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**THE UNITED NATIONS
DEVELOPMENT PROGRAM
(UNDP) AND POVERTY REDUCTION
A CASE STUDY FOR THE OECD DAC
INFORMAL NETWORK ON POVERTY
REDUCTION SCOPING STUDY**

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The United Nations Development Program (UNDP) and Poverty Reduction:

A Case Study for the OECD DAC Informal Network on Poverty Reduction Scoping Study

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EXECUTIVE SUMMARY

Since the World Summit for Social Development (WSSD), held in Copenhagen in 1995, UNDP has undertaken a series of initiatives aimed at documenting and providing technical support in developing country strategies toward poverty reduction and contributing to poverty eradication through a variety of programs and projects. UNDP is active in 187 countries and territories. UNDP has also been making an effort to narrow its focus and strengthen coordination among other bilateral and multilateral donors, rather than tackling issues only on its own. UNDP's highest priority is "capacity development for poverty eradication" through Sustainable Human Development (SHD).

UNDP has transformed itself into a poverty reduction agency - going beyond "mainstreaming" to make poverty reduction its core goal, not just a component. Interviews with staff revealed extensive agreement that poverty reduction is the core message of the agency, and is to be considered in all aspects of their work at the headquarters, regional, subregional and country offices. UNDP estimates that about half of its total resources "now go to country level programs that can have a direct impact on poverty through improved livelihoods, greater gender equality, better natural resource management and governance that is more democratic."

As the OECD/DAC Poverty Reduction Network considers how best to provide guidelines for country assistance programs, it is important to consider the potential role of UNDP as a leader, listener and catalyst for donor coordination and measurement of the poverty problem and progress toward addressing it.

1 UNDP'S APPROACH TO POVERTY REDUCTION

Introduction

This document presents findings of a rapid review of Poverty Reduction strategy, program and activities of the United Nations Development Program (UNDP). Results contributed to development of the Poverty Reduction Scoping Study Synthesis Report Prepared for the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) by the Overseas Development Institute (ODI). This is one of a series of 27 case studies of Donor Poverty Reduction strategies and activities that have been undertaken as part of the Scoping Study.

Organization of the report was dictated by the methodology for the overall scoping studies. Findings presented here draw on published resources by OECD and others, supplemented by interviews with OECD Headquarters staff in New York, and supplementary interviews with OECD staff in Thailand, which is used as an abbreviated case example in this report. Opportunities to comment on earlier drafts were provided to representatives of UNDP, and USAID (which provided financial support for the endeavor), along with members of the technical group developed to carry out the overall scoping study for the OECD/DAC. As OECD considers how best to provide guidelines for country assistance programs, it is important to consider the potential role of UNDP as a leader, listener and catalyst for donor coordination and measurement of the poverty problem and progress toward addressing it.

Poverty Reduction (PR) Goals, Conceptions, Approaches, Channels

Since the World Summit for Social Development (WSSD), held in Copenhagen in 1995, UNDP has undertaken a series of initiatives aimed at documenting and providing technical support in developing country strategies toward poverty reduction and contributing to poverty eradication through a variety of programs and projects. UNDP is active in 187 countries and territories.

UNDP's recently released 1998 Poverty Report *Overcoming Human Poverty* provides substantial insights into its conceptualization of dimensions of the problem, strategies for poverty reduction, coordination with other donors and financial institutions, and perspectives on interventions in specific countries. This report reflects draws on that report and other published resources, supplemented by interviews with 23 UNDP staff and other experts in the field.

UNDP has transformed itself into a poverty reduction agency - going beyond "mainstreaming" to make poverty reduction its core goal, not just a component. Interviews with staff revealed extensive agreement that poverty reduction is the core message of the agency, and is to be considered in all aspects of their work at the headquarters, regional, subregional and country offices. UNDP estimates that about half of its total resources "now go to country level programs that can have a direct impact on poverty through improved livelihoods, greater gender equality, better natural resource management and governance that is more democratic" (UNDP, 1998, p. 11).

UNDP involvement in poverty reduction focuses on micro and macro level interventions and support, and meso level linkages between the two

- At the macro level, this includes support for national anti-poverty program development and broader macro policy support conducive to policy reduction
- At the meso level, this includes work at the family, organization and firm level aimed at creating a supportive environment in legal and cultural terms
- At the micro level this includes helping the poor build livelihoods that are viable and sustainable, as well as community programs for social mobilization

The “New” UNDP

The process of transformation of UNDP into a Poverty reduction agency began with a 1990 Executive Board mandate to shift from an organization that coordinated funds to one that is more operational in nature. UNDP set forth toward a new set of goals including poverty eradication in 1994. In 1996, the agency’s leadership determined that its organizational structure was not suited to the new mandate. As a result, UNDP launched a “Year 2001 Change Process” in September 1997, aimed at making itself a more decentralized, “learning organization.” Many of the organizational and programmatic changes being made as a result of this process are less than one year old. As a result, a look at UNDP’s poverty reduction strategy requires consideration of the organizations’ aspirations as well as concrete accomplishments.

For example, a reading of the 1998 Poverty Report underscores repeatedly the importance of poverty in rural areas, and the key role that food security plays as a component of poverty reduction. At the same time, Food Security and agriculture programs have gone from 25 percent of UNDP’s budget, \$180 million, in 1992, to about 10 percent of the total budget, \$75 million. In the last year, as part of UNDP’s commitment to “Sustainable Livelihoods,” it has recruited a new Chief of the Food Security and Agriculture in the Sustainable Energy and Environment Division (SEED) which may signal renewed recognition of the importance of agriculture and rural employment as engines of the growth required for poverty reduction.

Other changes also reflect the new attention to transforming UNDP into a “learning organization.” For example, as part of the decentralization process within UNDP, the program is developing new mechanisms for decentralized support to country programs, beginning with two pilot Sub-Regional Resource Facilities (SURFs) aimed at sharing knowledge and experience with “best practices” and as a resource for networking and technical expertise at the regional level. In Thailand, the Southeast Asia SURF - called a Sustainable Human Development Resource Facility is assisting the 10 countries of the sub-region. After an 18 month trial, the process of rolling this model out around the world is just beginning. Demand is often a useful guide to the kinds of issues that poverty reduction efforts must address. The Thailand SURF has responded to requests for expertise in the following areas:

- Design of poverty alleviation Programs
- Evaluation of projects in rural credit, farmer training and vocational education
- Improvement of Poverty data, indicators and measures
- National Human Development Reports
- Gender Analysis and Policy
- Natural Resources policy and pricing
- Environmental protection and improvement
- Analysis of environmental impacts of rural to rural internal migration
- Budget, legal and public administration reform
- Analysis of Policy and Impacts related to membership in the ASEAN Free Trade Area (AFTA)
- Economic Costs of HIV/AIDS
- Design of HIV/AIDS prevention program

Another dimension of the UNDP's Year 2001 Change Process is a special focus on evaluating results and measurement. Substantial effort is going into developing frameworks for measuring UNDP results in poverty reduction and other key target areas. Draft frameworks state UNDP's goal in poverty reduction "To eradicate extreme poverty and reduce substantially overall poverty in programme countries," and set forth specific targets, indicators, subgoals and strategic areas for UNDP development assistance. Regional, subregional and country programs are now working on developing and incorporating a variety of output and outcome indicators and related country situation indicators in their planning, implementation and evaluation processes. The latest methodology drafts were circulated during the last two months of 1998, making it premature to be able to assess how they are actually implemented.

For the OECD Poverty Reduction Informal Network, it will be useful to follow UNDP's progress in these and other areas, and share results with other donors. The network can also offer lessons learned elsewhere that may be useful to UNDP in implementing its change process.

1.1 Goals

UNDP's stated goal is "The eradication of poverty" through reinforcement of Sustainable Human Development (SHD). This is to be achieved through pursuit of three goals and four priority areas endorsed in 1994 (decision 94/14) and reiterated on the agenda of the September 1998 Executive Board session.

The three goals include

- Strengthening international cooperation for sustainable human development
- Helping the UN Family become a more powerful force for human development, and
- Focusing UNDP resources on making the maximum contribution in programme countries to key sustainable human development dimensions

The four priority areas, sometimes called pillars or corporate mandates include

- Poverty elimination
- Environmental regeneration
- Job creation
- Advancement of women

UNDP's goal in poverty elimination is "To eradicate extreme poverty and reduce substantially overall poverty in programme countries "

Five subgoals have been articulated

- 1 To create an enabling environment for pro-poor economic growth in programme countries
- 2 To secure sustainable livelihoods for the poor through access to productive assets
- 3 To advance gender equality and the status of women for poverty reduction
- 4 To ensure sustainable food security for the poor, including regeneration of environmental resources on which the poor depend
- 5 To ensure political empowerment of the poor and pro-poor governance

With each of these subgoals, UNDP has laid out Strategic Areas of UNDP Development Assistance

- 1 To create an enabling environment for pro-poor economic growth in programme countries
 - 1 1 To establish poverty eradication as a central development goal
 - 1 2 Strengthen institutional capacity to implement anti-poverty strategies
- 2 To secure sustainable livelihoods for the poor through access to productive assets
 - 2 1 To adjust policy and legislation
 - 2 2 To build the asset base of the poor
- 3 To advance gender equality and the status of women for poverty reduction
 - 3 1 To secure the equal status of women and their empowerment in decision making processes
 - 3 2 To mainstream gender into national policies and development initiatives
 - 3 3 To promote the economic empowerment of women
- 4 To ensure sustainable food security for the poor, including regeneration of environmental resources on which the poor depend
 - 4 1 To promote the management of natural resources to secure sustainable livelihoods for the poor including drylands, forests, fisheries and water
 - 4 2 To promote food security through sustainable agriculture and fisheries initiatives
 - 4 3 To promote increased energy services availability as an instrument for socio-economic development

4 4 To promote environmental policies and programmes which benefit the poor

5 To ensure political empowerment of the poor and pro-poor governance

Goals and Measures of Poverty Eradication

With the introduction of the first UNDP Human Development Report in 1990, and the development of the Human Development Index, now reported annually for 174 countries, UNDP launched an effort to look at income and economic growth in a broader context, taking into account life expectancy, and education as well. More recently, UNDP has begun to report a “Gender-Related Development Index” and to work with countries to improve their ability to measure different dimensions of poverty. These efforts showcase UNDP’s efforts to address the multidimensional nature of poverty and attempt to capture its complexity through multiple and composite measures. Since different measures will suggest different solutions, a wider range of indicators better depict more complex conditions.

The UN System is a partner with the OECD-DAC and the World Bank in agreeing on consistent **indicators** that will be used in monitoring progress toward poverty eradication. In keeping with the OECD 21st Century document, goals are

1993-2015 reduce the number of people living in extreme poverty by one half, from 30 percent with income or consumption below \$1 per day to 15 percent

In addition to this **income measure of extreme poverty**, there are targets for

- **Relative poverty**, increasing the consumption of the poorest fifth of the population,
- **Malnutrition**, reducing the proportion of children under five who are under weight by 75 percent by 2015,
- **Literacy** - reducing global male and female adult illiteracy to 8 percent by 2015

1.2 UNDP’s Conceptualization of the Poor

Poverty is viewed as a process, rather than a condition. More than a shortage of income, it is the “denial of opportunities and choices most basic to human development - to lead a long healthy, creative life and enjoy a decent standard of living, freedom, dignity, self-esteem and respect of others” (1997 Human Development Report). Income poverty affects 45 percent of the population of South Asia and 40 percent in Sub-Saharan Africa. Other dimensions of poverty are presented in the following table.

Table 1 1 The State of Poverty

	Population In Income Poverty (%) \$1 Per Day (PPPS)		Underweight Children Under Five (%)		People Not Expected To Survive To Age 40 (% of Total Population)	Female Illiteracy Rate (%)	Children Not Reaching Grade 5 (%)
	1989	1994	1990	1997	1995	1995	1995
All Developing Countries	32		30		14	38	22
Arab States	*4		17		14	56	7
East Asia	29		16		7	26	8
Latin America and the Caribbean	24		10		10	15	26
South Asia	45		50		16	63	35
South East Asia and Pacific	14		34		12	17	17
Sub Saharan Africa	*39		30		31	52	32

(Source UNDP 1998, p 17)

1 3 Models - Approaches to Poverty Reduction

“UNDP has actively promoted greater recognition of the multidimensional nature of poverty and the need to integrate the political, social, cultural and environmental facets of human deprivation in efforts to combat poverty Gender disparities in status, both within the household and within the broader society, are being actively addressed as socio-economic policy frameworks are developed In all facets of SHD programme development, UNDP encourages integrative approaches that engage government, civil society and the private sector as vested stakeholders in comprehensive poverty reduction strategies”

Annual Report of the Administrator 1997 (DP/1998/17/Add 2 p 5)

UNDP presents a concept of the State, markets and civil society working together to eradicate poverty

“Making markets work for people requires much more than liberalized trade, macroeconomic efficiency and getting prices right Other critical ingredients are regulation, fair competition, transparency and accountability

more fundamentally, development is about people The goal is to enlarge the range of people’s choices, and to make development more equitable, democratic and participatory ” (UNDP, 1998, p 14)

UNDP’s 1997 Human Development Report speaks of “strengthening the capabilities of the poor” to cope with a wide range of sources of adversity - disease, economic shock, natural disaster, conflict or discrimination

One of UNDP's corporate mandates, a "Sustainable Livelihoods" approach to poverty reduction focuses on increasing the "assets" of the poor using a broader definition that goes beyond physical or financial capital to include "personal, social, political and environmental" resources. The term sustainable is intended to reflect the ability to cope with and recover from shocks, economic efficiency, ecological integrity and social equity. For example, in Malawi, the sustainable livelihoods approach was used as "the first stage of a government sponsored effort, supported by UNDP to promote food security in Malawi by strengthening the livelihood systems of the poor" (Choices, July 1998, p. 7).

UNDP also points to the importance of considering disparities within households using a "gendered approach" to look at the way that food, education and health services are distributed among family members.

Foreign Direct Investment and Debt Forgiveness as forces for poverty reduction-

Investment is viewed as a driving force of economic growth and poverty reduction. Out of \$120 billion in FDI going to Developing Countries in 1997, sub-Saharan Africa received \$3 billion and South Asia \$4 billion.

The UNDP poverty report argues that foreign debts of the poorest countries should be canceled with the savings used to invest in poverty eradication. Sub-Saharan Africa pays over 14 percent of export revenues in debt service, while South Asia pays 22 percent (p. 17).

1.4 Perceived Role in Poverty Reduction

UNDP as perceived by its staff is "the mother of generalist organizations" working with national governments as a neutral party at the

- Macro level with government policy makers on measurement, sensitization of policy makers to the nature of the problem and strategic options through measurement: the global Human Development Report and more than 100 local country development reports,
- Meso level on institutional reform and other issues that will make poverty reduction work, including support for dialogue and advocacy groups such as the "World Alliance of Cities Against Poverty" and other opportunities to get mayors and other mid-level officials sensitized and organized to be able to deliver, and
- Grassroots level activities including advocacy and work on sustainable livelihoods, employment generation, local governance and technology.

UNDP's Executive Board made poverty its "overriding priority" in 1995. UNDP has taken a leadership role in national poverty measurement, monitoring and strategy efforts. It has led the development of "Rapid Assessment Surveys," and coordinated with other multilateral organizations like UNICEF and the World Bank to eliminate duplication and improve national capacity to measure.

UNDP works with three different types of partners -- other multilateral development agencies, bilateral development agencies, and the governments of developing countries themselves. Because many of these partnerships involve joint funding of projects, there is sometimes a tension created between achieving UNDP's poverty reduction goals and achieving the partner's parallel goals that can, at times, deflect UNDP's mission.

UNDP has conducted a global survey which found that 78 countries now have national poverty reduction plans or have poverty reduction built into their national development plans. Another 40 countries report they are developing such plans. (See following tables from UNDP)

Table 2.A.1: Implementing WSSD Commitments to Eradicate Poverty

Country/Territory	POVERTY DEFINITIONS			POVERTY PLANNING			POVERTY ESTIMATES		POVERTY TARGETS	
	Income definition of extreme poverty	Income definition of overall poverty	Non-income definition of poverty	Explicit national poverty plan in place	Explicit national poverty plan under development	No plan, but poverty reduction in national planning	Extreme poverty estimate	Overall poverty estimate	Target for extreme poverty reduction	Target for overall poverty reduction
AFRICA										
Angola	•	•	•			•	•	•		
Benin	•	•	•	•			•	•		
Botswana	•	•			•		•	•		
Burkina Faso	•	•	•		•		•	•		
Burundi	•	•	•		•		•	•		
Cameroon					•				•	•
Cape Verde	•	•	•	•			•	•	•	•
Central African Republic	•	•	•		•		•	•	•	•
Chad						•	•	•		
Comoros	•	•	•		•		•	•		
Cote d'Ivoire	•	•	•		•		•	•	•	•
Equatorial Guinea					•		•			
Eritrea		○	•			•				
Ethiopia	•	•	•			•	•	•		
Gabon	•	•					•	•		
Gambia	•	•	•	•			•	•	■	•
Ghana	•	•	•	•			•	•	•	•
Guinea	•	•	•	•			•	•		
Guinea Bissau					•		•	•		
Kenya	•	•	•		•		•	•	•	
Lesotho	•	•	•	•			•	•		•
Liberia	•	•	•			•	•	•		
Madagascar	•	•	•	•			•	•		•
Malawi	•	•	•			•	•	•		•
Mali	•	•	•	•			•	•	•	•
Mauritania	•	•	•	•			•	•		•
Mauritius										
Mozambique	○	•	•	•			•	•	•	
Namibia	•	•	•		•		•	•	•	•
Niger	•	•	•	•			•	•		
Nigeria	•	•			•			•		•
Rwanda					•			•		
Sao Tome & Principe					•					
Senegal	•	•	•	•			•	•	•	•
Seychelles	•	•	•				•	•		
South Africa	•	•	•			•	•	•	•	
Swaziland	•	•	•			•	•	•		•
Tanzania United Republic of		•	•		•		•	•	•	
Togo	•	•	•	•			•	•		
Uganda	•	•	•	•			•	•	•	•
Zambia	•	•	•		•		•	•		•
Zimbabwe	•	•	•	•			•	•		
Total for Africa	33	35	31	15	16	7	36	36	15	18
ASIA/PACIFIC										
Bangladesh	•	•	•			•	•		•	
Bhutan						•			•	•
Cambodia		•	•	•				•		
China	•			•			•		•	
Cook Islands						•	•	•		
Fiji	•	•	•		•		•	•	•	
India	•	•	•			•	•	•	•	•
Indonesia	•	•	•		•		•	•	•	
Iran Islamic Republic of	•	•	•	•			•		•	•
Korea Democratic People's Republic of						•				
Korea Republic of	•	•		•			•	•		
Lao People's Democratic Republic					•			•		•
Malaysia	•	•		•			•	•	•	•
Maldives						•	•	•		
Mongolia	•	•	•	•			•	•		•
Myanmar			•			•		•		
Nepal	•		•			•	•		•	
Niue						•	•	•		
Pakistan	•	•				•	•	•		
Papua New Guinea					•					
Philippines	•	•	•	•			•	•		•
Samoa						•	•	•		
Sri Lanka	•	•	•	•			•	•	•	•
Thailand	•	•	•	•			•	•	•	
Tokelau						•	•	•		
Viet Nam	•	•	•	•			•	•	•	•
Total for Asia/Pacific	15	13	12	10	4	12	19	16	12	9

Table 2.A.1: Implementing WSSD Commitments to Eradicate Poverty

Country/Territory	POVERTY DEFINITIONS			POVERTY PLANNING			POVERTY ESTIMATES		POVERTY TARGETS	
	Income definition of extreme poverty	Income definition of overall poverty	Non-income definition of poverty	Explicit national poverty plan in place	Explicit national poverty plan under development	No plan, but poverty reduction in national planning	Extreme poverty estimate	Overall poverty estimate	Target for extreme poverty reduction	Target for overall poverty reduction
ARAB STATES										
Algeria					•		•	•	•	•
Bahrain		•					•	•		
Djibouti	•	•					•	•		
Egypt	•	•	•	•			•	•		
Iraq					•					
Jordan	•	•		•			•	•		
Kuwait					•					
Lebanon	•	•	•		•		•	•	■	■
Libyan Arab Jamahiriya										
Morocco	•	•			•		•	•		
Saudi Arabia						•		•		
Sudan	•	•	•	•			•	•		•
Syrian Arab Republic					•		•			
Tunisia	•			•			•		•	
United Arab Emirates							•			
Total for Arab States	7	7	3	4	6	2	11	9	3	3
EASTERN EUROPE/CIS										
Albania		•					•	•		
Armenia	•	•	•				•	•	•	
Azerbaijan	•	•	•	•			•	•		
Belarus	•						•	•		
Bosnia and Herzegovina							•			
Bulgaria							•			
Estonia	•	•	•		•		•		■	■
Georgia	•	•	•	•			•	•	•	
Kazakhstan				•				•	•	
Kyrgyzstan	•	•	•		•		•	•		•
Latvia	•	•			•		•	•		
Lithuania	•				•		•			
Moldova Republic of	•	•	•	•			•	•	•	•
Poland	•	•	•		•		•	•		
Romania	•	•			•		•	•	■	■
Russian Federation	•				•		•			
Slovenia			•			•		•		
Tajikistan	•	•	•		•		•	•	•	•
Turkey		•	•		•		•	•		•
Turkmenistan			•		•		•	•		
Ukraine		•	•		•			•		•
Uzbekistan	•		•	•			•		•	
Total for Eastern Europe/CIS	14	12	13	5	11	6	16	16	7	7
LATIN AMERICA/CARIBBEAN										
Argentina	•	•	•			•	•	•		
Barbados		•	•		•		•	•	■	■
Bolivia			•				•	•		
Brazil	•		•				•			
Chile	•	•		•			•	•		
Colombia	•	•	•	•			•	•	•	•
Costa Rica	•	•	•	•			•	•		
Cuba	•	•	•			•	•		•	
Dominican Republic	•	•	•	•			•	•		
Ecuador	•	•	•				•	•		
El Salvador	•	•	•			•	•	•		•
Guatemala	•	•	•				•	•		
Guyana	•	•				•	•	•		
Haiti							•	•		
Honduras	•	•			•		•	•	•	•
Jamaica	•	•		•			•	•	■	■
Mexico	•		•	•			•			•
Nicaragua	•	•	•			•	•	•		
Panama	•	•	•		•		•	•	•	•
Paraguay	•	•	•	•			•	•		
Peru	•	•	•	•			•	•	•	
Suriname	•	•					•	•		
Trinidad and Tobago		•				•	•	•		•
Uruguay	•		•				•	•		
Venezuela	•	•	•			•	•	•		
Total for LAC	21	19	17	9	3	8	25	22	8	8
Total count	90	86	76	43	40	35	107	99	44	45

Legend • = yes ◆ = survey underway ■ = under preparation ○ = non income definition of overall poverty

Source UNDP Global Survey 1998

Table 2.A.2: Targets for Reducing and Eradicating Poverty, 1993-2030

Country/ Territory	Type of Poverty	Current Estimate	Target Year	Target Level
Central African Republic	extreme	35.8% (1996)	2005	25%
	overall	63.4% (1996)	2005	45%
Cote d'Ivoire	extreme	10% (1995)	2002	5%
	overall	36.8% (1995)	2002	25%
Gambia	overall	33% (1993)	2025	30%
Ghana	extreme	15% (1997)	2020	0%
	overall	30% (1997)	2020	0%
Guinea	extreme	13% (1994)	2010	0%
Mauritania	overall	50.4% (1996)	2001	32.5%
Namibia	extreme	13% (1994)	2000	6%
	overall	47% (1994)	2000	40%
Nigeria	overall	48.5% (1996/7)	2010	20%
Senegal	extreme	30% (no year)	2002	0%
	overall	32% (no year)	2005	20%
South Africa	extreme	27% (1995)	2020	0%
Tanzania United Rep of	extreme	35.9% (1993)	2020	0%
Uganda	overall	66.3% (1997)	2017	<10%
Zambia	overall	69% (1997)	2004	20%
Bangladesh	extreme	45% (1997)	2002	0%
China	extreme	2.11% rural (1996)	2000	0%
Fiji	extreme	6% (1991)	2001	0%
India	extreme	6.24% (1993-94)	2002	0%
	overall	36% (1993-4)	2012	<5%
Indonesia	extreme	11.2% (1997)	2004	0%
Iran Islamic Rep of	extreme	17.6% (1994)	2002	0%
Malaysia	extreme	2.1% (1996)	2000	0%
	overall	8.9% (1996)	2000	5.5%
Mongolia	overall	25.8% (1997)	2000	10%
Nepal	extreme	45% (1996)	2017	10%
Philippines	overall	35.5% (1994)	1998	30%
Sri Lanka	extreme	15.25% (1997)	2010	0%
	overall	25.30% (1997)	2010	5%
Thailand	extreme	13.7% (1992)	2001	<10%
Viet Nam	extreme	4% (1996)	2001	0%
	overall	3 million (1996)	2010	0%
Sudan	overall	85% (1992)	2002	0%
Tunisia	extreme	6.7% (1995)	2002	0%
Kazakhstan	extreme	39.24% (1996)	2030	0%
Kyrgyzstan	overall	50% (1996)	2015	10%
Moldova Republic of	extreme	21% (1997)	2000	0%
	overall	43% (1997)	2005	0%
Colombia	extreme	20% (1995)	2005	10%
El Salvador	overall	61% (1994)	1999	49%
Honduras	overall	67.2% (1994)	2000	54%
Panama	extreme	21.6% (1997)	1999	0%
	overall	37.1% (1997)	1999	0%
Peru	extreme	19% (1995)	2000	9.5%
Trinidad and Tobago	overall	35.9% (1996)	2010	16%

Targets are also reported for countries listed below but are not listed in the table because of incomplete information
 Cape Verde Cameroon Eritrea Kenya Lesotho Madagascar Malawi Mali Mozambique
 Senegal Swaziland Uganda Bhutan Algeria Lao PDR Saudi Arabia Georgia Tajikistan
 Turkey Uzbekistan Colombia Cuba Mexico and Honduras

Source: UNDP Global Survey 1998

Table 4.1 — Growth and Poverty Reduction

COUNTRIES WITH MODERATE GROWTH (0-4 / IN GDP PER CAPITA)	
POVERTY FALLS	POVERTY RISES
Ethiopia (1989 94)	Cote d'Ivoire (1993 95)
Ghana (1988 92)	Tanzania, United Rep of (1993 95)
Tanzania, United Rep of (1983 91)	Uganda (1989 95)
Chile (1987 96)	Chile (1970 87)
Costa Rica (1986 95)	Mexico (1984 94)
Bangladesh (1973 92)	India (1961 70)
China (1980 90)	India (1991 95)
India (1971 90)	Lao PDR (1986-95)
Indonesia (1970 94)	Philippines (1971 85)
Philippines (1986-94)	Egypt (1981 96)
Pakistan (1970 93)	Sudan (1968 78)
Morocco (1984 91)	Poland (1987 94)
Tunisia (1981 95)	Senegal (1960 94)
Malaysia (1973 89)	
COUNTRIES WITH HIGH GROWTH (GREATER THAN 4 / IN GDP PER CAPITA)	
POVERTY FALLS	POVERTY RISES
China (1990 94)	Pakistan (1963 70)
Thailand (1975 92)	Sudan (1991 95)
Tunisia (1976 80)	

Source: Rodriguez Caballero F UNDP 1998

1.5 Spending

Because UNDP's restructuring is relatively new, the financial/accounting system is not yet set up to track effectively the dollar amounts going explicitly to poverty reduction activities. The accounting systems are in the process of being refined to meet this goal.

Program Spending Emphasis

For the 108 countries in which UNDP is working during its 1997-99 (fifth) programming cycle activities focus as follows (DP/1998/34 p. 6)

- Poverty - 37 percent
- Governance - 37 percent
- Environment - 23 percent
- Gender - 3 percent

In contrast, during 1992-96 the breakdown was

- Poverty - 22 percent
- Governance - 25 percent
- Environment and Food Security - 25 percent
- Public Resource Management - 26 percent

Within current **poverty eradication** activities

Data collection and policy initiatives - 39 percent
Employment and income generation - 19 percent
Social mobilization / community empowerment - 16 percent
Social support and basic needs - 16 percent

Employment is included in 75 percent of poverty programs with special focus on "sustainable livelihoods at the grass-roots level"

Governance activities focus on building capacity for managing the development process at national and decentralized levels - including the community level. Good governance is seen as a prerequisite for human development and poverty eradication.

Gender is an important secondary focus area for most programs where the primary focus is on poverty, governance or environment.

Environmental programs focus on energy, desertification and water resource management, except in Latin America, where the focus is on protection of natural resources. As part of this increased focus, the 1998 Poverty review reports less emphasis on capacity building in technology than during the previous cycle. *Food Security has become a much lower priority as a minor subset of environmental and energy programs, going from one fourth of spending in 1992 to one-tenth in the current budget*

Funding and Spending Levels and Trends

Overall, the UNDP budget has been growing throughout its transition process. Nevertheless, the planned core budget for 1997-99 was \$3.3 billion, but contributions are substantially below expectations. The September 1998 forecast is that \$2.25 billion will be available, about 30 percent below targets. For 1997, contributions were \$761 million, down from \$848 million in 1996. For 1998 projection is \$740-750 million, and for 1999, \$750-775 million.

While core budget support lags, programme countries are meeting their commitments. Non-core funds include cost sharing, government cash counterpart contributions, management services agreements, funds and trust funds increased 6 percent in 1997 to \$1.482 billion. Notable among donor sources are the Netherlands and Scandinavian countries.

Core budget allocations for 1997-2000 that had been assigned as of May 1998 were US\$1.39 billion. UNDP's goal is to devote 88 percent of resources to low income countries and 60 percent to LDCs is likely to be achieved.

Overall resources available to UNDP are up, despite a reduction in core resources. UNDP financial staff report that poverty reduction as an objective and core message has played a role in attracting increased extra-budgetary, "soft money" resources. There are long run costs to UNDP and other development organizations of increased reliance on soft money. Less continuity, it may be harder to invest in existing staff and attract new staff. UNDP is trying to address this by declaring itself a "learning organization" with the expectation that staff will maintain and expand their technical skills.

2 “MAINSTREAMING” POVERTY REDUCTION

UNDP has transformed itself into a poverty reduction agency - going beyond “mainstreaming” to make poverty reduction its core goal, not just a component UNDP estimates that about half of its total resources “now go to country level programs that can have a direct impact on poverty through improved livelihoods, greater gender equality, better natural resource management and governance that is more democratic” (UNDP, 1998, p 11)

UNDP has been making an effort to narrow its focus and strengthen coordination among other bilateral and multilateral donors rather than tackling issues on its own UNDP’s highest priority is “capacity development for poverty eradication” through Sustainable Human Development (SHD)

2.1 Modalities and Mechanisms

UNDP Programs are organized around eight guiding principles (Executive Board, January 1998)

- 1) Build program capacity for SHD, especially poverty eradication and ensure national ownership of development goals, strategies, policies and programs at all levels,
- 2) Promote participation by people and civil society, dialogue, and choice in decision making,
- 3) Provide additionality while complementing the work of other providers of development services,
- 4) Support aid coordination,
- 5) Support mobilization of additional resources for development,
- 6) use the program approach to the maximum extent possible,
- 7) Build on lessons learned and best practices,
- 8) Ensure that program design is results oriented and allows for impact measurement and evaluation

UNDP core development services are categorized in **five pillars of support to Sustainable Human Development, also referred to as the “corporate mandates”**

- 1) Establishment of an enabling environment for SHD through
 - a) Support for governance - strengthening governing institutions and democratization, supporting civil society organizations and decentralization, and support for countries in special circumstances - such as before, during and after crises, and
 - b) Support for macro-policy and frameworks through support to country assessments and human development reports, capacity building for economic and financial management and advisory services for regional and global integration

- 2) Poverty eradication
 - 3) Employment and sustainable livelihoods
 - 4) Gender equality and the advancement of women
 - 5) Environmental Protection and regeneration
- Including Food Security and World Food Summit follow up

UNDP has a core of poverty specialists within its Social Development and Poverty Elimination Division (SEPED). It also has five regional bureau focal points. The financial analysis points to the cross cutting nature of programs and themes - for example - 3 percent of programs are specifically identified as "gender" programs but it is pointed out that gender is a secondary theme in all programs. The development of Sub Regional Program Facilities (SURFs) presents another opportunity to provide support to country programs in design, implementation and evaluation of poverty reduction program activities.

Within the UN system, UNDP has led the system wide process for developing an approach to poverty eradication. In discussing coordination in the Administrator's 1997 Report (DP/1998/17) coordination with the World Food Program and UNICEF is mentioned, but not with FAO. Within the UN system there are special challenges in coordination among agencies that report directly to the Secretary General, like UNDP and those whose Directors General are more autonomous, like FAO. This appears to present special challenges in coordination to address the food security dimensions of poverty reduction.

Mainstreaming Forces of Pro-Poor Growth

UNDP has substantial program focus on micro credit issues, but in general, since the early 1990's, it appears that the focus on the social dimensions of empowerment as vehicles for overcoming poverty have been accompanied by reductions in emphasis on creation of the income earning and food supplying opportunities to reduce poverty. There are some promising signs that the pendulum is swinging back toward an integrated approach that includes a focus on what might be called "engines of growth *and* empowerment."

Food Security and agriculture programs have gone from 25 percent of UNDP's budget, \$180 million, in 1992, to about 10 percent of the total budget, \$75 million. In the last year, as part of UNDP's commitment to "Sustainable Livelihoods," it has recruited a Chief of its Global Program for Food Security and Agriculture which may signal renewed recognition of the importance of agriculture and rural employment as engines of the growth required for poverty reduction.

Most of UNDP's agricultural funding is in country portfolios. Historically, UNDP has coordinated agricultural activities at the country level, but relied upon the expertise of FAO to support implementation. The reduction in focus on agriculture and rural development since the early 1990's has been widespread. With sharply reduced spending on food security and agriculture, opportunities for cooperation and coordination have been sharply reduced. This is a special challenge facing UNDP and other donors and financial institutions.

Mainstreaming and Gender

Additional attention to poverty reduction emerges in both the gender and HIV/HDP programs. Poverty reduction is a foundational premise of the gender program since attention to women and gender issues more broadly incorporates the poorest populations. A two pronged approach is utilized. The Gender Program within SEPED develops skills of gender analysis among headquarters staff and also sets policy on gender issues for the institution. The role of the Gender in Development Programme is global programming and advocacy. For example, the economic advisor targets improved integration of gender into macroeconomic policy and international trade issues by identifying research priorities and working with an international advisory group of gender specialists on specific activities, including preparation of a learning manual on gender and poverty reduction and creating advocacy tools such as peoples' and women's national budget statements (see *Overcoming Human Poverty*, Chapter 7, page 75).

The Gender Program within SEPED, focussing primarily on the macro level, is complemented by work at the micro and meso levels in the regional and country programs. Within the regional bureaus, gender policy advisors are responsible for providing technical assistance to country programs on how improving attention to gender within their poverty reduction programs. As the Sub-Regional Resource Programs (SURFs) become operational, it is possible that gender specialists will be part of the sub-regional technical teams. This is an area in which the Southeast Asia SURF has received requests for assistance. Each region focuses on the problem most relevant to those countries. For example, in Africa, priority areas include supporting entrepreneurship, improving women's rights to land, and reducing violence against women.

The HIV/HDF program is an exemplary case of the integration of both poverty reduction and gender focus. At UNDP, HIV is addressed in its social and economic context so that it is not only the disease which is addressed, but its multiple and complex consequences. HIV infection for example both creates new poverty and exacerbates existing poverty. The challenge for the program is how to maintain development gains, while addressing the negative development implications of the disease. The UNDP HIV/HDF program is tackling poverty and HIV at the same time by advocating for greater public awareness of HIV and its development implications and by supporting country level programs.

Mainstreaming Poverty and Governance

UNDP has been gradually shifting its program emphasis toward working with local governments, NGOs and CSOs in both urban and rural areas. As shown above, governance related activities account for one third of UNDP spending, and involves work with the public and private sectors as well as Civil Society Organizations (CSOs).

Based on statistics indicating that half of all poor people are in urban areas, and 70 percent of households headed by women are in urban areas (we were not able to independently confirm these numbers), UNDP has recently launched a number of initiatives aimed raising the poverty focus of

local government officials and is developing projects aimed at promoting “sustainable urban livelihoods” through informal sector job generation (working in cooperation with the ILO), urban agriculture, and access of women to shelter financing. Behind this is a central premise that good governance is a key to sustainable human development.

Another dimension of UNDP’s activity is through ‘local-local dialogues’ in slums, waste management, access to water, environmental health and education. An evaluation of the effectiveness and impacts of over 400 of these so-called “LIFE” projects in 60 cities in 12 countries is currently being undertaken.

We were told that the official position of the UN Economic and Social Council (ECOSOC) is that the term “mainstreaming” should not be used any more.

Conclusions

One area where the DAC Poverty Reduction Informal Network could contribute is in providing a forum to develop a strategy to recognize and respond to the various dimensions of poverty reduction strategy that have been somewhat overlooked in recent years. UNDP is already playing a key role in drawing attention to social dimensions of human development. UNDP’s own process of figuring out how to contribute to “pro poor” growth through renewed attention to food security and other activities could also contribute to multi donor dialogue on strategy and coordination.

2.2 Availability/Deployment of Skills

UNDP has introduced a new “competency based human resource strategy.” Based on interviews at UNDP headquarters, this strategy focuses on increasing specialized expertise in the five subject matter areas of the corporate mandate, rather than on specific disciplinary expertise. At the same time, the “new UNDP” is described as a learning organization. Interviews did not sufficiently clarify how best to bridge the need for subject matter, disciplinary and management expertise to successfully develop programs to meet poverty reduction goals. This is likely to present some important challenges, as achievement of UNDP’s goals would seem to require the ability to use, communicate with and manage teams of disciplinary experts as well as subject matter experts.

Local nationals account for 80 percent of UNDP staff, and a number of people interviewed indicated that the agency has been extremely successful in recruiting competent national staff to respond to its new corporate mandates. At the same time, a challenge mentioned by several people is the difficulty in recruiting core staff with specialized expertise.

UNDP’s Administrator reports substantial progress in making progress toward more equality based on gender within the organization. Women now are one third of senior managers at headquarters, including 3 of 7 Assistant Administrators and the number of women resident representatives doubled 1995-97.

It is interesting that while there are general objectives of competency, specific skills and experience requirements are not defined, at least in broad reports. In contrast there appear to be specific targets for gender. This challenge faces other development agencies as well and could be a topic for discussion through the DAC Poverty Reduction Network.

2.3 Monitoring Performance

Improving performance measurement, evaluation and monitoring is a major priority for UNDP along with emphasis on focus. UNDP has embarked upon a *UNDP 2001 change process* directed at making the organization more results oriented. During 1997, the newly reorganized Evaluation Office (formerly Evaluation and Strategic Planning) worked on developing policies, methodologies and tools. UNDP conducted a joint study with Swedish International Development Cooperation

Agency on performance measurement and management, and developed a handbook on monitoring and evaluation for country offices.

Goals for 1998 focus on measuring results of key sustainable human development activities at the organization and country level. Three priorities:

- Development of empirical evidence of performance and lessons learned in SHD areas
- Strengthening accountability and management responsibility for implementing evaluation recommendations,
- Improving reporting of results

UNDP conducted 58 evaluations of programs and projects in 1997 - 12 mid-term, 43 terminal and 3 *ex-post*. Evaluations in general are said to have found that most program documents lack both clear statements of anticipated results and verifiable indicators of those results.

- UNDP set a goal of evaluating 70 percent of its projects and programs. It evaluated 60 percent in 1996 and expected to evaluate 66 percent in 1998/99 (DP/1998/19 March 1998)
- UNDP just completed the first comprehensive review of monitoring and evaluation guidelines since 1988. A new annual program/project report is intended to include a participatory assessment of results using indicators. Stakeholders are to be included in monitoring and evaluation.
- UNDP is working on internal capacity building to strengthen its ability to do internal monitoring and evaluation and learn lessons. A pilot training package based on the UNDP-SIDA handbook was to be tested in mid-1998.

Skills development is also to be improved through networking, both within the UN system, and the donor community - participation in associations and forums sponsored by the World Bank and others. UNDP and the World Bank signed an agreement on evaluation capacity development in

1996 They have made a commitment to further develop a “partnership for results-based management ”

With regard more specifically to UNDP’s poverty reduction goals, substantial effort is going into developing frameworks for measuring UNDP results in poverty reduction and other key target areas Draft frameworks state UNDP’s goal in poverty reduction “To eradicate extreme poverty and reduce substantially overall poverty in programme countries,” and set forth specific targets, indicators subgoals and strategic areas for UNDP development assistance Regional, subregional and country programs are now working on developing and incorporating a variety of output and outcome indicators and related country situation indicators The latest methodology drafts had been circulated for only two months at the time this report was being prepared (late 1998), so it is too early to be able to assess how they are actually implemented

In examining the impacts of UNDP’s transition, it is important to bear in mind that work remains in several key areas

- Completion of the installation of a results monitoring and evaluation system,
- Transformation of management systems, including financial tracking to work more easily with new structures, and
- Reinvigorating the ability to deal with “engines of pro-poor growth ”

One detailed example relates to configuration of accounting systems to be able to report and analyze based on the new corporate structure

For the OECD Poverty Reduction Informal Network, it will be useful to follow UNDP’s progress in these and other areas, and sharing results with other donors and offering lessons learned elsewhere that may be useful to UNDP in implementing its change process

2 4 Learning Lessons/Feedback

UNDP indicates that it recognizes a continuing disconnect between recommendations and implementation It is placing greater emphasis on ensuring that lessons are considered and/or incorporated in the identification, design, appraisal, approval and revision of programs and projects This is a priority area for the Year 2001 Change Process, but still under development Several dimensions of UNDP’s approach to becoming a “learning organization” include

- Under the new UNDP organization, the Development Policy Bureau is charged with a focus on lessons learned and best practices
- Sub-Regional Resource Facilities (SURFs) aimed at sharing knowledge and experience with “best practices” and as a resource for networking and technical expertise at the regional level

are being developed. After an 18 month trial, the process of rolling this model out around the world is just beginning. One goal is to get staff closer to country programs. UNDP has SURFs in Bangkok and Islamabad and plans to open new facilities this year in Bratislava, Trinidad and Addis. The SURFs are intended to help put the UN system in a better position to tap into talent within the sub-region, while providing support on special topics and in specific areas that may be priorities within the sub-region.

- The thought within UNDP is that Central Bureau and Subregional experts will be in a better position to keep track of best practices and lessons learned than those involved in operations at the country level. With 6000 UNDP staff, the goal is to provide support that will help them learn lessons from others rather than “reinventing the wheel.” A “Global Hub” will connect the regional SURFs to Central Expertise on Poverty, Governance and Environment.

3 POVERTY REDUCTION OPERATIONS AT THE DEVELOPING COUNTRY LEVEL

One of UNDP's goals for 1998 was to strengthen the effectiveness and coordination roles of country offices and its commitment to the resident coordinator system. UNDP funds resident coordinators as well as resident UNDP representatives. One in four coordinators is selected from outside UNDP but UNDP provides the coordination support structure through its offices.

Insights presented here are based on discussions with regional bureau staff at UNDP headquarters, interviews with UNDP in Thailand and review of documentation presenting case examples of UNDP poverty reduction activities. A number of people interviewed have recently returned from service in country missions. A recurrent theme in the interviews at UNDP headquarters was that things are changing significantly, and that while many of the results of change have not yet filtered through to the country level, they can be expected to do so. At the country level, the perspective voiced was that many of the innovations UNDP is trying were conceived at the country mission level and are being broadly adapted via headquarters.

UNDP has traditionally worked in countries at the macro policy and planning level and will continue to do so. With respect to poverty, the goal is to influence governments to target the poor.

At the Meso and Micro level, one area of interest is how UNDP targets the poor. Some strategy documents make the case that UNDP takes up the challenge of helping those who are worst off. In discussion with various UNDP staff there was not agreement on what this means in setting priorities. All agreed that targeting the poor is essential. Some argued that with limited resources, targeting has to be on places where results are likely to be achieved. Others argued the importance of focusing on those least well off, even if the promise of returns was lower. This challenge faces other development agencies as well, and could be a topic for discussion through the DAC Poverty Reduction Network.

The UNDP Poverty Strategies Initiative (PSI) was launched in March 1996 to support country implementation of the WSSD commitments for

- 1 Formulation of national poverty eradication plans and strategies - aimed at realistic and affordable time bound goals and targets for substantial reduction of overall poverty and eradication of absolute poverty and
- 2 Elaboration at the national level of precise definitions, measurements, criteria and indicators for determining the nature, extent and distribution of absolute poverty (DP/1997/16/Add 1 (Part VI) Annex I)

SEPED projects in 98 countries are aimed at upstream support in the areas of poverty analysis, policy review and strategy formulation. Funding in 1997 was \$12 million from UNDP and donor contributions of \$11 million from Norway, the Netherlands and Denmark. UNDP is in the process of making major efforts to capture and quantify the results of its activities, programs and interventions. As indicated elsewhere, this is a work in progress.

3 1 Partnership and Coordination Approaches

New Partnerships Goal for 1998

“In order to help programme countries accelerate their progress in poverty eradication and sustainable human development, UNDP will seek new strategic partnerships with other suppliers of development services - within the United Nations, and with international financial institutions, CSOs and NGOs, the private sector and bilateral donors. Priority will be given to reviewing the relationship with the World Bank, forging new partnerships with the United Nations specialized agencies and the regional commissions, continuing to build on existing partnerships with associated funds and programmes notably UNCDF, UNIFEM and UNV, and strengthening partnerships with the European Commission and bilateral donors ”

Annual Report of the Administrator presented June 1998 in Geneva (DP/1998/17, pp17-18)

UNDP's approach to poverty reduction is focused on partnerships with local governments, NGO's and Civil Society Organization as well as efforts to improve coordination with other UN agencies and other donors and financial institutions. The link with the private sector appears the least articulated based on interviews conducted to date.

Applying a “market test” to UNDP partnership with local governments and host country institutions, the fact that local counterpart funding has been increasing appears to indicate that local partners are positively disposed toward UNDP programs.

The UN Secretary General has placed a high priority on coordination among UN agencies and has also developed a “Freedom from Poverty” draft framework. Those interviewed indicate that this is being taken very seriously. Goals for 1998 include a variety of coordination measures including introduction of a resident coordinator system at the country level and implementation of the UN Development Assistance Framework (UNDAF) concept under which each country will have a framework under which each country will have a framework that will be used to target the most important development problems and defining the role of each agency in defining those problems.

While the “UN House” concept focuses on coordination with other UN agencies, and some of the challenges have been discussed above, UNDP is also pushing forward with dialogue aimed at increasing coordination with the Bretton Woods institutions.

Coordination with other donors is often linked with the issue of extra-budgetary resources, but the hope of the Director of SEPED is that it could move toward a **common diagnostic framework** for conceptualizing the causes of poverty and formulating appropriate remedies and solutions. This is an important consideration as the DAC Poverty Reduction Network considers its future role and priorities. This kind of coordination mechanism could be used with both partner countries and other

donors. It could be used to provide greater transparency to donor to donor deliberations and or be used to include partners in those deliberations as a tool for dialogue.

UNDP is already undertaking some initiatives aimed at improving coordination. It has begun an 18 country pilot approach to simplifying and harmonizing program tools, both those used for different funding sources, and with other UN and donor agencies. It has also launched a partnership with the Government of Denmark to test capacity development assistance at the country level.

3.2 Poverty Reduction in the Agency Portfolio

As mentioned above, UNDP estimates that about one half of its expenditures specifically target poverty reduction. UNDP's Human Development Report, begun in 1990, has now spawned about 100 country human development reports, which has tended to move poverty to the top of local agendas. Those interviewed at UNDP underscored that programs are largely decentralized, with local conditions and the Resident Representative in charge of the local program having a big impact, with policy guidance from headquarters. Decentralized resources mean that backstopping and monitoring from headquarters is affected. This is an issue that is being addressed as part of the 2001 change process.

An example from the Gambia provides some insights into how poverty reduction has moved to the center of UNDP's agenda. Work on poverty in the Gambia was initiated in 1992. The Summit on Social Development and arrival of a new administrator in 1993 increased attention and policy guidance from headquarters to focus on poverty. In the Gambia, food has been a specific dimension of poverty reduction efforts. Examples of small ruminant production and vegetable production projects were cited as providing a specific bias toward pro-poor growth, and having a positive gendered impact, since women tend to produce small ruminants and vegetables. In discussions with UNDP staff the issue of self-sufficiency versus a market orientation was raised. It is clear that staff are not of one mind with regard to the appropriateness of either goal. There is clearly some scepticism on the potential for markets and growth to solve the problems of poverty.

UNDP's Bureau for Asia and the Pacific has compiled a set of illustrations of experience in Bangladesh, China, India, Indonesia and the Philippines. UNDP concluded that economic growth alone is often insufficient to overcome poverty, especially under conditions of high income inequality. UNDP micro interventions are divided into those for 1) increasing incomes, and 2) social development. The conclusion from this finding is that growth is still necessary for poverty reduction, but that pro-poor growth can play a critical role in broadening the distribution of the benefits of growth to generate poverty-escaping income for the poor.

UNDP income increasing interventions include programs for creating self-employment and wage employment. Self-employment creation interventions tend to focus on credit and asset creation at the household level, such as microenterprise. Wage employment creation activities are often aimed at creating capital at the community level, such as roads or irrigation works. Training is often a component of both.

The balance between efforts to increase incomes and contribute to social development apparently varies considerably among country programs. This is an area to be investigated in further depth in follow up work. It presents an important issue area that the DAC Poverty Reduction Network can help to address.

3.3 Intervention Modes and Effectiveness

“During two years of PSI operations it has been found that countries that integrate PSI resources with other activities have generally achieved greater impact from the programme than have countries where the PSI was viewed as a stand alone project. UNDP is thus encouraging the integration of PSI programme resources with other ongoing UNDP country and regional anti-poverty activities”

“UNDP has actively promoted greater recognition of the multidimensional nature of poverty and the need to integrate the political, social, cultural and environmental facets of human deprivation in efforts to combat poverty. Gender disparities in status, both within the household and within the broader society, are being actively addressed as socio-economic policy frameworks are developed. In all facets of SHD programme development, UNDP encourages integrative approaches that engage government, civil society and the private sector as vested stakeholders in comprehensive poverty reduction strategies”

Annual Report of the Administrator, 1997 (DP/1998/17/Add 2 p. 5)

UNDP is devoting considerable effort to better understanding the link between its interventions and results, both by developing case examples and attempting to build targets, monitoring and evaluation into its planning process and using the results to learn lessons and improve program performance. As discussed above, this focus is relatively new, and the degree to which it is being operationalized at the country level is not yet clear. For the DAC Poverty Reduction Network, it is clearly an effort worth watching, both to help other members of the network learn lessons and to provide a forum for dialogue that may also offer useful insights to UNDP.

Issues: A top priority in country interviews is to walk through specific examples of how the overall process as described in the Annual report and the specific items actually work. We are trying to arrange interviews to allow us to do this in Thailand.

Specific elements meriting further examination

Gender-in Development Programme (GIDP) “Guidance Note on Gender Mainstreaming” based on country lessons learned and tracking system (DP/1998/17/Add 2 pp 6-7)

Enabling Environment - Governance

Coordination on WTO Initiatives for Least Developed Countries with UNCTAD, ITC World Bank, IMF

SHD - SEPED Sustainable Livelihoods Programs and strategies, Private partnerships for Finance

Environment - Energy, water, forests, environmental protection, combat desertification and drought

UNDP Food Security and Sustainable Agriculture Programme - work with FAO to follow up on the World Food Summit in three priority areas

- National capacity building within the FAO Special Programme on Food Security in Low Income, Food Deficit Countries (SPFS),
- Building national capacity for community based constraints analysis,
- National Capacity Building within the Food Insecurity and Vulnerability Information Mapping System,

Hosting CGIAR Impact Assessment and Evaluation Group in role as a co-sponsor

3 4 Design of specific interventions

UNDP's Bureau for Asia and the Pacific has compiled a set of illustrations of national and subregional policy reduction programs in Asia, and lessons learned from them Among those presented

- *Adapt to the local circumstances of the poor*
- *Address gender issues*
- *Redistribute assets and control over resources*
- *Promote collective action*
- *Minimize benefits to the non-poor*
- *Generate poverty-escaping income*
- *Build the capabilities of the poor*
- *Avoid over-ambitions programmes*
- *Decentralize and democratize*

Source UNDP RBAP Freedom from Poverty Illustrations from the Asia-Pacific Region, 1997

4 RECOMMENDATIONS RELATED TO THE DAC POVERTY REDUCTION NETWORK

The UNDP experience in mainstreaming poverty reduction highlights three classes of recommendations for the Poverty Reduction Network

- 1) Successful mainstreaming is driven by a bottom line related to outcomes or results*
- 2) A bottom line orientation brings an interest in the 'engine' of pro-poor growth and ways to generate the income needed to escape from poverty as well as a focus on empowerment issues. UNDP's focus on sustainable livelihoods appears to include a renewed focus on agriculture and rural employment as a key element of the income generation component*
- 3) Targeting, especially the poorest is still a major challenge. This comes in part from the nature of poverty, the structure geography gives to poverty, and the ability of 'external' factors like national policies or globalization to swamp gains*
- 4) Successful coordination among donors in addressing poverty will necessitate a commonly held understanding of the problem. With this in mind further developing UNDP's suggested common diagnostic concept should be a prime focus for the Poverty Network to explore*

Recommendations

- 1a) That the OECD/DAC Poverty Network be used to explore the common diagnostic concept (if not operationalize it)*
- 1b) That the Poverty Network articulate a strategy for coordination that takes account of the differing political and institutional incentives and disincentives participating agencies face*
- 2a) That the Poverty Network be used to build a consensus around how well targeted poverty reduction interventions can or should be*
- 2b) That the Poverty Reduction Network be used to incorporate the issue of national policy coherence into the overall coordination framework (be it inter-donor or inter-donor/partner)*
- 3a) That the Poverty Network be used to focus donor and partner efforts on results and outcomes*
- 3b) That the Poverty Reduction Network be used to address both complimentary aspects of solving poverty problems: empowerment and engines of growth to develop poverty reducing income (including agriculture/food security)*

In accepting the DAC's offer to participate in the Poverty Reduction Network Scoping Study, UNDP's Administrator made the point that as the DAC considers initiatives arising from the study it is important to consider **the need for the resources to implement new initiatives**. It is clear that UNDP, as other agencies, is trying to focus and do more with less. UNDP actually has more total resources available than was previously the case, but its core resources have shrunk by one third in the last several years and it has become increasingly reliant on "soft money," contributions from bilateral donors and local country participants.

UNDP's situation may actually be better than that of some other development organizations. It would be valuable for the Poverty Reduction Network to address levels of resources available to address poverty reduction and the implications for the ability of development agencies to implement programs that will achieve maximum poverty reduction for the medium to longer term. The poverty network can serve as a forum for dialogue and strategy development related to overall program funding levels and implications for being able to staff and implement high impact programs.

Many of UNDP's organizational and programmatic changes being made as a result of the 2001 Change Process are less than one year old. As a result, a look at UNDP's poverty reduction strategy requires consideration of the organizations' aspirations as well as concrete accomplishments.

- For example, a reading of the 1998 Poverty Report underscores repeatedly the **importance of poverty in rural areas, and the key role that food security plays as a component of poverty reduction**. At the same time, Food Security and agriculture programs have gone from 25 percent of UNDP's budget, \$180 million, in 1992, to about 10 percent of the total budget, \$75 million. In the last year, as part of UNDP's commitment to "Sustainable Livelihoods," it has recruited a new Chief of its Global Program for Food Security and Agriculture which may signal renewed recognition of the importance of agriculture and rural employment as engines of the growth required for poverty reduction.
- Likewise, as part of the decentralization process within UNDP, the program is developing new mechanisms for decentralized support to country programs, beginning with two pilot Sub-Regional Resource Facilities (SURFs) aimed at **sharing knowledge and experience with "best practices" and as a resource for networking and technical expertise** at the regional level. After an 18 month trial the process of rolling this model out around the world is just beginning.
- Another dimension of the UNDP's Year 2001 Change Process is a special focus on **evaluating results and measurement of impacts**. Substantial effort is going into developing frameworks for measuring UNDP results in poverty reduction and other key target areas. Draft frameworks state UNDP's goal in poverty reduction "To eradicate extreme poverty and reduce substantially overall poverty in programme countries," and set forth specific targets, indicators, subgoals and strategic areas for UNDP development assistance. Regional, subregional and country programs are now working on developing and incorporating a variety of output and outcome indicators and related country situation.

indicators. The latest methodology drafts have been circulated over the last two months. It is too early to be able to assess how they are actually implemented.

For the OECD Poverty Reduction Informal Network, it will be useful to follow UNDP's progress in these and other areas, and sharing results with other donors and offering lessons learned elsewhere that may be useful to UNDP in implementing its change process.

What Role for Growth? UNDP's published documents repeatedly underscore that empowerment is a key to being able to escape from poverty. Examples of countries which have experienced growth and increased poverty are presented, along with countries that reduced poverty without growth. After a decade of structural adjustment programs and making markets work, it is clear that the benefits of growth do not translate automatically into poverty reduction. In many cases, the short term impact has been increased poverty. The DAC Poverty Reduction Network can provide a forum for developing common perspectives on how best to use and channel pro-poor growth toward poverty reduction.

Focus on Food Security One area where the DAC Poverty Reduction Informal Network could contribute is in providing a forum to develop a strategy to recognize and respond to the various dimensions of poverty reduction strategy that have been somewhat overlooked in recent years. UNDP is already playing a key role in drawing attention to social dimensions of human development. UNDP's own process of figuring out how to contribute to pro-poor growth through renewed attention to food security and other activities could also contribute to multi-donor dialogue on strategy and coordination.

Targeting At the Meso and Micro level, one area of interest is how UNDP targets the poor. Some strategy documents make the case that UNDP takes up the challenge of helping those who are worst off. In discussion with various UNDP staff there was not agreement on what this means in setting priorities. All agreed that targeting the poor is essential. Some argued that with limited resources targeting has to be on places where results are likely to be achieved. Others argued the importance of focusing on those least well off, even if the promise of returns was lower. This "core-periphery challenge" faces other development agencies as well, and could be a topic for discussion through the DAC Poverty Reduction Network.

Skills UNDP is trying to reengineer itself into a "learning organization." It is interesting that while UNDP defines general objectives of increased competency, the focus in many of our discussions was on more subject matter expertise on poverty, gender and governance, rather than disciplinary or practical skills and experience required to manage and implement programs, and evaluate results. The contrast of non-specific goals for "increased competency" and specific targets and measures of progress on "gender" is striking. This challenge of developing a gender neutral staffing based on competency, while addressing current and past imbalances faces other development agencies as well, and could be a topic for discussion through the DAC Poverty Reduction Network.

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