (*dalits*), women and children. These programmes typically are small, and the benefits tend to go to the non-poor.

A third method is to use an entry point intervention, providing a service or asset—such as credit, infrastructure or institution building. Credit-based schemes in Nepal have suffered from mistargeting, declining repayment rates, high service delivery costs and inadequate institutional capacity. They have little sustainable impact on poverty even under the best of arrangements, unless accompanied by greater prosperity in the community.

Little attention has gone to "macro-micro" linkages. There is little recognition of how national policies can affect the implementation of small-scale projects—or of how the lessons from small-scale projects can help craft better national policies. One major lesson: the more successful programmes have devoted much attention, and often much time, to institution building—to decentralization of authority, social mobilization and empowerment.

PROGRAMME FOR DECENTRALIZATION

Centrally designed, administered and managed programmes, such as the Integrated Rural Development Programme, have little impact on poverty. By contrast, programmes implemented with the close involvement of beneficiaries—even when they incur more costs for delivery of services—tend to be more successful. Often these programmes rely on strong and effective local government institutions to coordinate multiple interventions.

The government has been decentralizing since the early 1980s, but only in the 1990s were these efforts married to building participatory local institutions. The real breakthrough came in the early 1990s with a multiparty system and new governance laws. Local bodies, with more authority and responsibility, have the power to collect more taxes and strengthen their administrative capacity. And substantial funds were granted to village development committees.

UNDP has supported these initiatives through the Participatory District Development Programme and the Local Governance Programme, simultaneously emphasizing social mobilization and strengthening local government. The test for these programmes lies in sustaining their achievements after the withdrawal of project funds. Will local communities continue to be empowered relative to the government bureaucracy? Will the poor continue to compete with the richer members of the community for the allocation of resources?

PERU

National Poverty Programme Improves Its Targeting

The success of Peru's poverty reduction efforts has been closely linked to the rise and fall of its economy. With the economy ravaged by inflation, income poverty rose to 59% in 1991. It then declined to 45% by the mid-1990s as the economy recovered.

Thanks to increased expenditures and better targeting, Peru has made progress in improving the availability of basic social services. Despite this advance, 37% of the population remained poor and 16% extremely poor in 1997. World Bank estimates for the same year show that almost half the population was poor. Part of the problem is that the gap between rural and urban living standards has remained wide. For example, child malnutrition and under-five mortality are twice as high in rural areas as in the cities.

The country's national poverty reduction efforts gained momentum after it began implementing its economic stabilization and structural reform programme in 1993. The government began devoting more resources to pro-poor programmes, and it instituted legal reforms to strengthen interagency coordination of programmes to promote conflict resolution, basic education and health care, and food security for children and other groups at risk.

Early on, the government set up the National Fund for Social Development—to implement its first explicit national poverty programme, focusing on social infrastructure and productive activities. Later it started the National Food Programme—to deliver school meals and set up soup kitchens in rural areas and marginal urban areas. The government has supplemented these measures with programmes to address women's poverty and to protect the poorest in future economic crises or slowdowns.

The government's goal is to cut extreme poverty to 11% by 2000. But El Niño and the global economic crisis halted growth in 1998, reducing that likelihood—though recovery was under way in 1999.

Social expenditures increased from 4% of GDP in 1993 to 7% in 1998—still below the regional average of 12%. In 1997 and 1998 Peru allocated 20% of its public expenditures to basic social services—outspending Chile and Colombia. The government estimates that it spent 33% of its budget on basic social services as it defines them—including road rehabilitation, energy infrastructure and environmental programmes. And its spending on poverty reduction programmes doubled between 1994 and 1997.

What would it cost to ensure that all the poor could meet their basic food needs? Studies estimate $517 million. The country now spends $250 million on food security programmes such as the National Food Programme.

The impact of all these expenditures is uneven because of the lack of targeting. While improving access to basic health services and focusing on child heath, for example, have led to general improvements, these measures have not always favoured the poorest. To improve targeting, programmes now use new methods, including self-selection, site visits and deeper studies. Some programmes now concentrate on areas bypassed by previous interventions. Others, such as the National Food Programme, rely more on self-targeting.

The National Fund for Social Development and the National Food Programme have pioneered the use of a composite index—with such indicators as adult illiteracy and infant mortality—to develop a poverty map. The result has been better distribution of resources to geographically disadvantaged areas and allocation of more than 43% of funds to the poorest households.

Still, the success of targeting depends on the programme and the instruments. In 1998 the Targeted Strategy against Extreme Poverty identified 419 priority districts and concentrated on the extremely poor in both rural and urban areas. But sectoral studies, such as in education, show that general expenditures still tend to be regressive. For example, the poorest fifth of the population receives 8% of public expenditures—the richest fifth 37%. Better coordination among the programmes could help this situation.

Economic growth—especially growth that is employment-creating—remains crucial for reducing poverty. With poverty becoming more urban, the government is trying to raise the productivity of labour—and improve education and people's access to it.

PHILIPPINES
Targeting Poor Families

The basis for the Philippine poverty programme is the Social Reform and Poverty Alleviation Act passed by Congress in late 1997, the last year of Fidel Ramos's administration. Unless amended or repealed, it is binding on future administrations.

The act's Social Reform Agenda had flagship programmes explicitly targeted to such disadvantaged groups as farmers, landless rural workers, fisherfolk, indigenous peoples, informal sector workers and the urban poor. But the new administration of Joseph Estrada has new priorities, focusing the poverty programme on five components: ensuring food security, modernizing agriculture and fisheries, providing low-cost housing, protecting the poor against crime and violence and actively involving local government in the programme.

CONGRESS'S PARTICIPATION IMPLIES THAT FUNDING IS ALWAYS SUBJECT TO SOME POLITICAL NEGOTIATION, BUT IT HAS NEVER EXCEEDED 1% OF THE GOVERNMENT'S TOTAL BUDGET.

Financing is appropriated by Congress and allocated to a Poverty Alleviation Fund, which then disburses it to programmes of regular line agencies. Congress's participation implies that funding is always subject to some political negotiation, but it has never exceeded 1% of the government's total budget.

The National Anti-poverty Commission, chaired by the president and including government officials and nominated representatives of civil society, oversees and coordinates the poverty programme. The commission has a secretariat currently headed by the department secretary for agrarian reform, but it lacks adequate staff. Moreover, it does not directly implement programmes or disburse funds, relying instead on the cooperation of line agencies and local government.

POVERTY REDUCTION TARGETS

In addition to a stand-alone poverty programme, the Philippines has a better-financed Medium-Term Development Plan (covering 1999–2004). Because the plan emphasizes the allocation of resources to agricultural production and rural development, it is likely to have more impact on poverty than the targeted interventions.

The plan calls for reducing overall income poverty from 32% in 1997 to about 26% in 2004. But it does not specify operational links with the poverty programme. The National Anti-poverty Commission still calls for reducing poverty to 20% by 2004. But even the less ambitious target of the development plan will require concerted efforts because the estimate of 32% in 1997 did not take into account the likely rise in poverty due to the Asian financial crisis and bad weather.

The National Economic and Development Authority, the country's planning authority, already serves as a secretariat for the day-to-day activities of cabinet-level interagency committees. So the cross-cutting structure of the National Anti-poverty Commission looks like a superfluous duplication—one risk of setting up separate poverty programmes that are not well integrated with general socio-economic policy-making.

In principle the poverty programme should be decentralized to local governments, but most are still at an early stage in assuming new responsibilities, with some delays caused by the change in national administration. Identifying the poor and monitoring impacts are still challenges—as in many poverty programmes. An Annual Poverty Indicators Survey supplies information at the provincial level on income, spending and other correlates of income poverty. The human development index has been proposed as a monitoring tool, but data on life expectancy and literacy are not collected frequently enough to support its use. The most developed system for targeting is the minimum basic needs information system, which supplies detailed data at the village level, but not enough local governments use it to guide policy-making.

TARGETING 100 POOR FAMILIES

An unusual and controversial feature of the current poverty programme is its attempt to focus assistance by identifying the 100 poorest families in each *barangay*, or village. Since governors, mayors and village heads are all involved in selecting the families—with little apparent input from civil society organizations—critics claim that the process has inevitably become politicized. Moreover, the effort would reach only about 16,000 families in the entire country.

The government's most successful anti-poverty intervention has been the Comprehensive and Integrated Delivery of Social Services Programme, which since 1994 has mobilized communities to define priorities and pool resources from government, civil society organizations and people's organizations to target people's minimum basic needs. But government expenditures on basic social services remain low—at about 2% of GNP. And the poverty programme has had less success in combining improvements in people's basic capabilities with substantial enhancements of their job and income prospects.

THE POVERTY PROGRAMME HAS HAD LESS SUCCESS IN COMBINING IMPROVEMENTS IN PEOPLE'S BASIC CAPABILITIES WITH SUBSTANTIAL ENHANCEMENTS OF THEIR JOB AND INCOME PROSPECTS.

That requires a pro-poor national policy environment and greater concern for rising inequality. Even though the Gini coefficient of income distribution has steadily worsened, to 0.49, government policies still seem to assume that liberal economic policies and broad-based growth will lead to greater equity in the distribution of income.

SOUTH AFRICA

Putting Poverty at the Top of the Development Agenda

Deep class and racial divisions mark South Africa—a legacy of apartheid. While 40% of the total population is income-poor, the percentage for black South Africans is 60%. Almost three-fourths of the poor live in woefully underdeveloped rural areas. Many people lack adequate housing and access to basic social services.

One by-product of the widespread impoverishment is a rising crime rate, now a major national problem. And HIV/AIDS is spreading rapidly: one in every four citizens is expected to be infected with HIV by 2010.

The democratic governments elected since 1994 have placed poverty and inequality at the centre of their development agendas. South Africa's anti-poverty policies were part of its Reconstruction and Development Programme, begun in 1996 to engineer growth through increased public expenditures on such items as housing, electricity, water, education and health. Since then anti-poverty policies have been more explicitly incorporated in the Growth, Employment and Redistribution Strategy, which relies more on market-led growth to increase the resources for redistribution. The challenge is to translate economic growth into job creation, human development and economic power for the poor.

BETTER ACCESS TO SOCIAL SERVICES

The government puts priority on addressing the lack of access to basic social services. Four and a half million people have gained access to potable water, and 600,000 inexpensive houses are under construction. There are now free and compulsory 10-year education and free medical care for pregnant women and for children under six years of age. Many of these gains are due to reallocation of resources, but budget constraints mean that further progress will depend on greater efficiency of expenditures.

There has been progress in providing secure land tenure to labour tenants, who were previously subject to arbitrary and unfair evictions, actions that are now rare. There has been less progress in land reform. Less than 1% of the country's farmland has been redistributed to poor black households. A minuscule percentage of people dispossessed of their land by apartheid's racially discriminatory laws have gotten it back.

The government's anti-poverty policies are comprehensive, but a major stumbling block appears to be in coordinating implementation. To promote a more integrated approach, the Office of the President established the Coordination Implementation Unit. The unit operates through the Interdepartmental Committee on Poverty and is chaired by the minister of welfare. Through this mechanism the government coordinates poverty reduction activities across line departments and throughout the three levels of government, national, regional and local—no easy task.

BUDGETING FOR POVERTY

South Africa does not have a separate general poverty fund: most of the financing for poverty reduction occurs through the regular government budget. But for urgent measures the Department of Finance created a Poverty Relief Fund. Government departments can apply to the fund to finance specific programmes if they have reallocated their own budgets to reduce poverty and promote development. The fund also elicits assistance from external donors.

South Africa has been trying to move to a more decentralized system of governance, but the central government continues to raise the lion's share of revenue (provinces generate only 5% of their revenue needs). The central government sets the policy framework and disburses funds to lower levels in accord with the responsibilities devolved to them for supplying basic education and health care. As in other cases of decentralization, lower levels of government have increased responsibilities but not increased control over funds. They also need capacity building to carry out their new functions.

In partnership with government, civil society organizations have been vocal participants in the public forums regularly held on major laws and government policies. Several departments have used civil society organizations to implement their programmes, and the National Development Agency has provided special grant funding to civil society and community organizations to start projects in poor areas. The goal is to help poor communities mobilize to begin choosing, designing and implementing their own local anti-poverty activities. The poor now have more of a voice at the community level. But stronger mechanisms need to be set up to enable the poor to have a voice in policy-making at the national level.

Because an effective system of monitoring has not yet been put in place, little is known about the overall impact of the government's poverty programmes. UNDP has worked with the Department of Welfare and civil society organizations to start such a system, but the loose interdepartmental structure has not functioned well.

THAILAND
A New Poverty-Focused Development Path

In the mid-1990s Thailand embarked on a new development path—to reduce inequality and poverty and to institute a more decentralized and participatory governance structure.

Until the mid-1990s Thailand had one of the highest rates of economic growth in the world—well over 7% a year between 1977 and 1996. Poverty reduction followed suit—with the share of poor dropping from 33% in 1988 to 11% in 1996. But in the wake of the country's financial crisis the share was back up to 13% in 1998.

Lacking effective social protection, about a million Thais were thrown back into poverty. Luckily, many of the urban unemployed could fall back on the "safety net" of their relatives in rural areas because agriculture continued to fare better than industry.

The crisis exposed weaknesses in the Thai development model: the failure to install safeguards against adverse shocks from erratic international capital flows and, especially, to regulate the financial sector, which had fuelled a debt-led investment boom.

THE POOR LEFT BEHIND

Thais also became convinced that their country's development strategy was not balanced or equitable enough. The poorer rural areas of the country had been spurned, in effect, by the miracle of economic growth. Although the country had a series of development plans after the early 1960s, none made poverty reduction a major objective. Planning focused on growth, assuming that the benefits would seep down to everyone. This rosy assumption seemed close to reality—but only for a while.

Inequality remains a major challenge: throughout the 1990s the share of income going to the poorest 20% of the population stayed below 5%. With prospects for slower growth, lowering inequality will have to assume more importance in efforts to reduce poverty. Already the government's allocations to rural development, particularly in the poorer north and northeast, appear to be moderating inequality.

The Eighth National Economic and Social Development Plan (for 1997–2001) charts a more people-centred strategy. It addresses the increasing social and environmental problems of Thailand and begins to tackle poverty. The plan does not include a poverty reduction strategy, but it does set a target of reducing the share of poor to less than 10% by 2001. Just as important, the plan favours reforming the system of public administration to allow more decentralized decision-making and participation.

A National Social Policy Committee, chaired by the prime minister, was set up in 1998 to respond to the needs of vulnerable groups hurt by the financial crisis. Using a new set of deprivation and vulnerability indicators to target its assistance, it gives communities the lead in deciding how to allocate funds.

REFORMS TO DECENTRALIZE

Reforms to decentralize responsibilities and finances to the local level are proceeding. Until recently the central government collected 95% of all revenue and accounted for 93% of all spending, with the poorer regions, such as the northeast, receiving lower per capita expenditures on agriculture, education, health care and other social services. The fiscal and administrative decentralization is beginning to reduce these inequities.

Decentralization to subdistricts, or *tambons*, has been going on for some years. District councils now elect their own officials and command some resources for roads, water, sewerage and garbage disposal. But not enough local capacity has been built to shoulder these new responsibilities.

FOR THE FIRST TIME BASIC LAWS PROVIDE FOR THE ACCOUNTABILITY OF THE STATE TO CITIZENS AND FOR GREATER PARTICIPATION BY PEOPLE IN PUBLIC POLICY AT ALL LEVELS.

UNDP is supporting the devolution of power to local government, by building the capacity of districts to raise their own revenues and decide how to use them. One project is testing decentralization in several local administrations and line agencies.

UNDP is also an active supporter of the Thailand–United Nations Collaborative Action Plan, which in 1996 launched demand-driven initiatives to reduce disparities and poverty and build the capacity of local organizations and communities. Allowed to participate in designing their own development projects, communities have mobilized considerable resources on their own. And “learning networks” have sprung up among communities to spread information on successful activities.

The Thai government has not always provided much social support to vulnerable groups. In 1998 social services accounted for only 12% of the government budget, and only a small part went for direct assistance to the poor.

MORE ACCOUNTABILITY ENCOURAGED

The new Social Investment Fund—backed by the World Bank, Japan and UNDP—targets more assistance to the poor through projects to create jobs and provide social services. The fund reinforces decentralization and participation by directing financing to local governments, civil society organizations and community groups.

Thailand’s 1997 constitution also promotes new channels for democracy. For the first time basic laws provide for the accountability of the state to citizens and for greater participation by people in public policy at all levels. Local officials are more independent of the Ministry of Interior. And there is a new independent National Counter-Corruption Commission with prosecutorial powers.

These reforms open opportunities for the poor to organize and advance their interests. Until recently, with government departments fairly autonomous, the privileged tended to have greater access to services—and patronage and corruption spread. Although there is now more formal democracy, traditional power structures still wield great influence, and many poor communities remain politically passive. A more systematic and focused plan to address the continuing problems of poverty and inequality would also greatly advance the country’s new people-centred development strategy.

TUNISIA
Steady Progress against Poverty

In 1995 about 6% of Tunisia’s people were poor, down from 33% three decades before. With the majority of people now in urban areas, the incidence of urban poverty is higher than that of rural poverty.

Steady growth—coupled with more jobs—has been a big factor in Tunisia’s remarkable record of poverty reduction, as has the decline in population growth to about 1.2% a year. Complementing these trends are the country’s poverty-oriented programmes, which have integrated the productive poor into the economic mainstream and provided social assistance to the more severely disadvantaged.

SOCIAL DEVELOPMENT PROGRAMMES

Consistent with having economic growth serve human development imperatives, Tunisia’s social development programmes, though not part of an explicit poverty plan, represent about 19% of GDP. The programmes have taken various forms. The National Programme of Aid to Needy Families provides direct social assistance—subsidies for basic food staples, free health care for needy families, housing and education loans, and special assistance to such groups as the elderly and disabled. This support is provided by the Ministry of Social Affairs, using a poverty index to identify those in need and provide regular follow-up.

UNDP is supporting a government effort to implement an information system to track the impact of these programmes on poverty. The system, to be operational by mid-2000, will provide data on the social and economic integration of low-income groups and help coordinate assistance.

Tunisia also has regional development programmes to upgrade conditions in less developed areas, such as the mountainous northwest. Much of the emphasis is on building infrastructure—roads, electricity, health clinics and drinking water supply. In addition, jobs are being created by financing agriculture, handicrafts, microenterprises and public works. Most of these programmes target rural areas, but a more recent one focuses on poor urban areas, with an emphasis on microfinance and training.

The government, moving to decentralize its programmes, is setting up regional coordinating offices. But more integration among the interventions in each region is needed to get the most from the programmes.

WITH OFFICIAL UNEMPLOYMENT MORE THAN 15%, THE CURRENT DEVELOPMENT PLAN MAKES JOB CREATION ITS OVERRIDING OBJECTIVE.

For this, regional authorities need more of a say in planning and management. The same applies to the government's Integrated Rural Development Programme and its overcentralized administration.

For self-reliance, beneficiaries should do more in managing projects, as should civil society organizations. Already, about 200 civil society organizations are implementing microprojects, such as those for training and credit. But a workable system is not yet in place to monitor and evaluate the impact of these programmes on low-income, vulnerable groups.

In 1997 the Tunisian Solidarity Bank was created to target microfinance to people not reached by the country's other social development and regional development initiatives. Loans are directed to reduce youth unemployment and generate income in poorer areas. By May 1999 the bank had supported more than 13,000 small projects, 3,500 of them run by women. A new law in July 1999 bolstered these initiatives by authorizing non-bank institutions—associations—to offer microcredit. This new role will strengthen civil society organizations and broaden the outreach to the more deprived social groups.

NATIONAL SOLIDARITY FUND

The National Solidarity Fund, established in 1993, undertakes public works in underdeveloped rural areas. It is financed by voluntary contributions from individuals and private companies—as well as from some external donors. Its funds—mostly for roads, education, electricity, drinking water and health and sanitation—have benefited more than 170,000 households. The fund also supports income-generating activities to integrate vulnerable groups into the economy. Its secretariat reports directly to the president of the republic.

With official unemployment more than 15%, job creation remains a major concern. Wide-ranging economic restructuring could easily have raised unemployment, but such programmes as public works schemes, worker retraining and youth job training have helped stabilize it. Still, unless private investment can be boosted, an ongoing programme of privatization is sure to add to the rolls. The current development plan, extending through 2001, makes job creation its overriding objective.

Tunisia has announced its intention to create a National Fund for Employment, organized along the lines of the National Solidarity Fund. A special target of its activities will be young unemployed urban graduates.

A major problem with the government's programmes—whether for social assistance, regional development, microfinance or employment—is that they are not well integrated. Greater coordination and harmonization of activities would enhance the impact on poverty.

UGANDA
From Decentralization to Participation

Uganda has one of the most developed poverty programmes in Africa. Despite the lack of resources, the government has been attempting to devolve greater authority to local levels to fortify the campaign against poverty. Increasing local participation and control could contribute much to advancing the struggle.

Uganda began explicitly addressing poverty as a major development concern in response to the high social costs associated with structural adjustment, launching the Programme for the Alleviation of Poverty and the Social Cost of Adjustment in 1990.

WITH SUCH A LARGE SHARE OF THE POPULATION IN POVERTY, BROAD-BASED PROGRAMMES MAKE MORE SENSE THAN NARROWLY TARGETED ONES.

The programme targeted social services and welfare to a narrow range of disadvantaged groups, such as orphans, slum dwellers, war widows and laid-off civil servants. When it became apparent that the programme's impact on poverty was minimal, the government set up a national task force in 1995 to develop a more systematic and broad-based approach that would address the deep-seated historical and structural roots of poverty.

The result was the Poverty Eradication Action Plan, whose duration coincides with that of the 10-year Public Investment Plan, 1997–2008. The government's goal is to eradicate extreme poverty by 2017 by shifting public expenditures and donor assistance into areas with a greater impact on poverty—such as rural development, physical infrastructure, direct human development and decentralized governance.

Agricultural development is crucial to poverty reduction. The sector accounts for half of GDP and 80% of employment. Food, most of which is produced in the subsistence sector, accounts for two-thirds of agricultural production.

THE NEED FOR BROAD-BASED PROGRAMMES

Income poverty, on a downward trend since 1992, still affects about 46% of the population. Official estimates using the human poverty index suggest that human poverty is similarly widespread. With such a large share of the population in poverty, broad-based programmes make more sense than narrowly targeted ones, particularly in rural areas, where most of the poor are concentrated. A particularly important precondition for poverty reduction in Uganda is peace and security. Unstable political conditions have impeded progress in the north and west, periodically displacing sizeable groups.

An indication of the importance of Uganda's poverty plan is that the Ministry of Finance, Planning and Economic Development manages it and reports directly to the offices of both the prime minister and the president. This setup helps provide better coordination than in most other countries, where ministries of social policy are often put in charge or separate social funds set up.

Although Uganda's poverty plan is comprehensive, its components still are not well integrated. There remains significant duplication of effort, with some areas of the country benefiting disproportionately. The government hopes to overcome this disparity by providing equalization grants to districts and targeting more public investment to poorer districts.

BEYOND DONOR DEPENDENCE

The government links a substantial part of its budget to poverty reduction, but much of this financing continues to come from donors, leaving programmes donor-dependent. Hoping to continue benefiting from the Enhanced Heavily Indebted Poor Countries Initiative, the government has established a Poverty Action Fund in anticipation of the release of money through debt reduction.

Overcoming the scarcity of funds for poverty reduction is a major concern. Equally important is achieving accountability and transparency in the use of the funds available. To this end, the government is involving the inspector general and the Ministry of Ethics and Integrity more closely in the monitoring of finances.

One strength of the Uganda poverty plan is its monitoring and evaluation. The National Bureau of Statistics has been conducting annual household-level monitoring surveys since 1992, providing information on national and regional poverty trends. A recent innovation has been a participatory poverty assessment conducted in nine pilot districts with the help of UNDP and the World Bank (see chapter 10).

Targeting could be improved if the poor were more directly involved in choosing and designing programmes. And civil society organizations, although consulted during the formulation of the poverty plan, could have been encouraged to be more active since then.

PROGRESS IN DECENTRALIZATION

Uganda's reforms to decentralize to the district level date from the early 1990s. The new constitution adopted in 1995 devolved responsibilities and power to local government. The Local Government Act of 1997 deepened reforms by giving authority to local councils at the subcounty level to raise revenues and initiate development projects. Local councillors were elected in 1998 at various levels of government, though their responsiveness to the electorate has yet to be tested.

Fiscal decentralization has accompanied the decentralization of responsibilities. Subcounties may now retain about two-thirds of the revenue collected within their area. But overall resources remain meagre, and transfers from central government are low and increasingly tied to conditions, leaving little room for local discretion. A 1996 auditor general's report highlights the problem of diversion of funds from development purposes.

Broader reforms are necessary to achieve effective participation by villagers. Local elites still exercise much influence in determining how funds are used. Many local leaders are held back by illiteracy, lack of knowledge of government procedures and low awareness of their rights.

UZBEKISTAN
Social Development and Slow Economic Reform

Uzbekistan began the transition to a socially oriented market economy in 1996. Unlike some other transition economies, which chose rapid change or shock therapy, Uzbekistan adopted a gradual, evolutionary reform. The state continued to develop and implement reforms and maintained expenditures on social protection. As a result, it moderated the rise in poverty.

Uzbek GDP dropped by 17% in the early 1990s—about half the average of 38% for the Baltic states and former Soviet republics. Since 1996 the economy has grown, with inflation down to about 18%. Given its approach of gradual reform, the country has seen no need to adopt an explicit national anti-poverty plan. Its strategy has been to prevent the rise of poverty rather than address the poverty consequences of rapid transition after the fact.

PRIVATIZING LAND AND HOUSING

The Uzbek people benefited from social assistance and the transfer of housing and land. Housing has been privatized, and small plots of land have been allocated, for lifetime use, to the rural and peri-urban population. More than 1 million people own formerly state-owned apartments, and another 700,000 have moved into privately owned dwellings. The land plots are an economic "safety net" that have helped maintain food consumption, accounting for 80–90% of meat and milk production and half of all agricultural output. But in many cases the plots are large enough only to meet household needs, not to generate the added income to prosper.

Reform of the country's system of social assistance has been geared to better targeting of expenditures to those in need, within the context of reducing administrative costs and overall subsidies to the population. The current system provides income transfers to the needy, child and maternal benefits, and assistance to the elderly. It also offers free basic health services and free primary and secondary education. Some benefits are targeted to the poor: children from low-income households, for example, are given free school uniforms and winter clothing.

The government has also tried to guarantee a minimum income for the population through pensions, a minimum wage and such allowances as maternity and sick pay. Recently it began a public works programme to provide short-term jobs for agricultural workers who have been laid off.

The system of social protection is still changing. Some benefits, such as pensions, are unlikely to be sustainable. And the share of social assistance in total government expenditures was halved in the 1990s, compounding delays in wages—often by lasting months, sometimes even years.

Uzbekistan receives little external assistance—its official development assistance is about 0.5% of GNP. The government proposes to set up a Social Transformation Fund, in part to mobilize more external resources, but has not yet put it into operation. The fund would support public works projects, microfinance for income generation and the promotion of small and medium-scale enterprises.

There is no separate commission to coordinate poverty-related activities. If set up, the Social Transformation Fund is likely to assume this function.

The World Bank is considering a $15 million loan for the fund, but the government prefers grant financing.

THE ROLE OF MAHALLAS

Local governments now retain about 60% of all government revenues. And for poverty reduction, the most important institutions are probably the *mahallas*, official self-governing bodies in each neighbourhood. The communities, which range from 600–800 people in rural areas to as many as 15,000 people in urban areas, elect a chairperson, with approval from the subprovince governor.

The mahallas have the responsibility for identifying recipients eligible for social assistance and delivering the benefits to them. In making decisions, the communities blend the fixed rules of the Ministry of Labour with their own discretion. Recipients have to submit a formal application for assistance, and a special committee visits their homes to determine their eligibility and the size of their benefits.

The functions of the mahallas go beyond social assistance. Employing *kashar* methods—traditional community cooperation—mahallas mobilize community members to undertake projects to meet agreed community needs. According to a 1999 law, they promote the rights of citizens to manage public affairs, involve citizens in solving local problems, assist authorities in enforcing laws and foster social cohesion in a multi-ethnic society. Mahallas may own property and start their own industrial or commercial enterprises.

A mahalla foundation promotes the system. But in some regions the resources for social assistance are inadequate to fully cover people's needs, so benefits are spread over all eligible households or rotated among them. The system of allocation needs to be examined to determine whether funds are targeted to the regions most in need and, within regions, to the mahallas most in need.

Outside the mahallas, there are only about 20 independent civil society organizations, mostly government-sponsored organizations established in the Soviet era.

NO OFFICIAL DEFINITION OF POVERTY

There is no official definition of poverty in Uzbekistan and thus no reliable estimate of its extent. Nor is there a mechanism to monitor the impact of policies and interventions on the poor. As in many other countries formerly in the Soviet bloc, the government of Uzbekistan appears reluctant to address poverty explicitly. But it is greatly concerned about social development and the rise of inequality. To address the significant income disparities between rural and urban areas and among regions of the country, the government is introducing a progressive tax system and allocating more fiscal resources to poorer regions.

Still, little attention appears to be paid to whether Uzbekistan's growth is pro-poor. Government macroeconomic and sectoral policies are not judged by whether they benefit poor or low-income households. Indeed, the practices of overvaluing the exchange rate and setting official prices for wheat and cotton have hindered agriculture—the main source of income for many poor households.

An explicit anti-poverty plan could help focus the government's efforts and set up a system to monitor the impact of its policies on poverty—to make macroeconomic policies more pro-poor and better target its resources for economic and social assistance.

YEMEN

The Contribution of Poverty Reduction to Nation Building

Yemen faced formidable challenges in the 1990s—including the need to unite the North and South, periodic internal military conflicts, the return of 800,000 workers during the 1991 Gulf war and high population growth. Despite these problems, it has been moving aggressively ahead to launch a concerted campaign against poverty.

Although there is no official estimate of poverty in Yemen, the unofficial results from a 1998 government survey suggest that about 30% of the population is poor. Defining poverty clearly and establishing a monitoring system would be a big help in coordinating anti-poverty activities and evaluating their impact. A Poverty Information Monitoring System is being developed to do this.

The country does not yet have a national plan to reduce poverty, though the government has some nationwide programmes and donor-supported projects. UNDP is supporting the development of both a monitoring system and a National Action Plan for Poverty Eradication.

A comprehensive structural adjustment programme has brought down government deficits and inflation, but growth has not kept pace with the population and has had little impact on poverty. Public employment can no longer be used as a cushion against poverty, and the private sector has not grown fast enough to provide jobs.

The National Committee for the Social Safety Net, chaired by the prime minister, deals with the adverse effects of economic reform and coordinates anti-poverty efforts. The Ministry of State for Cabinet Affairs runs the committee's secretariat, but so far the committee has met only twice and the secretariat needs more capacity to manage activities. The Ministry of Insurance and Social Affairs might be more suitable for running the secretariat, but this arrangement would tend to identify poverty as only a social issue.

THE FEAR IS THAT DECENTRALIZATION CARRIED OUT TOO QUICKLY AND RADICALLY WILL STRENGTHEN TRIBALISM AND THREATEN THE NEW, HARD-WON UNITY.

DUPLICATING POVERTY PROGRAMMES

The National Committee for the Social Safety Net has responsibility for four major national programmes:

- The $50 million Social Welfare Fund, run by the government.
- The $86 million Social Fund for Development, funded by the World Bank and other donors.
- The $88 million Public Works Project, funded by both the government and the World Bank.
- The $43 million Poverty Alleviation and Employment Generation Programme, supported by UNDP, the United Nations Capital Development Fund and the World Food Programme.

The government's Social Welfare Fund, managed by the Ministry of Insurance and Social Affairs, focuses on directing cash transfers to needy families, but is shifting towards a development orientation rather than a welfare approach.

One problem with the different steering committees and boards is that they duplicate many of the functions of line ministries, whose capacities are not being built as part of the process. Moreover, the multiplicity of structures stretches the capacity of the government to provide coordination.

Another drawback is that the poverty reduction efforts are not organized in a well-defined development framework. In 1995 the First Five-Year Plan for a united Yemen hardly mentioned poverty, and the plan's implementation appears to have been overtaken by the demands of the structural adjustment programme.

THE PROS AND CONS OF DECENTRALIZATION

Targeting could be improved if government were more decentralized and civil society organizations more active. The number of civil society organizations has been growing, but most are still in the main cities. Yemen's experience with decentralized development dates to its local development associations of the late 1960s, which mobilized most of their resources from local communities to build schools and health clinics.

Since 1991 the governorates have had some autonomy for developing infrastructure and providing public services, but decentralization reforms have been limited. The election of mayors, local council members and other representatives has not yet been approved. Governors continue to be appointed by the president. The fear is that decentralization carried out too quickly and radically will strengthen tribalism and threaten the new, hard-won unity.

UNDP has been supporting more decentralized development through its assistance to the government's Regional Development Programme, being piloted in five governorates. Modelled on the Area Development Schemes in Sudan, the programme emphasizes community self-reliance rather than simple microcredit or technical assistance. This involves thorough discussions with participants at the start of the project to mobilize their support for building organizations at three different levels: small microcredit groups of three to five households, community associations of about a dozen microcredit groups, and area development schemes formed by several community associations.

Because the approach emphasizes the beneficiaries' self-organization, it can take time to bear results. But communities learn to take control of local development and come together to influence regional decision-making.

Most of UNDP's poverty reduction support is for capacity building, especially for the National Committee for the Social Safety Net. The aim is to foster greater national ownership and control of poverty programmes, by not creating organizations parallel to the government structure. UNDP also encourages a more comprehensive approach—beyond merely providing people with welfare or public sector jobs, as in past practice. The results of the new approach could be slow in coming and are unlikely to be easily measurable.

ZIMBABWE

Creating a Poverty Reduction Forum

In 1990 Zimbabwe began a five-year structural adjustment programme, precipitating high human development costs. The government cut spending on education by 30%, while real wages fell by a third and poverty rose in both urban and rural areas. In response, it turned to UNDP for assistance in formulating a poverty programme—and in 1994 it adopted a Poverty Alleviation Action Plan.

THE EVOLVING PLAN TO ALLEVIATE POVERTY

By 1997 other donors were involved, and the plan grew in scope. The Ministry of Public Service, Labour and Social Welfare took over leadership in implementing the plan, and UNDP focused on resource mobilization. Today the plan has no set duration, and each poverty alleviation project has its own timetable.

DONORS ARE SEEKING TO SET TIME-BOUND GOALS AND PRODUCE MEASURABLE RESULTS, BUT EMPOWERING COMMUNITIES CAN TAKE YEARS, AND MEASURING ITS IMPACT IS NOT ALWAYS EASY.

Overall poverty afflicts 61% of the population, extreme poverty 45%. About a quarter of the population has HIV/AIDS, creating a huge burden on resource-starved medical facilities.

The government's action plan targets the poorest 26 of 57 districts through a geographical poverty map based on a UNDP-supported national poverty survey in 1996. United Nations Volunteers have been deployed in 12 of the poorest districts, while national officers have been sent to the other 14. Both the volunteers and the national officers work with communities to identify self-help projects and formulate project proposals. Once a community chooses a project, it is approved by a rural district council or, if the project is large, by the central government. Funding comes from donors.

PROMOTING COMMUNITY DEVELOPMENT

UNDP supports the government's action plan in microfinance, community development and poverty monitoring and assessment. For community development, the largest of the three components, UNDP concentrates on piloting projects that other donors can replicate.

An interesting example is the work of the Africa Community Publishing and Development Trust, a local civil society organization that focuses on training community leaders to help communities identify problems and devise solutions. Its activities show that communities can direct their own development and create possibilities for donor investment. The trust also helps link communities directly with district government and empowers them to present development proposals and claim their rights to resources.

An emerging concern is that donors are seeking to set time-bound goals and produce measurable results for their development assistance, but poverty reduction work rarely fits such timetables or frameworks. Empowering communities can take years, and measuring its impact is not always easy.

Another concern is that different ministries carry out their own externally funded projects and donors do not coordinate activities among themselves. UNDP has been trying to improve coordination by helping the government create an Integrated Poverty Monitoring and Assessment System that brings together all the government agencies and donor institutions, such as UNDP, UNICEF and the World Bank, that have been involved in monitoring.

One of UNDP's most promising initiatives is the Poverty Reduction Forum, created in 1996 to bring together representatives from government, civil society and donors to discuss poverty issues, programmes and areas of collaboration. In 1998 the forum worked with the Zimbabwe Congress of Trade Unions, the National Chamber of Commerce and the National Council of Churches to develop pro-poor budget recommendations, which it then presented to a pre-budget seminar for parliamentarians. One immediate result: an increase in the budget of the Ministry of Health.

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