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Promoting Sustainable Livelihoods

*A report from the
Task Force on Poverty Reduction*



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Abbreviations and Acronyms

CBR	Community-based Rehabilitation
DAC	Development Assistance Committee of the OECD
EC	The European Community
FAO	Food and Agriculture Organisation
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNP	Gross National Product
HDI	Human Development Index
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFIs	International Financial Institutions
ILO	International Labour Office (or Organisation)
IMF	International Monetary Fund
IRDP	Integrated Rural Development Programme
NGO	Non-governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PPA	Participatory Poverty Assessment
PRA	Participatory Rural Appraisal
RRA	Rapid Rural Appraisal
SAP	Structural Adjustment Programme
SASDA	Secretariat for Analysis of Swedish Development Assistance
SIDA	Swedish International Development Authority
Sida	Swedish International Development Cooperation Agency
SILICs	Severely Indebted Low Income Countries
SPA	Special Programme for Africa
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UNRISD	United Nations Research Institute for Social Development
WFP	World Food Programme
WHO	World Health Organisation
WSSD	World Summit for Social Development

Preface

Reducing mass poverty is the overriding goal of Swedish development cooperation policy.

From the very beginning, when Swedish Government funds began to be used for development projects in the Third World, the motive was solidarity with the poor and the objective was to defeat poverty through social and economic development.

When an official aid policy was first formulated in 1962, the main purpose of aid was stated as improving the living conditions of the poor. When a decision was taken to concentrate bilateral aid on a small number of countries, the selection was primarily based on needs, and most of the programme countries were among the poorest in the world.

This emphasis was a natural consequence of the fact that the political support for the new Swedish aid programme came from voluntary organisations like missionary societies, trade unions, women's and youth organisations and cooperatives. From the beginning, the programme was driven by the same sentiments and belief in emancipation through development that had formed and guided those organisations.

The weight and interpretation given to the poverty goal has varied over time in relation to other objectives of the Swedish aid programme, such as economic growth, environment protection and democracy. In the 1980s, for example, the debt crisis and economic decline in recipient countries, particularly in Africa, called for an increased emphasis on stabilisation and adjustment of the economies, which was done in a manner that would often give poverty reduction second priority on the development agenda. The economic decline and the collapse of social services in Africa during the 1980s in fact erased a lot of the gains that had been made during earlier decades in the struggle against poverty.

A growing concern for this serious state of affairs caused donors as well as recipients to review the situation towards the end of the 1980s and to initiate action at national as well as international level to restore poverty reduction as the number one priority for development. Several international and national agencies undertook such reviews, and this movement became an important driving force behind the World Summit for

Social Development (WSSD) which took place in Copenhagen in March 1995.

Together with a number of other important international conferences in 1994-95, the WSSD laid down an agenda for the fight against poverty which is based not only on economic growth but also on expanding the choices of groups which had so far been less advantaged: women, youths, disabled people, people living in disadvantaged regions etc. The interaction of economic and social factors in development was brought out clearly in the Declaration and the Programme of Action of the WSSD.

In the Swedish aid administration, the Swedish International Development Authority (SIDA) carried the main responsibility for cooperating with the poorest countries and for development cooperation in the social sectors. Early in 1994 the Director-General of SIDA established a Task Force on Poverty Reduction from within the agency to review SIDA's experience in reducing poverty, examine the needs and achievements of partner countries, and to propose methods and approaches to improve SIDA's effectiveness in reducing poverty. The Task Force was chaired by Göran Dahlgren and Gunilla Olsson was its secretary. It was to complete its work in one year's time.

The Task Force commissioned a number of studies which are listed at the end of this report. It conducted a number of hearings and seminars with all units in the agency and solicited substantive contributions from the Swedish embassies in countries where SIDA operated. A substantial number of units and individuals within and outside the agency contributed their views and experiences, contributions which form the core of the present report, *Promoting Sustainable Livelihoods*.

By the time the Task Force was completing its work, the Swedish government had decided that SIDA should be merged with four other agencies to form the new Sida, the Swedish International Development Cooperation Agency. The new Sida would cover a number of sectors and activities not included in the old SIDA, in particular industrial development, economic cooperation and support for development research. The work undertaken by the Task Force thus far had not included

any consultations or studies in these areas. At the last Board meeting of the old SIDA, the Task Force delivered a progress report and left the directors of the new agency with the question whether the report should be expanded to cover the full range of programme activity or whether the work should end there.

In view of the very participatory manner in which the work had been undertaken, an expansion of thematic coverage would have entailed restarting the whole process almost from scratch, and the Director-General therefore decided that the report should be published in its present form. The fact that industrial growth, foreign investment or development research have been rather cursorily treated should not reduce the usefulness of the report when it comes to examining the causes of poverty, the experience of several partner countries and the role a number of very important types of interventions can

play, particularly for building capacity for social development. It is hoped that it will serve as a source for understanding the poverty problems as well as an inspiration in the new Sida's continued struggle against poverty.

I am grateful to members of the Task Force for assisting in finalising this report and to Anton Johnston and Kristina Bohman for helping us to bring the manuscript to a manageable size and shape. Where the names of individual authors are given, they rather than the Task Force are responsible for the views expressed. The final text editing has been undertaken by Eleanor Rapiér.

Stockholm in March 1996.

Department for Policy and Legal Services, Sida
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Executive Summary

This report is structured in two principal parts: the first, looking into broad issues of relevance for analysing and reducing poverty, and the second, looking at poverty issues from a sectoral and more agency-internal perspective.

The first part covers the issues of the dimensions of poverty in the world, ways of defining poverty, the history of Swedish policy on assisting in poverty reduction, a review of the profiles of poverty in the twenty-one "programme" countries which receive most of Sweden's development assistance, important elements in a broad strategy for making an impact on poverty reduction, the interaction between world economic developments and the occurrence of poverty, ways of working to reduce poverty, ways of financing poverty reduction, and the close relationship between poverty and environmental concerns.

The second part looks at the poverty reduction impact of assistance provided in sectors such as infrastructure, urban development, agriculture, health, education, and public administration and discusses the relationship with poverty reduction of NGO activities and disaster relief interventions. A look is taken at what external evaluations of Swedish assistance have said about its effect on reducing poverty. The final chapter draws together the threads into a policy-oriented proposal for making Swedish development assistance more effective in reducing poverty.

Chapter One points out that although the percentage of the world's population which is poverty-stricken has been substantially reduced over the past thirty years, today over 1,2 billion human beings still live in abject poverty. Poverty has acquired a sexual and geographic face: most of the poor people in the world are women, and the dimensions of poverty in Africa are increasing at the same time as they are being contained in the rest of the world. Urban poverty is growing, and more children are being born into poverty. As far as monetary incomes and employment are concerned, reported unemployment is on the increase and the income differentials between rich and poor are also steadily increasing. Child labour is growing apace. The continued rapid rate of population growth, though primarily a symptom of

poverty, is in itself becoming an important cause of poverty.

The second chapter investigates the definitions of poverty currently being used and divides them into relative and absolute measures. The approach involved in calculating the Human Development Index (HDI) is lauded for providing a multi-faceted index of poverty and development at the national level. Common attributes of poor groups are examined, such as lack of assets, power and resources. Poverty is also often identified with discrimination in terms of ethnicity, sex, caste, age, marginality, and minority status. It is noted that while it is essential to keep statistical track of the development of poverty, an important conclusion to be drawn as to how to define poverty is that the poor themselves should participate in defining who is poor, in what ways and for what reasons, and what can be done about it. Methods such as Participatory Rural Appraisal (PRA), which structure such opportunities, are recommended.

The chapter on Swedish policies on poverty reduction examines the frame within which Swedish development assistance has been provided to less developed countries. From close to its beginning Swedish aid has been directed by the aim of contributing to improving the standard of living of the poor peoples of the world. While the interpretations of what this means in practice have been many and varied, while the interests in what is to be achieved by providing aid have not always been unanimous or altogether selfless, and while the resulting activities have thus in a number of cases been at best rather distantly related to reducing poverty, it is concluded that the existence of the goal has meant that a higher proportion of Sweden's aid has gone to the poorest countries and the poorest people than is the case for most other donors.

In Chapter Four, country poverty profiles which were prepared by the Swedish representations in the twenty-one countries which receive most Swedish aid are summarised and analysed. It is shown that the twenty-one countries all lie below the half-way mark on the list of countries by GNP/capita. Many of them lie somewhat higher on the HDI list. That is, their citizens have a better life than would be assumed by the level of national

income, usually because their governments behave better towards them and exercise somewhat equitable social and economic policies. The country profiles offer some evidence of recipient governments and organisations applying successful anti-poverty measures. However, they confirm that women are more exploited and poorer, and that poverty has political and structural roots. They show a relative improvement in conditions in countries in Asia as against a bleaker picture for African countries. The vexed question as to the poverty impact of structural adjustment programmes receives no unilateral answer: in some countries, in some regions, among some groups improvements have occurred, and in others, deterioration. The general picture is not one of marked improvement, however.

The next chapter looks into the conclusions which can be drawn historically and from contemporary experience on the planned and unplanned events which have succeeded in reducing poverty. Peace is an important factor, as is institutional stability and a just legal system. Investment in people's knowledge, competence and health has been essential. Access to land, fair property rights and distribution, and competent natural resource management have been important in reducing poverty, as has the provision of productive employment (usually as a by-product of economic growth, though labour-intensive works programmes and mass mobilisation have also been effective in some periods and places). Demographic changes, usually though not always arising from developments in other spheres of society, have also played their part. Changes in relationships, between the sexes and between labour and the providers of work, have been salutary in changing income patterns, building greater equity in society and reducing poverty. The use of fiscal policy to raise resources for attacking poverty has also been important in many cases. The chapter concludes that if one wishes to make a substantial impact on improving the lives of the poor, things need to be done contemporaneously in a number of these fields, as they are interlinked and influence each other.

The sixth chapter points out that while the current breakneck pace of international economic integration and freeing of trade is having a profound and positive effect on growth and incomes in many parts of the world, some regions and countries are getting left further and further behind. It refers to the fact that the process is bankrupting countries, immiserating populations and contributing to the outbreak of internecine warfare. The debt burden on a number of the poorest countries has become intolerable and all their attempts at reform and growth are being checkmated by it. One particularly negative consequence is that in the global

economic integration process, social institutions are being dismantled and the poor thrown upon their own devices. The importance for diminishing poverty of reducing the poorest countries' debt burden is heavily underlined.

Chapter Seven is concerned with how the visions on future positive social development can be turned into reality. Sweden subscribes to the Ten Commitments of the World Summit for Social Development in Copenhagen 1995, which demand new efforts in improving the conditions of life in the world. The term social development, defined as "a process of enhanced individual and community well-being, capacity and freedom of choice, within an equitable and just society" encapsulates the objectives set for Swedish development assistance. The point of economic growth is seen to be that of promoting social development. In order for social development to occur, it is argued that four main approaches to planning and action need to be taken: the integration of socio-cultural, gender and economic perspectives, to ensure a fair, sensitive and balanced course of action; the integration of micro-level and macro-level perspectives, in order not to lose sight either of the needs in the immediate environment or of the structural possibilities and constraints in the broader context; the use of a bottom-up approach to ensure the active participation and empowerment of the people to be benefitted; and the strengthening of social institutions, not least the local-level traditional ones.

Chapter Eight, on resource mobilisation, looks into ways of finding the resources needed for social development. On the institutional level, it is pointed out that good governance, fair laws and accessible systems of justice are a prerequisite for reducing poverty and empowering the poor. As regards the poor improving their living standards, the principal avenue is the promotion of productive and useful employment, which implies correct macro-level policies, suitably structured labour markets, appropriate allocation of resources to labour-intensive development, and high and sustained investment in education and training. On the financial side, it is noted that in many of the poorest countries, the debt burden is a direct block to financing development which needs to be removed. At the macroeconomic level, ongoing instability (including the turbulence caused by structural adjustment programmes) prevents saving and undermines its value.

The underdeveloped state of the financial sector in these countries also creates a serious gap between potential sources of funding and promising areas of investment. All too often, indeed, the public sector has easiest access to formal sources of funding and uses it to cover its budget deficits, to the long-term detriment of devel-

opment. On the other hand, inadequate taxation systems often mean that available resources go untapped. The alternative recourse of setting user charges on services is shown often to have direct negative impact on the poor and needy. Paradoxically, however, subsidisation of services often ends up benefitting the better off in society to the detriment of the poor. Evident priority areas for action, apart from lifting the debt burden, are tax system reform, financial sector strengthening and public sector borrowing discipline.

The final chapter in Part I takes a look at the environmental face of poverty. Poverty and environmental degradation often – though not always – go hand in hand; and the poor, who are most reliant on the resources in their immediate vicinity, usually suffer the most from environmental problems, including those caused by their richer fellow-citizens and by the developed world. In poor countries, the limits on water reserves are being reached and the quality and amount of arable land is being rapidly reduced. Rain forests and their resources are disappearing at the rate of 30 ha per minute. In coastal areas, where the sea provides the primary source of protein for up to two billion women and men, pollution and overfishing are drastically reducing access to food. Runaway urbanisation is adding to environmental problems. It is estimated that there are now some 25 million environmental refugees in the world, mostly in Africa, fleeing from the breakdown of their habitat; and this number is set to more than double by the year 2010. The prospects of endemic mass malnutrition for Africa are extremely serious. The chapter concludes that it is essential to pursue an environmentally sustainable development path, within the framework of building equitable social, political and economic systems. In this area too, the importance of an integrated, gender-sensitive and participatory approach is underlined.

Part II of this report deals with the relationship between raising the living standards of the poor and the specific activities carried out and supported within the various socio-economic sectors.

In the field of infrastructure, areas with special impact on poverty are those of water supply and sanitation, and of local-level public infrastructure, in both cases to be developed and maintained with the participation of the local people.

In the urban sphere, concentration on income generating projects, serviced housing, and the social sectors is recommended.

As regards sustainable use of natural resources, areas of priority are providing poor people with rights to land, promoting the productivity of small farmers, and expanding their access to knowledge, resources and credit; all in the context of community participation. Coastal

management programmes also need to be developed.

In the health sector, educating people and ensuring their access to preventive and primary care systems is regarded as most important. Targeted programmes to counteract pandemic health problems are needed, and development of appropriate government policies is essential. The area of sexual and reproductive health is prioritised. There is also a need to provide assistance to the disabled and handicapped and to counter the common causes of disability.

As regards education, the priority is to ensure basic education of decent quality for all children and adults, especially women and girls. This priority includes reaching disabled people. Higher education also deserves some attention, in particular as regards its potential for direct contribution to social development.

Culture is the foundation of society. Popular cultural activity promotes social security, social integration and social values. Priority is recommended to be given to strengthening popular literacy and culture and knowledge of social history; to furthering women's active culture creation; and to promoting objective, democratic and independent media.

As has been noted already, a stable and fair institutional framework is a prerequisite for poverty to be reduced. Indigenous democratic growth needs stimulating, public sector institutions need to be reformed and strengthened. Areas of special direct relevance to the poor are participatory local government, fair taxation, just laws and a fair legal system. Systems such as statistics and national audit are likewise important for seeing to it that the situation of the poor is known and the resources of the state are used properly. At the macro-level, efficient systems of procurement can save countries very large amounts of money to use for other purposes.

NGOs remain an important vehicle for ensuring that resources reach the poor directly, although their ability to do so is not always certain. They are also important means for developing community ability to organise and empower themselves. As regards the role of Swedish NGOs, a priority is to assist them in developing their ability to plan and organise their poverty reduction activities within a participatory approach framework.

With hindsight on decades of disasters, it is becoming clear that disasters are complex phenomena that have multiple causes and effects, among them poverty. The best approach to disaster is to foresee and prevent it, which can often be accomplished by actions aimed at removing or controlling points of friction, increasing equity in society and reducing poverty. Relief activities should aim not only at dealing with the immediate effects of a disaster but also at seeing to it that their

prolongation or recurrence are prevented. This in its turn requires a careful analysis of the roots of an emergency and the application of interventions within a long-term perspective.

A constant theme throughout all this is that the developed world must also improve its behaviour, for example as regards applying ethical standards to its financial and investment practices in the context of economic integration, removing its trade barriers and modifying its protectionist practices, forgiving debt, cutting the armaments business, removing support from oppressor regimes, behaving democratically in the world fora, and managing its own natural resources economically and sustainably.

The second last chapter is dedicated to a study of how evaluations of Swedish aid have looked into poverty and into its poverty reduction effects. The conclusions are

that the level and quality of attention devoted to these questions has been unsatisfactory; in part because the planning of interventions has itself been poor as regards defining their target groups and their expected poverty impacts. However, the evidence points to such issues having been addressed in an interesting way where this has been explicitly demanded in the Terms of Reference for the evaluation in question.

The final chapter summarises the recommendations of this report for making sure that Swedish assistance is carefully focused on reducing poverty and efficiently creates sustainable livelihoods for the poor. The key words are goal-based planning, good analysis, recipient participation, gender sensitivity, international coordination. The issues and areas identified for prioritising are those set out above; the approach recommended, participatory and integrative.

Part 1:
Poverty and Development

A WORLD OF POVERTY

Global poverty trends

Despite many positive changes that have taken place in a number of areas during the last decades, a world without poverty still remains a distant goal. As we move towards the year 2000, we look around us and witness growing disparities between the earth's inhabitants – disparities in income, health, in opportunities to pursue an education, and to lead a peaceful and secure existence. In the words of the Human Development Report 1994:

"What emerges is an arresting picture of unprecedented human progress and unspeakable human misery, of humanity's advance on several fronts mixed with humanity's retreat on several others, of a breathtaking globalisation of prosperity side by side with a depressing globalisation of poverty." (UNDP, 1994:1).

Certainly there have been remarkable accomplishments; the growth of the wealth of nations, increases in life expectancy, declining rates of infant mortality, betterment of nutritional levels, growing literacy and the expansion of primary education in many countries. The gap between North and South too, has been somewhat reduced, in areas such as average life expectancy, infant mortality and access to safe drinking water. To this should be added an impressive spread of pluralistic and democratic institutions and increased respect for civil liberties by formerly authoritarian regimes. The share of the world population enjoying fairly satisfactory human development levels has increased from 25 per cent in 1960 to 60 per cent in 1992 (Ibid.).

Still, a great number of people in the world are plagued by poverty. In many societies, the gap between rich and poor is widening, in some cases turning into a virtual chasm. Wide gender disparities continue to exist and are even becoming more pronounced in many areas.

Differences between the least developed countries on the one hand, and the developed nations as well as a number of developing ones, on the other, have also increased.

Furthermore, even though the proportion of poor people in the world has decreased, their absolute number is growing. Today, over 1.2 billion human

beings live in abject poverty. More than half of them go hungry every day, and large numbers of women and men have almost no access to an income or other economic means.

More than 120 million people around the world are officially unemployed. Many more are underemployed. Global long-term trends reveal that earlier progress in reducing income-related poverty slowed down or even was reversed in the 1980s.

If one supplements the information on falling income trends with social indicators such as infant mortality rates and primary school enrolment, it becomes clear that here also, earlier positive trends have been reversed and particularly so in the poorest countries. In sub-Saharan Africa, for example, primary school enrolment fell by more than 5% between 1980 and 1985 (World Bank, 1990:44).

Gender-specific trends

Poverty figures are often based on household units, which might lead to the assumption that household resources are equally shared. Yet in real life this is often not the case, as some members of the household – usually men – get larger shares, while others – typically women and girls – get less. The magnitude of overall poverty, as well as its severity, may thus be seriously underestimated when expressed in terms of averages, taking households as the basic units.

It is thus crucial to have access to gender-specific data, both to understand the differentiation in the causes and the impact of poverty on women and men, and to be able to assess the real impact of development interventions on both groups.

In spite of this obvious need, data on poverty are unfortunately seldom gender-disaggregated. One exception to this is an IFAD study covering 41 nations and 84 per cent of the rural population in developing countries, which showed an increase in the numbers of poor rural women by 47 per cent in the period 1965/70 - 1988. The corresponding increase for men was 30 per cent. Such information clearly indicates a high degree of

feminisation of poverty. According to the IFAD assessment, in 1988 no less than 564 million rural women in developing nations were living below the poverty line (Jazairy et al., 1992).

Regional trends

We are today also witnessing an increased divergence in the regional distribution of world poverty.

Looking at changes that have occurred in the last 25 years, one finds that although poverty remains conspicuous in rural South Asia, the poor in 1990 are more likely than in 1970 to be African, urban and female. Children are also overrepresented (Baden & Milward, 1995).

The strongest decline in poverty in the 1980s took place in East Asia. In Latin America and the Caribbean, as well as in the Middle East, poverty has increased both in terms of absolute numbers and proportions, although the overall magnitude of poverty remains low compared to other regions. Sub-Saharan Africa has experienced an increase in poverty such that the concentration of poor people there is now nearly equal to that of South Asia - almost half of the total population.

In some regions, the poor are also more likely to be elderly, landless (rather than small farmers), living in resource-deficient areas, refugees or displaced persons.

Urban-rural poverty and differentiation in income and wealth

Even though people living in rural areas are still estimated to constitute approximately 80 per cent of the poor, the 1980s have seen an increase in urban poverty, both proportionally and with regard to absolute numbers.

In certain highly urbanised parts of the world, such as some areas of Latin America and the Caribbean, the urban poor have actually come to outnumber the rural poor, although even here rural poverty is judged to be the more severe.

With regard to rural poverty, the specific characteristics of the poor also exhibit regional differences. Thus, whereas in sub-Saharan Africa poverty is predominant among smallholder farmers, in South Asia and Latin America there is a higher incidence of landless people among the rural poor.

One of the most flagrant gaps between rich and poor concerns monetary incomes. For example, in South Africa, where differentiation closely follows ethnic borderlines, differences in income between blacks and whites have gradually narrowed during the last three decades. In 1960, the average disposable income per capita of whites was 11.8 times that of blacks. In 1990, the figure was 8.2. On average, men earned twice as much as women in 1991 (Höök, 1995).

However, recent research suggests that decreasing average income disparities between whites and blacks are mainly explained by the emergence of a black middle class. During the same period, the poor grew poorer and, as a new feature, poor white households were increasingly added to the list of those in need. To the unequal distribution of incomes corresponds an even more skewed distribution of wealth in South Africa. For instance, black South Africans, who constitute 75 per cent of the population, had access to less than 14 per cent of all land, usually plots of very poor quality (Ibid.).

During the period 1970-1990, Botswana, the nation with the fastest rise in Human Development Index (HDI) as defined by UNDP, exhibited striking inequalities in wealth and income. In a society where livestock represents the principal form of wealth for a large share of the rural population, the distribution of cattle ownership is highly skewed. Approximately 40 per cent of the households own no cattle at all. Of these, 62 per cent were headed by females. Most people who do own cattle have only a small number. About 60 per cent of the national herd belongs to less than 10 per cent of the farming families (Edström, 1995).

Population growth

It is well known that rapid population growth is most common in poor countries and among poor people. Research indicates a complex of explanations for this, among them that extensive reproduction represents a security and survival strategy for families living at high risk, and that the situation partly arises from gender inequalities. *Inter alia*, poor women have less knowledge and less say about controlling their reproductive cycle, about ensuring the survival of their children, and about guarding their reproductive health.

While excessive population growth is in the first place a symptom of poverty, it is also becoming an increasingly important contributor to continuing poverty and inequality. The reduced resources available to the poor are being spread more and more thinly and being used up beyond the point of sustainability. Successful poverty reduction is likely to slow population growth in the longer term, and should be the main focus for population stabilisation. However, attention also needs to be paid to making more rapid impact on the growth rate. The current rate of expansion of the world population, at about 3 per cent per year, seriously threatens the advances which have thus far been made in reducing poverty.

An unavoidable conclusion of all the above is that the overall aim of Swedish Development Co-operation of "raising the living standard of the poor" is more vitally important than ever.

DEFINING AND MEASURING POVERTY

There is no single, universally accepted method of defining and measuring poverty.

Conventional models

Conventional models designed to measure poverty and inequality can be divided into four main categories: i) absolute poverty measures; ii) absolute income measures; iii) relative poverty measures; iv) relative inequality measures (Blackwood & Lynch, 1994).

Absolute poverty measures consider exclusively the well-being of those who are defined as poor. This category of measures subsumes the headcount (the number or percentage of the population falling below the poverty line) and the poverty gap. The poverty line (the minimum level of income needed to acquire socially determined essentials of life), is probably the most frequently used measure. The category of absolute poverty measures includes the Sen Index, which reflects the number of the poor (the headcount), the extent of their impoverishment (the income gap), and the distribution of income among the poor population (the Gini coefficient).

Relative poverty measures define the segment of the population who are considered to be poor in relation to the incomes of the general population.

Absolute income measures indicate overall welfare. *Relative inequality measures*, such as the Gini coefficient and the Lorenz curve, are used to indicate the degree of inequality in income distributions.

There are at least six problems with all these measurements: i) they all use income (or consumption) as an indicator of well-being; ii) they usually use the household, rather than the individual, as the basic unit; iii) they are based on explicitly stated or implicitly assumed value judgements; iv) when they are used simultaneously, the results are likely to be contradictory; v) practical constraints with regard to the availability of data limit their reliability; vi) they all fail to consider the perceptions of the people who have been labelled "poor".

The Human Development Index

The Human Development Index (HDI) tries to remedy some of these shortcomings. It captures not only income but a range of indicators of quality of life. It is intended to measure "human development", defined as "the process of enlarging people's choices". It is a weighted index of average life expectancy at birth, educational attainment (incorporating adult literacy and mean number of years of schooling), as well as income (purchasing power based on real GDP per capita, adjusted by purchasing power parity). Nevertheless, the HDI also has its weaknesses, including some of those mentioned above.

One of the main problems with composite indices, such as the HDI, is that they are based on highly arbitrary weights for the various components. Other serious shortcomings are that they are often based on poor statistical information and on insufficient disaggregation – they measure national conditions and not the internal distribution of assets in a country. Attempts have been made to refine and improve the HDI to permit both intertemporal and international comparisons, as well as disaggregation by e.g. gender, ethnicity and region. However, little has to date been accomplished with the exception of gender in this area. SIDA-supported work on the 1995 Human Development Report (HDR), which has a gender focus. The support included research on the HDI and on the development of complementary concepts and indicators.

The HDR 1995 measures not only the relative development of women's and men's capabilities with the Gender Development Index (GDI), but also women's "empowerment" or the provision of opportunities to make use of their capacities with the Gender Empowerment Measure (GEM).

Attributes of poverty

Poverty is neither a homogeneous nor a static phenomenon.

Its causes and characteristics are manifested differently between and within countries and regions, as well as in different types of social categories, including gender and age. Not infrequently, there are quite substantial differences between members of the same household.

Furthermore, poverty has interlinkages with and influences a great variety of aspects of the human condition and, thus, describes a many-faceted and heterogeneous social reality.

For this reason, the present report does not attempt to apply a single, universal definition of poverty. Doing so would be elusive at best and counter-productive at worst. Instead, it is assumed that the conceptual basis for measuring and analysing poverty has been too narrow. The usefulness of measurements based on income and consumption, as well as the HDI approach, is not denied. However, it is strongly argued that they should be supplemented by other kinds of qualitative measurements and indices, which make it possible to pay attention to more complex phenomena such as seasonality, vulnerability and security of livelihoods, as well as the definitions applied by the poor themselves.

Women and men living in poverty often share certain common attributes. Lack of access to land or other means of production typically results in homelessness, under-nourishment and recurrent periods of hunger, in high mortality and morbidity, and in widespread illiteracy. At the same time, the particular combinations of attributes, as well as the specific ways in which they are manifested, often differ (Saith, 1995). Some combination of four interacting factors is frequently found when conditions of poverty are analysed:

- *Lack of material assets:* Poor people generally own few material assets and lack access to productive resources. When they do have such access, the resources are often of low quality, resulting in very low productivity.

- *Low level of development of human resources:* Women and men living in poverty lack educational qualifications in general and have poor vocational skills. Their bodily health is often precarious. This is not infrequently combined with demographic liabilities in the form of unfavourable age and/or dependency profiles.

- *Lack of power:* The poor, by definition, lack economic power. They also lack political visibility and have few opportunities for influencing resource allocation and the distribution of material goods in society.

Their social status is low, and they may even be denied various human rights which other social categories enjoy. Powerlessness often means that people lose, directly or indirectly, the right and opportunity to speak for themselves.

- *Vulnerability:* People living in poverty are characterised by a high degree of exposure to risk and uncertainty. Their economic base is exceedingly fragile, and the systems within which they struggle to survive are often subject to shocks and fluctuations.

When these variables have been used broadly to identify groups of poor people, four main circumstances (which are not mutually exclusive) have emerged:

- *Occupational-based poverty:* The rural poor tend to be found in certain types of occupational strata, such as among landless farm labourers, marginal farmers, traditional fishing populations, pastoralists and people producing items of traditional handicraft.

- *Disadvantaged populations:* Poor women and men often belong to oppressed or marginalized social groups and communities, such as indigenous or tribal populations having particular ethnic characteristics or classified as low status/low caste groups.

- *Discrimination based on biological attributes:* The two most important factors here are age and sex. In many societies or social categories, women encounter specific restrictions and negative attitudes. The powerlessness of children, and sometimes also of the aged, may place them at similar disadvantage. Such biases should not be defined as only intra-household. They have inherently societal roots and domains of operation. Attention must therefore also be paid to seeking solutions at higher structural and macro-political levels.

In addition, the demographic balance within the household, in the form of female-male and child-adult ratios, may become disadvantageous at specific stages of the household development cycle. An unfavourable ratio between productive worker and non-productive consumer may arise, and at this stage households become disproportionately at risk of being poor.

- *Regionally/geographically defined categories:* Entire populations may be living in poverty due to their spatial concentration to resource-deficient areas or to regions which suffer deprivation imposed from the outside, for which government policies are responsible.

Participatory methods

The problems of definition and simplification implicit in the methods discussed above call for us to use more subtle and process-oriented techniques to assess the complexities of the situations of poor women and men, especially if we want to understand how they themselves view and cope with their difficult life conditions.

If the people labelled "poor" by outside experts were

invited to define poverty and well-being themselves, their definitions would certainly be more holistic, diverse, complex, multidimensional and "cross-sectoral", but also more culturally specific. There would surely also be considerable differences in the perceptions of women and men.

The realisation that the criteria of poverty applied by outsiders and by local people are seldom identical, emphasizes the need to modify or complement Western-derived terms, if we want our concepts to fit local conditions. It is, however, also important to note that in many parts of the world, similar criteria for differentiating between well-being and poverty tend to recur

(Chambers, 1994a; Norton & Stephens, 1995). Among them are the following:

- secure access to food, land, income, livestock, farm equipment and water;
- adequate housing;
- access to social support, social networks;
- being able to bury the dead decently and to fulfil social obligations;
- being able to send children to school;
- not having to accept demeaning or low-status jobs;
- not being disabled, widowed, a single parent or having to make children work for others.

Poverty – its perception and meaning in Vietnam

In Vietnam, the meaning of poverty has never been simply a matter of material income. Income-based notions of poverty and wealth are fairly recent. The perceptions of the people themselves have encompassed many more elements of life than that of income alone. The experiences of colonialism and neo-colonialism, and of the so-called "feudal" system, were expressed in terms of personal humiliation, violence, degradation and loss of traditional community solidarity. The hunger and cold faced by the poor was an inescapable aspect of their situation, marked in the language by the phrase "warm and full" (*am no*) as a term for well-being.

However, a variety of contending definitions of poverty are now in use by Vietnamese officials and international organisations. One revealing dividing line can be found between the non-governmental organisation, Action Aid, and the World Bank. Action Aid's notion of poverty encompasses several different food-based, asset-based and income-based definitions, as well as social indicators, but it adds to these "those who lack access to or control over social, economic and political resources leading to an inability to meet human needs with dignity."

From this definition the poor in Vietnam are those who typically suffer from most or all of the following:

- shortage of food for 3-5 months
- lack of access to capital
- insufficient or poor-quality land
- shortage of draught power
- poor ratio of labourers to dependants within the family
- chronic indebtedness
- malnourishment of children/mothers in the household
- low educational levels among children and adults

By contrast, the World Bank Poverty Assessment uses a per capita calorie requirement of 2100 calories/day based on a representative food bundle and taking into account regional price variations for the same items. From this a weighted average poverty line of 1.1 million *dong* per person per annum is calculated (close to USD 100 in February 1995). It is likely that this poverty line will be increasingly adopted by the government in relation to donor interventions. The problem is that it totally fails to take into account the wider dimensions mentioned above.

(Allen et al., 1995.)

As evidenced above, the idea of poverty does not merely refer to low income or lack of property, i.e. to material assets. Relations of inferiority, dependency, and forms of submission and humiliation resulting from the functioning of social hierarchies, are frequently as important. Below is an example from India.

Fortunately, the present trend is to place less reliance on standardised survey questionnaires and instead make use of participatory appraisal and analysis, so that activities previously carried out by uninformed outsiders are now being taken on by local women and men themselves.

Two related methods have been very influential here: Rapid Rural Appraisal (RRA), which appeared in the 1980s, and its derivative Participatory Rural Appraisal (PRA), which has been spreading in the 1990s. Growing awareness of the importance of local/stakeholder participation in all kinds of studies, as well as in monitoring and evaluation activities, has led to an upsurge of participatory research, training and extension activities. The most active European research centres have been IED and IDS in Great Britain and the Agricultural University of Wageningen.

PRA, the most truly participatory of the approaches, has been characterised as "a family of approaches and methods to enable rural people to share, enhance and analyse their knowledge of life and conditions, to plan

and act" (Chambers, 1992:1). Sources for the cluster of techniques which together make up PRA may be found in activist research, agro-eco-system analysis, applied anthropology, field research on farming systems, and the earlier forms of RRA.

RRA and PRA share the principles of learning from and with people, directly, on site and face-to-face; learning rapidly and progressively; striving to offset possible biases; optimising trade-offs between quantity, relevance, accuracy and timeliness of information; triangulating (cross-checking); and optimising diversity (Chambers, 1994b).

The purpose of RRA was primarily that outsiders should learn from the people. Many practitioners insist that PRA is different, and that its main aim is to facilitate a learning process among local people/stakeholders themselves. The final goal is "empowerment".

PRA rests on three pillars: methods, behaviour/attitudes, and sharing. PRA derives much of its strength from emphasizing open-ended inquiry, visualisation (by use of maps, matrices, models and diagrams constructed by stakeholders themselves), comparison, and group analysis. Methods such as semi-structured interviews are also used. In addition, PRA promotes the use of new techniques such as transect walks, construction of seasonal calendars, and ranking of wealth and well-being.

Well-being and income in rural Rajasthan

In a frequently quoted paper by N.S. Jodha, criteria of well-being, as established by households in two Rajasthan villages, exhibit a revealing contradiction between changes in per capita real income and people's perceptions of improvements in well-being. Although per capita real income declined by 5% or more for 36 families over two decades (1963-66 to 1982-84), in terms of the 38 criteria, improvements in well-being occurred in all but one case.

Several of the criteria reflected either *dependence-independence* (e.g. residing on patrons' land, getting seed loans from patrons/getting loans from others beside patrons, marketing farm produce only through patrons), *food insecurity-security* (e.g. having to sell over 80% of what is produced, adults skipping the daily third meal during periods of scarcity) or *vulnerability-livelihood security* (e.g. seasonal out-migration for jobs, making cash purchases during slack-season festivals).

Chambers makes the point that: "The reality which these income-poorer villagers presented to Jodha contrasts with a normal economist's reality. They were income-poorer, and so in an economist's terms worse off; but in their own terms, they were on average much better off".

(Chambers, 1994a:11; Jodha, 1988.)

So far, most PRA exercises have been carried out in Bangladesh, India, Sri Lanka and Pakistan. The World Bank has used PRA techniques in a rather eclectic fashion in their Participatory Poverty Assessments, combining them with methods used in Beneficiary Assessment and more conventional social analysis.

Although participatory approaches have added greatly to our understanding of the different dimensions of poverty, they need to be further developed. There are, for example, still problems concerning the validity and the reliability of the information, as well as the potential for "scaling-up".

SWEDISH DEVELOPMENT COOPERATION: THE GOAL OF POVERTY REDUCTION

Introduction

Solidarity with the poor has been the main motive of Swedish development assistance from its beginning in 1952 up to today, and "raising the level of living of the poor peoples" has been the overriding goal since 1962. This goal has been interpreted in various ways. One is that Parliament intended Swedish aid to reach the poorest people of the developing world directly, on the basis of a principle of solidarity with the poor; and in public opinion since 1961, between 73 per cent and 85 per cent have been in favour of Sweden providing development assistance *to the poor*, on the grounds of solidarity and moral duty.

The level of public support to aid is to a large extent determined by whether the public feels its taxes are being used in this way. Most criticism of aid through the media over the past thirty years has been based on the conviction that Swedish aid was supposed to reach the poorest people, and the argument that, one way or another, it is not doing so.

The goal is however open to other interpretations, and over time it has been embroidered upon and weakened in its position as the overriding goal. The formulation as it stands easily includes the broader interpretation *the poor nations*, which obviously does not necessarily mean the poor in those nations. Yet, while it could be argued that poverty reduction can also be achieved by indirect means, i.e. through providing aid to activities which do not directly involve the poor but have a positive long-term effect on their living conditions, the term "poor nation" does not establish a very clear cut-off point in the list of (developing) nations.

In addition, numbers of other political interests and economic considerations have intervened in successive governments' interpretation of the aims of assistance, and it is clear that not all Swedish aid has been directed at the poorest people(s) or even the poorest nations.

The rather loose goal formulation has nevertheless enabled political parties and interest groups with widely

divergent aims to agree for the most part on the continued provision of aid to developing countries, and as Jacoby (1986:87) points out, this consensus has protected "the purity of aid". Swedish commercial and economic interests were not ministered to in the objectives of aid and they have thus had to work within them in order "to play their part in the expanding aid business".

The main shifts in aid provision have thus been related to controversies about how much should be given, in what form, to which recipients, and for what ends, rather than to direct challenges to the goal itself.

The early years

Swedish development assistance started in 1952 as technical assistance. The early years were characterised by cautious pilot work and very small budget allocations. Sweden had no particularly strong links with the Third World, and only Ethiopia presented itself as a natural candidate for support, both as being one of the few independent countries in Africa and as having a long history of missionary and inter-governmental relations with Sweden. Pakistan and Sri Lanka were chosen on the advice of influential people (Heppling, 1986). Sweden's foreign policy interests tended toward the strengthening of the United Nations (whose Secretary General was then Swedish Dag Hammarskjöld), and nearly two-thirds of Sweden's aid budget was channelled into the UN's multilateral aid apparatus; indeed, even today about 30 per cent still goes to UN agencies.

As far as reaching the poor is concerned, however, the somewhat varying aims of the UN agencies, allied to their administrative costs, has meant that not all the funds disbursed to them over the years has fulfilled that aim (Andréen, 1986).

In 1962, the social democratic government passed the first Act on international aid through Parliament (Proposition 1962:100). The Proposition motivated aid on the principles of moral duty and international solidarity, and pointed to its contributing to universal peace,

freedom and well-being. The overriding aim of aid was expressed as being "to raise the level of living of the poor peoples". The Act even mentioned the desirability of Swedish aid reaching the UN-recommended level of 1 per cent of GDP.

During the 1960s a struggle broke out within the Social Democratic Party concerning the amounts actually to be allocated to aid, leading in 1966 to the resignation of the minister assigned to development cooperation. The struggle highlighted a certain ambivalence to international aid within the party. Smaller parties to the left and right, with strong vocal support from activists and leadership in the popular movements, pressed for higher aid allocations; but the party's working-class base showed more interest in the use of funds to improve the situation in Sweden than in the noble international concerns of the urban middle class (Andersson, 1986). So, while it was important to have an aid programme and in line with the programme of the party to stress the principles of international solidarity with poor nations (SDP Programme 1960, Part III), it was tempting to use it where possible to benefit the Swedish economy, and safest to keep its budget low.

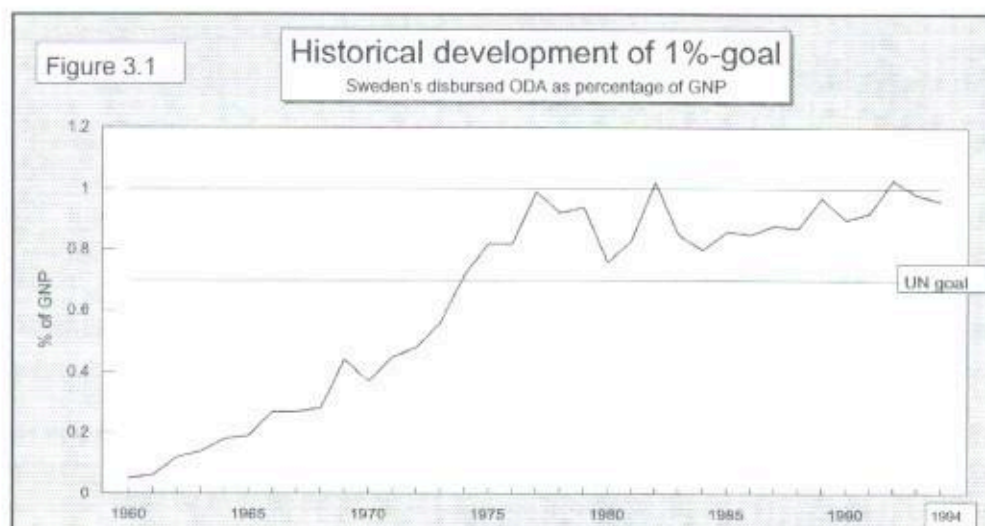
Nonetheless, as the Swedish economy improved, within its 1968 Proposition the social democratic government presented a plan, which was adopted by Parliament, for reaching the UN's then target of 1 per cent of GNP in seven years, by increasing the budget by 25 per cent per year. The aid budget allocation thus came close to the 1 per cent mark in 1976 and has stayed over 0.9 per cent almost every year since then; although aid disbursements reached 1 per cent only twice, in 1982 and 1992 (Sida, 1996), and the target was suspended in 1994 in view of the growing Swedish budget deficit (see Figure 3.1). As part of financing economic growth, in 1972 the government decided to tie aid to Swedish products and services: 8 per cent of

the aid budget in that year, and around 14-20 per cent over the rest of the 1970s (Jacoby, 1986). Tying later took structural form with the founding of SWED-FUND and BITS (see below) but was otherwise largely dropped when studies showed that over the 1970s and 1980s between 40 and 52 per cent of aid through SIDA came back anyway to Sweden as return flows from procurement in Sweden.

The country becomes the project

During the 1970s, the government radicalised its choice of beneficiaries for aid. Various political considerations contributed to this: government opposition to the US war in Vietnam, the debate on the New International Economic Order, and the then strong legitimacy of the (post-colonial) paradigm that poverty is a structural phenomenon grounded in dependency and exploitation. Socialist countries in Asia and Latin America and liberation movements in Africa received increasing aid allocations, as did the countries (including new socialist countries) in "the front line", being destabilised by South Africa for opposing its apartheid policies. The government stated in 1970 that it was "natural that Sweden primarily cooperate with countries whose governments in their economic and social policies strove to implement such structural changes as create the necessary conditions for a development characterised by economic and social equalisation". Parliament, however, took its distance from this formulation, stating that "the aims of Swedish aid policies are possible to attain in countries with different political and economic systems".

In the words of Ljunggren (1986) "the country became the project". SIDA (1977) noted that of the 20 "programme countries", at least six were on the list for other reasons than poverty. The non-socialist opposition parties protested at this orientation but when they



took power as a coalition government from 1976 to 1982 made almost no change in the geographical allocation of aid. Only in 1992 did the next non-socialist coalition government stipulate a different set of criteria for choosing aid recipients and thereafter make a substantial cut in the country frames of a number of the more prominent and controversial "socialist" countries on the list.

Detailing the goals

Indeed, through its Proposition 1977/78:135, the then non-socialist coalition government further specified the objectives of Swedish development cooperation in law, on the same principles as before. The overriding aim of Swedish development cooperation was again stipulated as "to contribute to raising the standard of living of poor peoples by means of direct attacks on poverty and its causes". Four interlinked principal objectives were set (SASDA, 1994a:39):

- *Economic Growth*: to contribute to the increased production of goods and services;
- *Socio-economic Equality*: to help reduce differences between rich and poor and enable recipient countries to meet the basic needs of all their people in respect of such things as food, health services and education;
- *Economic and Political Independence*: to enable the countries to make their own decisions about their economy and other matters and to create the conditions necessary for independence and national self-determination;
- *Democratic Development*: to help bring about conditions that give people greater influence over development on local, regional and national levels.

These objectives taken together represented a model of how economic growth and social welfare should come about through the building of politically independent, stable, democratic nation-states with a large degree of economic independence, within which policies of poverty reduction, social equalisation and peoples' participation are applied. The objectives reflected a compromise development philosophy originating from a number of sources (Anell, 1986). Important strands were Swedish non-aligned foreign policy, as well as the domestic "Swedish model". Mainstream development theory, which then advocated development through state-planned economic growth, was also influential, though already coming under attack from both left and right. Structuralist and dependency theory (Prebisch, Myrdal, Amin, Frank) also exerted strong influences.

The Parliamentary Commission which preceded the Proposition noted (SOU 1977:13) that all the objectives should be read together. Action on the four fronts

together would comprise a direct attack on poverty and its causes, though the foremost ambition of Swedish aid should still be to reach the poorest and most disadvantaged groups directly. In addition, the Commission stated that while the poverty focus of Swedish assistance made it obvious that aid should primarily be provided to very poor countries, choosing poor countries was not sufficient for the poverty aim to be satisfied; within them, Swedish aid should strive to reach the poorest strata. This meant that in choosing partner countries, their own governments' pursuit of equity should form one of the criteria. The "trickle-down theory" – that economic growth per se would reduce poverty – was specifically rejected, and the Commission stated that in the case of tension between the goals, "the equity goal should prevail". Anell notes, however, that the Commission was unable to agree on establishing redistribution as the principal goal.

In its 1977/78 Proposition, the government specifically stated it would not rank the goals on the grounds that "there should not normally be any conflict between them". The government also set up a new aid channel, SWEDFUND, in order to increase Sweden's industrial cooperation with developing countries. Indeed, by 1976/77 SIDA's disbursements to projects in the industrial sector had risen to 33 per cent of the total bilateral aid budget (including import support), and thereafter a large proportion of the aid budget continued going into the modern sector. In 1980 SIDA produced its Rural Development Strategy and from 1982, rural development took over as the single major area of sector support; however, until 1992/93 import support was larger than any of the sectors. The pattern of choosing poor countries and providing support to help develop the country (on the basis that this would indirectly help the poor) was firmly fixed.

Conflicting interests in aid

The 1977/78 Proposition incorporated the conflicting interests of the major interest groups in international aid: the Swedish popular movements and political parties, Swedish private companies, and the Government itself; and left the field open, by country and by project, for different interests to be met.

While Swedish popular movements were by no means united on the issue of the final desirable outcome of development in the Third World, they were to a large extent united on the desirability of providing support to developing the Third World. They saw themselves as the origin of democratic development in Sweden and reached out to collaborating with and influencing "like-minded" Third-World governments and movements in similar ways (Lewin, 1986). Many of them, under the

umbrella of Sweden's policy of non-alignment, saw the Third World as a natural extension of their national aims, interests and activities. Women's movements were among the prominent actors, which set the Swedish aid agenda on the path of gender equality from an early stage.

This engagement, along with the NGOs' very generous feeling that the disadvantaged of the world had the right to share in the good things of life – hopefully in an even better way than in Sweden – meant that they pressed the Swedish government to increase the aid allocation, to untie it from Swedish economic interests, and to leave it as open-ended as possible. Judging by the opinion polls over the years, a substantial majority of the Swedish people has always felt roughly the same way, and this has had its impact on government policy. The Swedish policy of co-financing NGO projects in the Third World on a 4:1 funding principle has channelled a successively larger portion of the total aid budget (about 7 per cent in 1995) to these NGOs and created a still livelier interest on their part in keeping it large and flexible.

Where Sweden's private companies have taken any interest in aid, as expressed through their associations and the Conservative Party, they have always been of the opinion that Swedish aid should be less in total, more tied to Swedish services and products, and more oriented towards politically conservative Third-World countries with sizeable markets. Companies have usually raised their voices at times of economic decline; and the support of Swedish industry has naturally always been of major concern to the government in power, whatever the colour. The clear contradiction between the ambitions of Swedish companies and the main thrust of Swedish aid policy has thus been solved by creating "windows" within the aid structure for providing tied aid to middle-income countries. The Swedish Fund for Industrial Cooperation with Developing Countries (SWEDFUND) was the first such window; shortly thereafter The Agency for International Technical and Economic Cooperation (BITES), and later Swedish International Enterprise Development Corporation (SwedeCorp) were created as vehicles for tied aid, soft credits and private sector aid, that was not really oriented towards the poorest of countries and people.

The Swedish government, apart from trying to maintain consensus and please the public and the main interested parties, has also always taken interest in the political benefits to Sweden and Swedish foreign policy of the provision of aid. One effect of this has been that the government's 1970 decision on administrative concentration (in the sense of choosing only a few politically suitable poverty-stricken countries as beneficiaries and

assigning them large enough amounts of aid "to make a real difference" – a doctrine to which SIDA itself always referred) has successively been undermined. Today Swedish aid actually goes to over 120 countries and even the number of specially favoured "programme countries" has increased steadily to 21. As of 1978, the aid budget increase to close to 1 per cent of GDP has been an additional driving force in diversifying Swedish aid, as well as in maintaining a substantial contribution to the UN system.

Macroeconomic uses of aid

The large amounts made available, allied to its relatively low accompanying administrative budget, meant also that SIDA increasingly allocated money in the form of growth-oriented "import support" funds to programme country budgets. In 1985 the amount involved comprised 40 per cent of all country programme aid (Odén, 1986). Such aid supposedly had important positive effects on economic stability and growth; but it was not particularly targeted at the poor, and some subsequent evaluations claimed that it had in some cases had negative effects on both growth and poverty (SASDA, 1994b).

Such practices from the early 1970s on, of subordinating strictly poverty considerations to macro-structural considerations, in part opened the way for a further shift in aid practice during the 1980s: the increasing use of Swedish aid funds at the macroeconomic level to support balance-of-payment deficits in the context of structural adjustment programmes; as well as for debt buyouts and debt relief. These activities were certainly aimed at the poorest (or most distressed) countries, and were justified on the grounds that in circumstances of macroeconomic instability, the poor figured high amongst the losers. However, during the last half of the 1980s, SIDA to some extent lost sight of the specific problems of the poorest of the poor, many of whom were sorely affected by the operation of structural adjustment; and during the 1990s attention was refocused on "reaching the poorest" and "adjustment with a human face" (UNICEF, 1987; SIDA, 1991a).

In the late 1980s Parliament added a further goal to Swedish development assistance, that of good management of natural resources. Though the two goals of poverty reduction and environmentally sustainable development are closely related, and the environmental goal was specifically added to the principal objectives, from 1991 the new coalition government appeared to read and act upon them separately, *inter alia* by providing a separate budget for environmental issues. Thereafter the goal of democracy was made a priority, both in deciding the quantitative allocation of resources to countries and in orienting the direction of aid. The

special programme budget for promoting democracy and human rights was quadrupled, and the special budget for supporting Swedish NGO activities in developing countries doubled, at the expense of the previous "country frame" budgets. Further, a new and more "self-interested" aid budget was initiated and administered from within the Foreign Ministry, oriented towards the promotion of democracy, good government and environmental cleaning-up in Eastern Europe, and quite unrelated to the previous overriding goal of poverty reduction.

Public dissatisfaction

In all of this, political struggle between the various interested parties continued. SIDA's ventures into industrial development led to a succession of "big projects" which took little heed of the deteriorating macroeconomic environment and often were judged to end up costing more than they were worth - or even bringing about actively harmful results. The perceived failure of some of these projects (which in retrospect may have been quite successful) led to a backlash in public opinion against aid, and a questioning of whether a bureaucracy like SIDA was a suitable vehicle for either "market-oriented" or "small-person-oriented" aid. SIDA was attacked in the press (e.g. by the Stockholm daily *Expressen* over two weeks in 1992) and the non-socialist government took its distance from it, inter alia announcing that NGOs were more suitable vehicles for making aid reach the poor. A Commission was set up which arrived at the conclusion that SIDA and the other agencies should be reshuffled into two large aid agencies, one for more commercially-based and "hard" aid (covering more developed countries, loans and credits for infrastructure, industry, and entrepreneurship) and the other for grants-in-aid aimed at "soft" sectors (poverty, poorer countries, social sectors, capacity-building, research) (SOU 1994:19).

A new Sida

The old tension between the "commercial" and "humanitarian" purposes of aid was evidently still a hot one, and the proposal tried to create a new structural solution for it. However, the report had hardly been presented when the government lost the election and the incoming social democratic government instead took the immediate step of integrating all the agencies and budgets into one single agency, Sida. Shortly afterwards came the report of an evaluation of some dozens of Swedish NGO-supported projects in four countries which, in summary, pointed to NGOs as having just as many problems in reaching the very poor as Sida, and often problems of the same kind (Riddell et al., 1995).

With the passing of time and the evolution of Swedish interests, various of the original objectives have thus been accorded an almost separate status. In tandem, along with the falling into disrepute of the previously guiding philosophies and strategies of development, two of the objectives have largely been left by the wayside. One is the goal of pursuit of economic independence, now mostly discussed in the narrow sense of concern with avoiding aid dependency, and of political independence, which structural adjustment aid has rather served to undermine. The other is the objective of social equality, which, as this report relates elsewhere, is in some ways becoming ever further away from being attained; although it should be added that this goal has served as the basis for the Swedish emphasis on the pursuit of *gender* equality long before the government introduced a specific gender goal in 1996.

Refocusing on poverty

In the early 1990s, SIDA became concerned that its poverty focus had become blurred. A policy study on the plight of African countries affirmed the necessity of greater outlays on the social sectors (SIDA, 1991a), and SIDA became an important voice in international fora regarding the desirability of shaping structural adjustment programmes in such a way as to protect the poor. The virulent press campaign in 1992, although designed to discredit and cripple Swedish aid, actually put the poverty reduction issue firmly back onto the agenda, and shortly thereafter the agency was shaken again with a call upon it from a large group of leading political and academic figures to direct a considerably larger proportion of its funds towards food production. SIDA maintained firmly that its structural-adjustment-related financing was designed to get the macroeconomic balances right to make it worthwhile for farmers to grow food; but it also took a new hard look at poverty.

Shortly thereafter, SIDA launched a Task Force on Poverty Reduction in order to analyse the ways in which, and the extent to which, its flora of projects and programmes were in fact aimed at and achieving poverty reduction. The study showed up some signs that SIDA had lost sight of the overriding target. The five principal objectives were carefully used to motivate projects and programmes, but often without giving much consideration to the link back to poverty reduction. There were no rules for how indirectly related to poverty aid could be. Also, after the harrowing years of the 1980s, SIDA did not follow (or really believe) the world picture portrayed by the original battery of objectives, but had *still not* come up with a new view on development or a new poverty reduction strategy. This study thus became an important step towards that end.

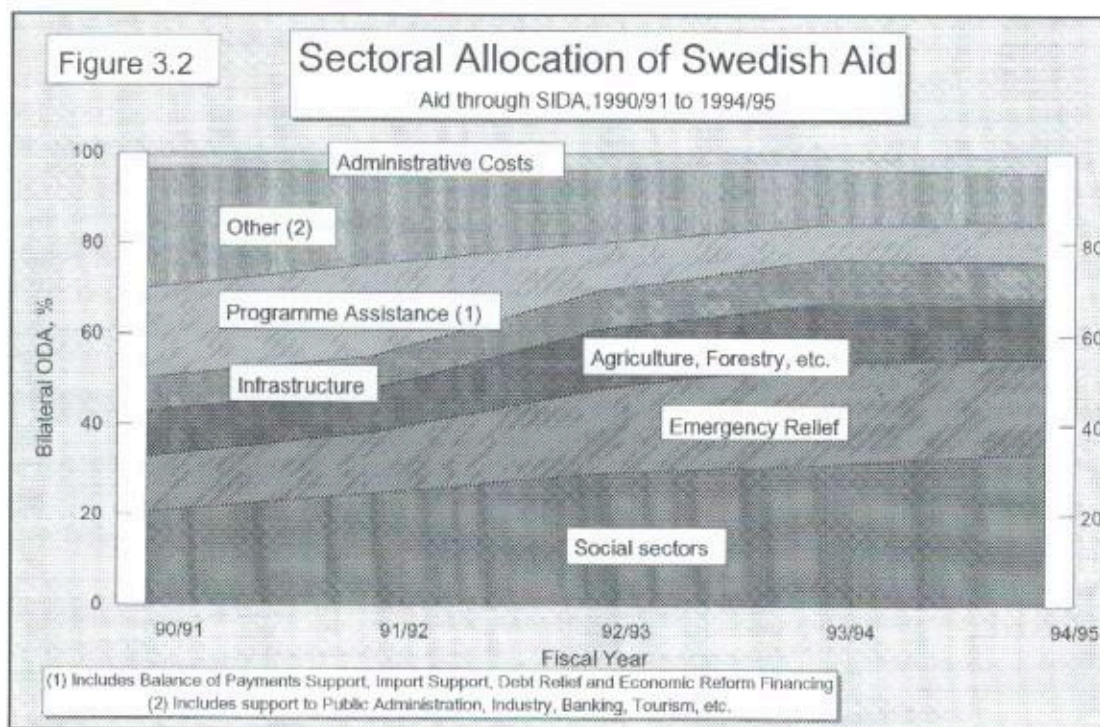
The present government's initiative to combine the proliferation of aid agencies and budgets back into one organisation, the new Sida, has reinstated the issue of the guiding philosophy and overriding goals of aid and placed it even higher up on the agenda. Yet, it should be said that a large and increasing proportion of SIDA's aid budget did reach the poor and the very poor directly over the 1990s, one crude indicator being that the proportion going to the social sectors and emergency relief rose from 35 per cent to 56 per cent from 1990/91 to 1994/95, see Figure 3.2 below (Source: Sida, 1996).

The same cannot be said (and was not in fact the purpose) of other agencies and budgets now integrated into the new Sida. One must stress that the above figures need to be read with caution. On the one hand, such gross categories give no indication of their internal distribution; e.g. not all the aid to the poorest countries

necessarily reached or positively influenced the lot of the poor; while some of the social-sector-oriented money may also have benefited the comparatively wealthy - e.g. money spent on developing the education sector or improving government services. On the other hand, other country and sector programmes have probably also had beneficial effects on very poor people.

Swedish assistance has nevertheless clearly been more concentrated on the poorest countries than most other donors'. Figure 3.3 (see page 27) gives a comparative indication of the spread of various donors' aid in relation to the spectrum of very poor to high-income developing countries (White, 1995). The figure shows the total distribution of disbursements during the period 1985-93 for Sweden, the EC and total DAC aid.

These so-called Lorenz curves illustrate the cumulative allocation of aid between developing countries rang-

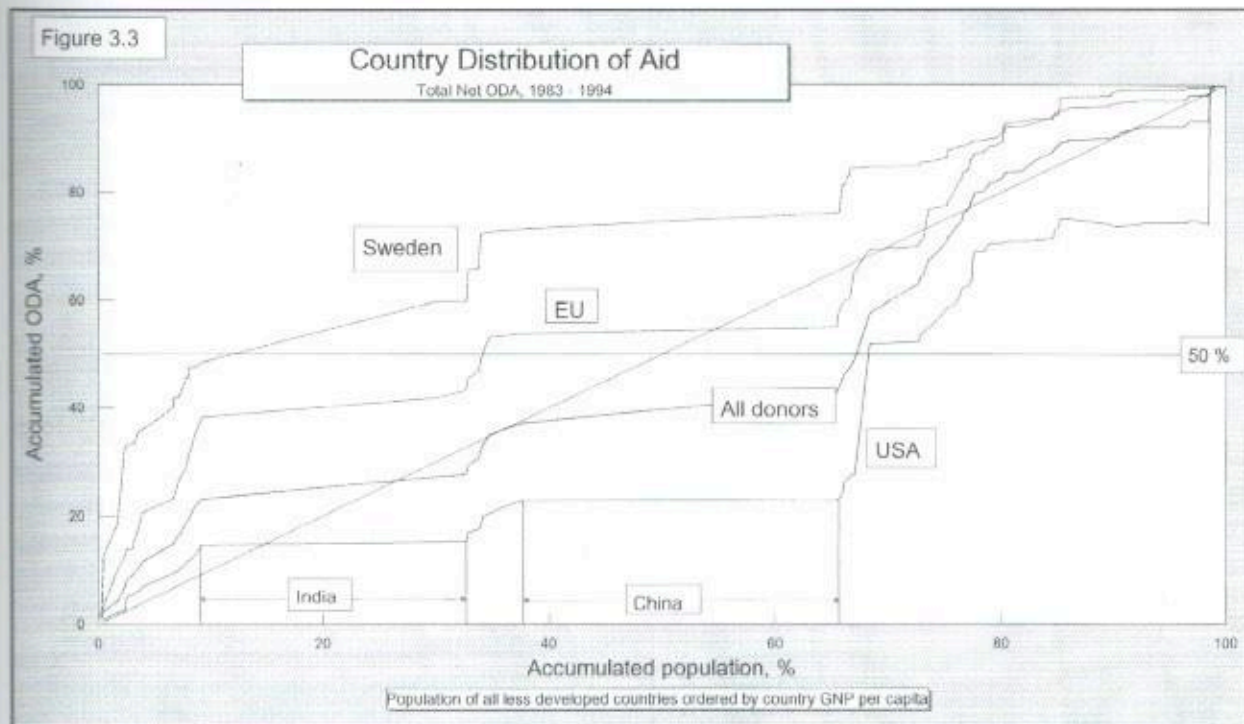


ing from lowest to highest per capita income. The diagonal line indicates equal allocation of aid between all people in developing countries. The higher the curve is above this line, the more aid is allocated to poorer countries, taking the size of the population into account.

The poverty reduction goal has not been meaningless; it has kept official attention focused on the issue and served as a rallying point around which the aid debate has been waged. Thus, Sweden has disbursed high shares of its assistance to the poorest countries, whereas Australia, France, Germany, New Zealand and, especially, the United States, have provided aid mainly to developing countries with much higher average incomes (Ibid.). The difference would be even larger if multilateral aid was considered as well, since Sweden contributes relatively large shares to those international organisations which mainly support the low-income

countries, e.g. IDA and the soft-loan funds of the regional development banks, and UN agencies such as UNDP, UNICEF, WFP and IFAD.

For the present, the management of Sida, with guidance from the government, has stated that four principal areas will be given priority in the near future: poverty reduction, environmentally sustainable development, gender equality and democracy/human rights. Alongside these areas, a proliferation of other inherited programmes and projects is continuing to be administered, though it is Sida's firm intention to tighten up the picture and reconcentrate its focus on central priorities. High on the list is poverty reduction, as stressed by the government itself in its letter of instruction to Sida for the 1995/96 financial year. One outcome of this study and report will be the drafting of policy and action plans refocusing aid towards this goal.



COUNTRY POVERTY PROFILES

Poverty profiles of the major recipients of Swedish bilateral aid through SIDA have been prepared by SIDA headquarters staff and embassy economists. Twenty-one countries are represented: Angola, Bangladesh, Bolivia, Botswana, El Salvador, Ethiopia, Guinea Bissau, India, Kenya, Laos, Lesotho, Mozambique, Nicaragua, Sri Lanka, South Africa, Tanzania, Uganda, Vietnam, Zambia and Zimbabwe.

In four countries, Vietnam (Allen et al., 1995), Zambia (Booth, Milimo et al., 1995), Namibia (University of Namibia, Social Sciences Division, 1995) and Sri Lanka (Marga Institute, 1995), more comprehensive special studies have been elaborated. The purpose of these poverty profiles and special studies – as summarised below – is to describe and analyse the different dimensions of poverty and their trends over time, with special emphasis on the identification of particularly poor and vulnerable groups and on the causes and reasons for poverty. The special studies are presented in the series of working papers issued by the Task Force (see page 149).

Characteristics of the countries

Sweden's selection of programme countries shows a clear poverty focus. The three countries with the lowest per capita income in the world, Mozambique, Ethiopia and Tanzania, are all major recipients of Swedish bilateral aid. Most of the 21 programme countries for which poverty profiles have been commissioned are very poor. In terms of GNP per capita, the average rank for the 21 countries is 133, calculated on the ranking of 173 countries listed in UNDP's Human Development Report 1994.

If we use the Human Development Index (HDI), the average rank is marginally higher, or 129. However, it may be observed that even Botswana, with the highest HDI of the 21 countries, falls within the lower half of the list of 173 countries.

The following table illustrates how the 21 countries are ranked according to UNDP's latest assessment of per capita income and human development.

Table 4.1. Per capita income and Human Development Index in 21 countries.

	GNP per capita rank	HDI rank	GNP per capita rank minus HDI rank
Botswana	58	87	- 29
South Africa	60	93	- 33
Namibia	84	127	- 43
El Salvador	97	112	- 15
Zimbabwe	118	121	- 3
Bolivia	119	113	+ 6
Angola	120	155	- 35
Lesotho	124	120	+ 4
Sri Lanka	128	90	+ 38
Zambia	134	138	- 4
Nicaragua	139	106	+ 33
Kenya	146	125	+ 21
India	147	135	+ 12
Vietnam	150	116	+ 34
Laos	157	133	+ 24
Bangladesh	159	146	+ 6
Guinea-Bissau	167	164	+ 3
Uganda	168	154	+ 14
Tanzania	170	148	+ 22
Ethiopia	171	161	+ 10
Mozambique	173	159	+ 14
Average	133	129	+ 4

(Source: UNDP, 1994.)

A comparison between Africa and Asia reveals an interesting pattern. While the African countries, on average, have a lower HDI than GNP rank, the opposite is true for Asia, with the small – and not very representative – sample of Latin American countries falling somewhere in between.

Table 4.2. Per capita income and HDI. Regional averages.

	GNP per capita rank	HDI rank	GNP per capita rank - HDI rank
Africa (13 countries)	130	135	- 5
Asia (5 countries)	148	124	+ 24
Latin America (3 countries)	118	110	+ 8

(Source: *Ibid.*)

Income inequality is appreciably higher in Latin America and Africa than in Asia. In countries like Sri Lanka, Vietnam and Laos, where human development indicators are far more favourable than in most other countries with a similar per capita income, the distribution of income is comparatively even. On the other hand, and almost by definition, countries with a highly non-egalitarian distribution of assets and income tend to have a higher ranking in per capita income than in human development. This is also confirmed above. Of the five countries with a significant negative discrepancy between HDI and GNP per capita, two (Angola and El Salvador) have suffered from prolonged civil wars, while the other three (South Africa, Namibia and Botswana) are characterised by extreme inequalities in the distribution of income, agricultural land and other assets.

The Human Development Index also indicates that countries particularly rich in natural resources, including four of the five countries mentioned above and several others, tend to have a lower HDI than other countries on similar income levels. The former countries, with a very favourable natural endowment, could be classified as rich countries with poor people. Or, in the words of the special study on poverty in Namibia: "It is not an exaggeration to conclude that the tangible benefits to the Namibian population at large of more than 80 years of lucrative diamond and uranium exports are not easy to discern." (University of Namibia/SSD, 1995:44.)

On the other hand, a number of East Asian countries could be described as poor countries with relatively rich people. The differences illustrate the well-known fact that development strategies focused on investment in people tend to be more egalitarian, sustainable and successful than strategies based on extraction of natural resources.

Who are the poor?

As indicated earlier, definitions of poverty vary considerably between the 21 country studies. For practical

reasons, we will accept the definitions used in each poverty profile, and attempt a summary of the most salient features.

To begin with, virtually all the reports emphasise the pronounced concentration of poverty to rural areas. Whether the criteria used refer to income and nutritional levels, vulnerability or social indicators, poverty is found to be most severe in the countryside.

The listing of particularly poor and vulnerable groups carries few surprises. In virtually all countries, women are said to be overrepresented among the poor (see below, Gender and Poverty). Apart from being female, a "typical" poor person would be characterised by:

- low education;
- poor access to resources (land, cattle, credit, etc.);
- high vulnerability to climatic and other risks (e.g. subsistence farmers in areas with erratic rainfall);
- a high dependency ratio (many children to support).

In a large number of cases, specific groups are also singled out as particularly likely to be poor. In several countries, poverty is most prevalent among certain ethnic groups, either minorities (Vietnam, Laos) or majorities (South Africa, Namibia, Zimbabwe, Bolivia). Geographical differences are also frequently mentioned, with people living in remote areas with a poorly developed social and physical infrastructure most likely to be classified as poor.

In some countries, war victims, demobilised soldiers, refugees and other groups directly or indirectly affected by civil war belong to the very poorest groups in society.

"New" groups of the poor are being identified in several countries. The AIDS pandemic has created a large number of destitute families, in particular in Africa. Soil erosion and other forms of environmental degradation have (further) impoverished many small-scale farmers in environmentally fragile areas.

In most countries, urban poverty has increased, in particular in the informal sector (to which people are "pushed" rather than "pulled"). In Guinea-Bissau, "the appearance of working children has increased in the urban centres during the last ten years, due to the rural exodus and the increased poverty among large groups of the population". Retrenched civil servants and vulnerable segments of the urban middle class are also mentioned in some of the profiles (e.g. Guinea-Bissau, Mozambique, Nicaragua, Zambia).

Gender and poverty

Women are described as poorer than men in virtually all countries. In Bangladesh, for example, women receive only 46 per cent of the wages received by men, and only

29 per cent of women are literate, compared with 45 per cent of men.

Discrimination against women in one or several respects is an almost universal phenomenon. In Bangladesh, "discrimination of women starts at birth", and this appears to be true in general. Girls are discriminated against in the educational system, especially in secondary and higher education. The fact that many young women are forced to leave school because of pregnancy is mentioned in several reports. Discrimination continues on the labour market, and women are often excluded from many types of economic activity. Legislation usually favours men, and women are consistently denied equal access to land, credit and other resources. Women also tend to carry heavier work-loads than men – but yet have lower incomes. Both within and outside the family, women have a host of responsibilities but few privileges.

In only a few countries is the situation of women described in comparatively positive terms. In Lesotho the rate of literacy is higher among women than men (but even here women are poorer). In Angola, "Women are traditionally relatively independent in economic matters and participate strongly in informal commercial activities like trading."

In Laos, "Women traditionally have a relatively strong position among the ethnic Lao, especially when it comes to decision-making in the family and participation in the economic sphere, e.g. in trading, and land tenure." However, "In the political and social spheres, female participation is less advanced also among the Lao... Statistics on infant and child mortality, health, nutrition, education, and other indicators also testify to the fact that women and girls are often worse off than men and boys."

Female-headed rural households are mentioned in a majority of countries as being poorer and more vulnerable, in particular when the household is headed by a widow, or an unmarried or abandoned woman. (Only in a few cases has an attempt been made to distinguish between different categories of female-headed households.) In Bangladesh, 33 per cent of female-headed households are classified as "extremely poor", while the corresponding figure for male-headed households is 8 per cent.

There are, however, a few exceptions. In Vietnam, "female-headed households in the countryside are better off than their male-headed counterparts". In Guinea-Bissau, there appears to be no difference between male- and female-headed households; the incidence of poverty, however, is found to be higher in areas where polygamy prevails. In Zimbabwe, problems of acute malnutrition have been found to be less severe in female-headed households – presumably because women ac-

cord a higher priority to feeding the children than men – while these households are worse off in other respects, such as access to land, cattle, credit, etc.

Why are the poor poor?

The writers of the poverty profiles have interpreted the question of causes of poverty in different ways. In some reports – such as Namibia, South Africa, Vietnam, Angola and Zimbabwe – there is a discussion about the historical roots of poverty: colonialism, the alienation of the indigenous people from the best agricultural land, racial discrimination, etc. In other cases, the emphasis is on recent developments such as unemployment or civil war.

Attempts are also made in some of the poverty profiles to distinguish between structural and conjunctural (or transitory) poverty and between "endogenous" and "exogenous" factors, with the latter being related to external events (war, drought).

The earlier discussion about who are poor also gives part of the answer to the question of why they are poor. A list of factors responsible for poverty commonly mentioned would be:

- uneven distribution of assets (in particular land);
- un- and underemployment;
- civil strife/civil war;
- discrimination;
- high rate of population growth/high dependency ratios;
- environmental degradation;
- AIDS or other diseases.

Many of the poverty profiles make the respective national governments responsible for the continuation or aggravation of poverty. While the impact on poverty of structural adjustment policies will be dealt with under a separate heading below, a few quotations may illustrate how the relationship between public policies and poverty is discussed.

The Angolan report mentions "overall economic mismanagement" as an important reason behind poverty. In Bolivia, gross macroeconomic imbalances in the past – from which the economy is only gradually recovering – have aggravated poverty in this "highly unequal society", where the tax system is considered very regressive. The regressive character of the tax system is also mentioned in the report on El Salvador.

In Guinea-Bissau, overall economic policies are said to favour a relatively well-to-do minority, while "a clear marginalisation of the poor has occurred during the last 10 years... The poorest claim that the situation is worse than 10-15 years ago".

In India, many government policies are marked by a clear poverty orientation. Still, discrimination against

women remains strong, as against certain castes and tribes. Stagnation in agriculture outside the green revolution areas has increased rural poverty in some regions, as has environmental degradation due to "commercial exploitation of forest resources, displacement caused by development of mines or construction of irrigation dams".

In Kenya, corruption and lack of economic growth have aggravated the poverty problem, as has land degradation. Severe misallocations in public expenditure with large subsidies going to parastatals and inefficient banks is also mentioned as a cause of poverty. The role of corruption and economic mismanagement is stressed in several other papers as well.

In Uganda, costly military expenditures are highlighted as part of the poverty problem, and the country "spends far less on (its) economic and social sectors than do most countries in sub-Saharan Africa" (although some improvement has taken place recently). A large military budget is also mentioned in the case of Zambia, where the armed forces receive the equal of two-thirds of the expenditure on health and education combined.

In Zambia, overall government policies are blamed. The government is described as "weak" and "corrupt", and characterised by a lack of transparency and accountability. In Zambia, as in several other countries (e.g. Uganda, Guinea-Bissau), the introduction or drastic raising of user fees in primary health and education has imposed further hardships on the poor.

In Sri Lanka, "elite control" over public expenditure is said to aggravate problems of poverty and inequality (which, nevertheless, are less dramatic than in most other countries).

In South Africa, mass poverty and huge inequalities are described as "the result of very deliberate policies by the apartheid regime" (which, of course, cannot be rectified over-night).

It may, finally, be interesting to look at a few causes of poverty which are mentioned only occasionally or not at all. For example, only the special study on Namibia contains a discussion of how external economic developments increase vulnerability - in this case close integration with the South African economy and dependency on a small number of export commodities with highly volatile prices. The special study on Sri Lanka makes a brief reference to declining commodity prices during the past decade as a cause of poverty. The debt crisis from which many of the countries are suffering is virtually absent from the discussion. Protectionist trade policies in the rich countries are, to take another example, not mentioned in any of the reports.

In the analysis made in the reports of the major causes

of poverty there is, in short, a consistent emphasis on internal rather than external factors.

There is also a paucity of reference to the macroeconomic environment. For example, monetary policies are not mentioned. Trade and exchange rate policies are briefly touched upon on a few occasions (in one case, reference is made to positive effects for small-scale farmers of a currency devaluation, and in a couple of other cases, increased import competition is said to worsen the situation for domestic producers). On the other hand, general statements about overall government policies favouring the urban population or the middle class are frequent, as are observations concerning the neglect of public support to social services.

Trends in poverty and inequality

Although the usual caveat applies - figures from different countries are not directly comparable, the time periods that are covered are different, etc. - it may be useful to begin our discussion with a summary assessment of major trends in per capita income and poverty in the 21 countries under review. Except for the GNP statistics, which are taken from the 1994 World Development Report (World Bank, 1994a) table 4.3 on page 33 is based on the information given in the poverty profiles and the special studies.

In table 4.3, "yes" always signifies an improvement (with less inequality being interpreted as an improvement), "-" signifies either that data is too contradictory to warrant an unambiguous conclusion, or that the poverty profile in question does not address the issue explicitly.

As shown in the table, of the three Latin American countries, none has registered a positive growth in per capita income between 1980-92, or a reduction of poverty in recent years. (The time series in the Bolivian report does not permit firm conclusions as to more recent trends.) Social indicators, however, point to stable or positive development in all three countries. The cautious conclusion in the Nicaraguan poverty profile is that "there are welfare indicators which have been resilient to crisis, at least in the short run" (though at present there are many symptoms of deteriorating health, nutritional and educational standards in Nicaragua).

For Africa, the picture is mixed. Four countries register a positive growth of per capita income, and eight countries zero or negative growth. Poverty appears to have been reduced in four African countries, to have increased in seven, while the trend is unclear in another two. Social development comes off slightly better; there are "only" four of the African countries where social indicators reveal a deterioration. As in Nicaragua, cer-

Table 4.3. Summary assessment of trends in 21 countries

	Positive GNP per capita growth 1980-92	Reduced poverty	Improvement in social indicators	Reduction in income inequality
Angola	No	-	-	No
Bangladesh	Yes	-	Yes	-
Bolivia	No	No	Yes	No
Botswana	Yes	Yes	Yes	-
El Salvador	No	No	Yes	No
Ethiopia	No	-	-	-
Guinea-B.	Yes	No	No	No
India	Yes	Yes	Yes	No
Kenya	Yes	No	Yes	No
Laos	Yes	-	Yes	No
Lesotho	No	No	Yes	No
Mozambique	No	No	No	No
Namibia	No	No	Yes	-
Nicaragua	No	No	Yes	No
South Africa	Yes	Yes	Yes	-
Sri Lanka	Yes	Yes	Yes	No
Tanzania	No	Yes	No	No
Uganda	No	Yes	Yes	-
Vietnam	Yes	Yes	Yes	No
Zambia	No	No	No	No
Zimbabwe	No	No	Yes	-

tain social indicators may begin to show deterioration only after a prolonged period of increasing poverty.

The most negative case appears to be Zambia, where all indicators show an abysmally poor development. Zambia is, for example, one of the very few countries in the world where even the infant mortality rate has increased over the last decades.

The most positive cases are, again, the Asian countries. By and large, economic growth has been positive, and although inequality has increased, poverty has been reduced. All five Asian countries register positive scores on economic growth, poverty reduction and improvement of social indicators.

In Vietnam, economic reform, rapid economic growth and a comparatively egalitarian distribution of assets such as agricultural land have contributed to a substantial reduction of poverty in a short period of time. The development is summarised in the following way in the special poverty study on Vietnam: "In the late 1980s the majority of the Vietnamese population could well be described as poor, marked by a lack of adequate food and access to economic opportunities to escape that fate. By the mid-1990s, however, there were grow-

ing signs that this vast problem was being solved by increased economic opportunity, so that mass poverty within communities was being replaced by the problem of poor groups within communities." Although the existence of "losers" among certain vulnerable minority groups is clearly acknowledged, they are easily outnumbered by the "winners".

The situation of women, however, is described as difficult, in particular in the poverty profile where it is noted that "economic reforms have increased workloads in the home and in the fields. The de-collectivisation has implied that responsibilities for day-care, education, health and fieldwork has shifted to women. State child care in particular has eroded in recent years."

As for equality, no poverty profile or special study indicates an improvement in any of the 21 countries. While available statistics do not provide reliable information on income distribution trends in most countries, comments of the following kind are common:

"Severe inequalities in the distribution of income have developed...A number of predominantly urban based persons have also enriched themselves and their families leading to large inequalities in society." (Angola)

"The differences between rich and poor are greater and more noticeable today...It is obvious that a strong process of differentiation is under way." (Guinea-Bissau)

"Over the 14 years period from 1973-74 to 1987-88 the inequalities in consumption expenditure (proxy for income) increased both in the rural and urban areas, but more so in urban areas." (India)

"A general perception is that the extremes of rich and poor have increased, i.e. the rich have become richer and the poor poorer." (Kenya)

"As in many other countries, the rich are getting richer and the poor are getting poorer." (Lesotho)

"Findings of different studies also indicate conclusively that there has been a growing gap between the rich and the poor in the recent past." (Sri Lanka)

"The income distribution has become more skewed and regional disparities have grown. Trends appear towards greater wage differentials by sex." (Vietnam).

Structural adjustment and poverty

Over three-quarters of the 21 countries have, during the last ten years, implemented a structural adjustment programme (SAP) supported by the World Bank and the IMF. In a few countries, such as Vietnam, far-reaching economic reforms have been carried out without SAPs and formal agreements with the Bretton Woods institutions.

About half of the poverty profiles contain an explicit discussion of SAPs and poverty. In a few others, the issue is implicitly addressed in the analysis of the impact on poverty of present economic policies.

The short-term impact of SAPs on poverty reduction can be interpreted as negative in eight cases, and as positive in three or four. In general, the policies were expected to improve the situation in a long-term perspective. As shown in some of the quotations below the interpretations are not always unambiguous, however; clearly, *all* SAPs have had both positive and negative effects, and different readers may reach different overall conclusions.

In Bolivia, "the adjustment process has had negative effects on the poor in the short run". Still, "it is difficult to envisage a viable alternative".

The poverty profile of Guinea-Bissau states, among other things, that "in the context of structural adjustment policies, real wages have been falling, purchasing power declining, unemployment spreading, and food consumer prices rising in Bissau". Poverty and inequality are said to be increasing rapidly.

In Kenya, short-term effects have been both positive and negative for the poor. However: "The SAP in Kenya is likely to help the poor in the long run, rather than worsen the situation. The liberalisation of prices does

hurt the poor in the short run, but the maintaining of restrictions also contributes to corruption and misallocations, which affect the poor to a great extent."

In Lesotho, "the SAP that has been going on since 1987 has been successful and necessary, but employment within government has been reduced as have some of the services provided...The economy is declining and there are no clear signs of any immediate change, implying that people in Lesotho are becoming poorer."

In Nicaragua, the situation is ambiguous. "Structural reforms should help the poor in the long run, to the degree that sound economic management and growth are restored, or at the least by keeping the situation from deteriorating further. Some adjustment measures actually have had a direct positive impact on the situation of the poor... However, generally speaking, the short-term effects of economic adjustment have been negative for Nicaragua's poor. Cuts in government spending and domestic consumption have provoked unemployment and lower real wages."

In the Tanzania report, the issue of SAPs is not explicitly addressed. However, the report concludes that poverty has decreased, and that "most people are better off now than before the crisis. At the same time, social services are deteriorating and inequalities increasing".

In Uganda, the impact of the SAP on poverty reduction has been highly positive. The report concludes that "a general improvement in the quality of life of most Ugandans appears to have emerged with the SAP". Also, "the adjustment programme has resulted in a visible change in public expenditure priorities in favour of social sectors and on education and health care in particular".

In Zambia, the SAP was introduced in an attempt to rectify decades of gross economic mismanagement. The short-term impact on poverty has been negative, while the overall macroeconomic indicators show a mixed picture: "The short-run effects of the SAP have been positive in regard to monetary indicators such as inflation, but negative for the real economy. It is important to keep in mind that the SAP was initiated because Zambia was in acute economic crisis. Current macroeconomic policies are aimed at consolidating the relative stability and attaining economic growth."

The gender effects of structural adjustment is explicitly addressed only in a few poverty profiles. It is, however, clear that many of the macroeconomic trends described have a large impact – positive or negative – on the situation of women (and children). One obvious example is the development of social services, and how these services are being financed. Another example is that the division of labour between men and women, and the intra-household power relations may change, for example, through changes in the relative profitability

of paid and unpaid labour, and of subsistence production versus cash crops.

The profile on Guinea-Bissau claims that the SAP "has been especially unfavourable to women". The impact on children is said to be manifested by "juvenile criminality and prostitution, street children and increased child labour".

Public interventions to reduce poverty

While the role of overall macroeconomic policies in poverty reduction – or aggravation – has been briefly touched upon earlier, a few aspects related to specific government policies targeted to the poor remain to be discussed.

In several of the poverty profiles and special studies, governments are criticised for not devoting enough attention to the issue of poverty. Few countries appear to have an explicitly formulated poverty reduction strategy. Social sector developments, especially in Africa, are alarming – a combination of lack of economic growth, rising unemployment, reduced public expenditure on social sectors, and increased use of fees in health and education endanger earlier progress in poverty reduction and human development.

There are a few encouraging exceptions, however – mainly in Asia. In India and Sri Lanka, a number of special programmes for poverty reduction, social development and integrated rural development have been launched, and many of these programmes appear to be very ambitious and sometimes successful.

In Africa, Uganda is making efforts to redirect public expenditure in favour of social sector development. In Zimbabwe, great progress was made in the first half of the 1980s, when much attention was paid to expanding public services to the black majority. Fiscal constraints and lack of economic growth in recent years have, however, made it difficult to sustain these improvements.

In Ethiopia, "there is no doubt that the transitional government is making efforts towards the reduction of poverty". For example, the share of public expenditure going to social sectors has been increased, while military expenditure has been reduced. Also, within the social sectors there is a positive trend, e.g. with less emphasis on urban hospitals and more on rural health facilities.

In Botswana, the government is described as comparatively ambitious in the sense that it has used mineral revenues to invest in human, social and economic infrastructure. The government has also – albeit not too successfully – "embarked on various projects to diversify and create income opportunities, especially in rural areas... Botswana has also offered great amounts of support to vulnerable groups during droughts."

Naturally, the limited format of the poverty profiles

did not permit a comprehensive analysis of the various ways in which governments address the issue of poverty. However, the general thrust of the reports is that a majority of governments have other priorities than poverty reduction.

Poverty and civil society

A few of the reports discuss the role of social relations and traditional safety nets to reduce vulnerability and risk. Some of the observations made are likely to be relevant for several countries.

In Guinea-Bissau, "traditionally, mutual help between farming households of the same ethnic group has been important. However, these traditional forms of social control and ethnic ties are weakening." Also, the SAP is said to have led to a "destabilisation of the values of traditional Guinean families".

The special study of poverty in Namibia contains the most elaborate discussion of the complex and changing roles of kinship and reciprocity, and deserves to be quoted at some length. The pattern is described in the following way: "Kinship and the moral obligation to assist family members can be a blessing and a curse to both the poor as well as to those living above the poverty level. Ideally, better-off family members can be relied upon to assist with expenditures such as school fees, clothing, subsistence and emergency expenses. Such assistance often goes a long way towards alleviating the worst effects of poverty and makes living in deprivation more manageable. Yet, often the added burdens imposed upon better-off relatives can lower their own ability to better themselves financially.

In areas where there is a concentration of poverty, one often finds that the level of immiseration is spread past the definition of the actual poor. In these areas those few people who earn sufficient income to escape being classified as poor are supporting a network of individuals extending far beyond the confines of the household. In this way the general level of deprivation caused by poverty is increased dramatically."

As in the case of Guinea-Bissau, however, traditional links of this kind appear to be weakening in Namibia, as there are "worrying indications that this 'moral economy' support system may be eroding over time, with people who move to town increasingly neglecting their obligations to the family they left behind. If this is the case, then the rural poor face greater risks and vulnerability than ever before."

Some poverty profiles mention centralised political decision-making and the weakness of civil organisations as an obstacle. While there are positive examples, such as the active role played by NGOs and a number of different organisations discussed in the special study on

Sri Lanka, the following observations from the Botswana profile may be representative for a number of countries: "The government programmes have tended to be centralised, allowing little popular participation... Civil

society in Botswana is weak...A key element to alleviation of poverty is empowerment of the entire population... Strengthening of the civil society in Botswana is, therefore, a crucial issue".

ELEMENTS OF A STRATEGY FOR POVERTY REDUCTION

Introduction

The struggle against poverty is as old as humankind. Over the years, many different approaches have been tried with widely differing results. Very few of the countries that have managed significantly to reduce poverty have done so through deliberate strategies for poverty eradication. Their strategies have more often aimed to increase production and employment, and to widen the political base of governance. History has a lot to teach us about those approaches that worked and those that did not.

Yet, while we can learn from history and from development efforts at different stages in history and in different parts of the world, it is not possible to copy successful models and apply them in a different environment. Every poverty situation has its unique combination of causes, interlinkages and possible remedies, a combination which changes continuously with time. This makes poverty something of a "moving target" for development strategy.

It is necessary in each case to examine these conditions and relationships and to find solutions by working with the key actors, using the resources that are available, building the institutional framework and capacity for reducing poverty (North, 1993). The present chapter discusses elements and linkages which have proved to have strong influence – positive or negative – on the poverty effects of different development strategies.

Experience tells us that there is no set piece for such a strategy – it will have to take into account local assets and constraints, and it must constantly adjust to a changing external environment. The crucial factors vary between countries and over time. One hundred and fifty years ago, Sweden was a country of abject mass poverty with some of the harshest living conditions in Europe.

What helped us to reduce mass poverty in the 19th century was a combination of demographic factors

(falling fertility and emigration to North America), universal literacy, a stable institutional framework for industry and a commodity boom affecting in particular the exports from forest industries.

Sweden certainly benefited from its policy of neutrality, having managed to live in peace for over 100 years and to profit from remaining neutral during and directly after the two world wars. In the first half of the 20th century, the shift of labour from agriculture to manufacturing, the expansion of secondary and tertiary education, and the political emancipation of the workers were factors which combined to reinforce the reduction of mass poverty. This interaction was successful up to the mid-70s, but now new challenges are emerging which could lead to backsliding if they are not met with a new combination of measures.

Poverty has been reduced in other countries through other means. Whereas out-migration from Sweden and Ireland contributed to reducing poverty, in-migration was an important means to making land-rich countries like the USA, Canada, Argentina and Australia wealthy. Korea and Malaysia managed to reduce mass poverty more rapidly than the currently industrialised economies by giving emphasis to foreign investment in labour-intensive exports and to generous subsidies to farmers. Mineral-rich Gulf states have extended subsidies and public sector jobs to nationals, while using low-paid immigrants for menial tasks.

Although with grave setbacks and inroads on human rights, mass mobilisation for public works and village industrialisation was used in the Soviet Union and China in the first decades after their revolutions, combined with a dramatic improvement of education and health services. India has devoted considerable budget resources to rural works and self-employment schemes and entertains a lively debate as to what extent they have actually contributed to the decline in poverty that has taken place in the last couple of decades.

Sri Lanka and Uruguay are examples of countries with a long history of broad-based education and health services that have raised the living standards of the poor far above the levels of low-income people in other countries. But in many of these stories of partial success – in Sweden too – after a time the big problem became sustainability.

Some features are common to all development patterns that have shown a degree of success in reducing poverty. *Human resource development* (“investing in people”) is one such factor. *Productive employment generation* is another, with the strategic emphasis shared between manufacturing and agriculture. *A fair distribution of property* is an important determinant of income distribution and hence of the preconditions for poverty alleviation. *Demographic factors* like fertility, morbidity and migration have interacted significantly with all the ones mentioned above, and so have a host of factors related to *environmental protection and natural resource management*. Institutional stability and legitimacy has shown itself to be an important frame factor in economic growth and distribution.

More important than each one of these factors, however, is the interaction between them. There is no case where one factor fully explains why poverty was reduced. On the contrary, success is explained by the effective presence of several of them, and by the continuous and flexible adjustment of their interaction.

Finally, one factor which should not be underestimated is the requirements of time. The existence of a few recent examples of very swift reduction of mass poverty should not lead us to forget that a significant and sustainable reduction of poverty may take generations – in any case, it certainly takes much more time than is covered by ordinary development projects.

Human resources development

Universal primary education is a common feature of all success stories in sustainable poverty reduction.

Education alone can of course not eliminate mass poverty, but its linkages with other positive factors are particularly strong. It reinforces economic growth, employment creation and social development, and is an indispensable precondition for sustainability. Universal primary education was an important factor in the early Scandinavian transformation as well as in the East Asian “miracle economies”.

In all econometric studies trying to explain the driving forces behind economic growth, employment generation or poverty reduction, primary education – in particular of women and girls – has the strongest explanatory power among the policy parameters avail-

able to governments (Psacharopoulos, 1993; Wheeler, 1984).

The linkage of education to poverty reduction is in itself a parameter for government action. In countries where female education and literacy have reached high levels, as in the Nordic countries and in the Indian state of Kerala, educated women have acted as very powerful development agents by giving their children education, health and nutrition standards superior to those of other families or communities with a comparable income level but with low female literacy. Even here, time is of the essence: universal primary education in the Nordic countries has roots in the early 19th century. In Kerala, it goes back to the efforts of an enlightened royal family in Travancore, beginning at the middle of that century. Where the spread of literacy is more of a crash programme and where women are treated as a secondary concern, linkages are positive, but weaker.

The linkage of education to employment and political emancipation is also important, particularly for women. Education combined with employment growth will encourage the growth of trade unionism and political democracy, while education combined with stagnation and unemployment may lead to political dissent and turmoil. As all politicians know, educated, unemployed youth is political dynamite.

Even at higher levels of industrialisation, education is important in strategies for poverty control. In newly industrialising countries like Thailand and Indonesia, a serious lag in the growth of secondary education is threatening the shift of production from labour-intensive to skill-intensive industries, a shift which is necessary if those economies are to continue to rely on export-based employment growth. A problem of the same nature is currently facing the industrialised economies of Europe, where one of the bottle-necks to employment generation lies at the higher levels of education and in the adaptability of skills to rapidly changing technologies.

Investment in people also entails improved conditions of public health, hygiene, nutrition and access to drinking water. These are important preconditions for the elimination of poverty, and they interact strongly with other elements of an anti-poverty strategy. Health, for instance, is critical for all participation in economic activity and is often given high priority by poor women and men themselves, when asked to make a priority ranking of their needs (Chambers, 1994a).

Nutrition and food security are vital factors in determining the living conditions of the poor, who spend a higher portion of their income on food than the non-poor and whose access to food is always in danger. Various policy measures have been applied by govern-

ments to provide poor people and their children with subsidised staple foods, supplementary feeding programmes and various rationing schemes to ensure regular access (World Bank, 1990).

Some of these schemes were very successful in improving the living standards of the poor, the best-known case perhaps being the Sri Lankan general rice ration scheme which operated between 1942 and 1978. But like many other general subsidy programmes, this one at last also became financially unsustainable. Targeted feeding schemes can be more sustainable, but require a very sophisticated administrative surveillance system as well as a close integration with the public health system.

In the final analysis, however, food security depends more on the ability to pay for food than on the availability of food. Famine occurs more often when nations or people cannot afford to buy food or when distribution systems break down than because of a general shortage of food (Sen, A., 1981).

The distribution of property

The ownership of property in many cases has a stronger influence on the preconditions for poverty reduction than the current distribution of incomes.

Land ownership is generally more skewed than the income distribution, and the way it is skewed and structured may pose great obstacles in the way of poverty reduction strategies. If most of the property is owned by a few, political power tends also to be concentrated in the same hands. When industrialisation takes place and landowners shift investment to urban undertakings, large landowners tend to invest their money in a different way from medium-size and small farmers. And where men have exclusive rights to property, societies emerge which not only suppress women's rights, but hamper income growth in general and generate new forms of poverty.

In developing countries with a relatively even distribution of land ownership, like Sweden in the 19th century and the East Asian economies in the 20th, economic growth over time reduces the prevalence of poverty. But where a large share of the arable land is held by a few owners of *latifundia* or plantations, as in Latin America or in Southern and Eastern Europe during the 19th century, economies may have long periods of growth which do not affect poverty at all. In some cases, like Brazil and Mexico in the 1970s and Eastern Europe in the 18th and 19th centuries, this may even lead to long periods of increased poverty (ILO, 1984).

Ownership also has strong linkages to political power. In Scandinavia and in Switzerland, with most of the land in the hands of small peasant-owners, political emancipation of the male part of the rural population

was early and has left a visible imprint on the power structure of today.

The prevalence since the Middle Ages of feudal ownership and cultivation systems in Europe east of the Elbe led to very different patterns of political and economic development from those in Western Europe, where small-scale farming became increasingly widespread (de Maddalena, 1974).

A comparable difference in development patterns and political power structures can be found in North India between the eastern parts of the Ganges Plains, where the *zamindari* system has left strong remnants of feudalism four decades after it was abolished, and the western parts where the land frontier was moving and agriculture became commercialised already in colonial times (Padhi, 1985; Prasad, 1979).

African countries which were colonised by European settlers, like Kenya and Zimbabwe, have inherited a structure of land ownership which is still very much in evidence and which is likely to be linked to the ownership of non-agricultural property, the power structure, and the political culture for generations to come.

Concentrated ownership of land leads to similar concentration in industry when capital shifts into new lines of production, and such concentration generally favours monopolies, import substitution and capital-intensive lines of manufacturing. Such lines of production provide the most profits to the owners because of the lack of domestic competition and are easier to control than labour-intensive ones, which invite trade union organisation and hereby threaten to change power relations in the long run.

It is not certain that a more even distribution of wealth and power always results in labour-intensive production and in smaller, competitive enterprises, although this is often the case, e.g. in the early phases of industrialisation in East Asia and Northern Europe. Neither is it certain that labour-intensive lines of production lead to reduction of poverty. For this to happen, labour demand must grow fast enough to enhance the workers' market-power, and political emancipation must proceed through the development of democratic institutions, trade unions, etc.

Restrictions on the rights of women to own, inherit and acquire property are a constraining factor in development, insofar as they inhibit female participation in private and co-operative enterprise, in agriculture, trade and industry. In many cases they directly create poverty, such as when women are widowed and lose their productive means to male members of the husband's family.

One of the most sensitive and complicated questions

in any anti-poverty strategy is what to do about the distribution of property. In particular, a more even distribution of land is sometimes necessary to create productive employment for masses of unemployed rural workers (Griffin, 1974). Large estates use land more extensively and often use equipment rather than labour, while smaller operational holdings are usually cultivated with more labour-intensive means, often making better use of available production factors. This has been a strong motivating force behind land redistribution through revolutions in China, Eastern Europe and Mexico. Redistribution of land ownership was also an important factor behind the restructuring of some of the "miracle economies" in East Asia—Korea, Taiwan, and Japan, where redistribution was enforced by the US occupation force.

These examples are all rather violent and disruptive, and few, if any, governments today are inclined to follow such models. But it is not necessary to redistribute ownership to achieve some of the desired effects on employment and incomes. What matters most from these points of view is the size of operational holdings, not necessarily the issue of ownership.

This means that tenancy reform is often a more effective instrument than expropriation or forced buy-outs. Ownership can be taxed, and the proceeds used for employment and income generation. In many developing countries, taxation of land is vastly below what is levied on other assets. This is a result of the political influence of the landowning classes, and it reinforces the effects of an uneven distribution of property.

Tenancy reform could also contribute to more sustainable forms of cultivation. In many countries, squatting and other insecure forms of land tenure have led to exhaustion of land, deforestation and misuse of water resources. Where tenants have secure legal rights to use these resources, they will use them more economically and rents and taxes can be levied more equitably and effectively.

The heavy emphasis on development of state-owned farms and enterprises in many developing countries (and a few developed countries as well) was in many cases justified as a counterbalance to concentrated private ownership. This strategy very rarely worked, however, since the bureaucracy could easily fall under the sway of the same powers that ruled the private enterprise sector. The examples from the Indian subcontinent demonstrate how such systems lead to monopolies, protectionism and wastefully capital-intensive production, while their employment-generating effects have been minimal. Very few contemporary analysts would argue that government entrepreneurship is a feasible approach to poverty reduction.

Livelihoods and employment generation

In industrialised economies, variations in employment have a stronger effect on poverty than any other factor. In the poorest countries, wage employment is a very small fraction of all work. A better concept for analysing participation in the productive life of the economy in those countries is "livelihoods", a term which covers all forms of activities which ensure survival and enhance living conditions.

Agriculture is the major source of employment and livelihoods in most of the less developed economies. Large numbers of the poor make their living as tenants, small farmers or rural workers, working with simple implements on poor soils, with irregular water supply and unreliable or unsuitable climatic conditions.

Any poverty strategy worth its name will have to contribute to improving the productivity and incomes of farm labour.

Usually, increasing productivity through mechanisation reduces the use of labour per hectare, whereas irrigation, improved seeds and fertiliser will increase both yields and the need for human labour. A number of intensively utilised agricultural areas in Asia and Africa have reached their maximum capacity for supporting additional labour, and increasing productivity will make labour redundant and require investment in other sectors. But in many countries, agriculture is still a key sector in the struggle against poverty.

In the 1960s when African countries gained independence, it was believed that manufacturing industries would expand to absorb surplus labour. Even when manufacturing did expand, however, its employment-generating effects were very limited, and in many cases its share in total employment remained stagnant or fell. One reason for this was mentioned in connection with property ownership: vested interests in the power structure militated against the choice of competitive and labour-intensive forms of enterprise, favouring capital-intensive monopolies. A related problem was the inability of these industries to compete against first-world industry and survive without government protection.

As a market-induced reaction against this mode of production and pricing, an informal sector of small-scale, labour-intensive self-employment emerged, to fill market niches for simple, low-cost equipment, construction, repair and services. The informal sector was originally seen as a parasitic, unproductive growth on the economy, but is now increasingly being viewed as a more efficient producer of the goods and services required by the poor (and not only by them), e.g. in simple manufacturing and repair, construction, transport and trade, in

addition to being a more flexible source of livelihoods than the formal, capital-intensive and often protected sector (Streeten, 1994).

However, it is true that this "sector" includes not only productive activities, but is also a cover-all for hidden underemployment, crime and dubious activities, and this part tends to grow when demand from the economy at large is stagnant or falling.

But in a buoyant economy, the informal sector can provide a growing number of productive livelihoods and fill the gaps left by the formal sector (de Soto, 1989).

A standard set of recommendations from the international financial institutions (IFIs) for increasing employment through industrial growth includes deregulation of product and factor markets, and measures to facilitate and legalise small-scale entrepreneurship. Removing restrictions on informal and small-scale enterprise has generally proven its worth as a means of expanding livelihoods. However, it is not certain that deregulation of trade, prices, credits and labour markets will always produce more and better livelihoods, at least not in the medium term. Removal of protection and privilege may lead to such large-scale redundancies and dislocation, that political turbulence will disrupt the whole process. Liberalisation may lose credibility, and political coalitions supporting antipoverty policies fall apart.

In China, more than 30 million "surplus" workers in state enterprises would lose their jobs in the first round of a full-scale liberalisation. In India, the numbers would be less – possibly 5-8 million, but the political effects would be equally cataclysmic. A phased and deliberate process stretching over a period of at least a decade would be more feasible in cases like those two. "Shock therapy", as advocated by some proponents of rapid transition, could clearly be counterproductive in the sense that in the near future, it would produce more poverty, not less.

There remains in any case a number of questions as to how to promote development in developing countries through the industrial sector. If this sector provides large-scale employment, it is usually ineffective in terms of competing with capital-intensive, developed-country industries and requires government protection to survive. Developing capital-intensive, competitive industry instead makes very little impact on unemployment and only very indirect impact on poverty.

One constraint on employment expansion in the formal sector lies in export markets, which are either protected through trade barriers in rich countries or are not expanding rapidly enough because of government efforts to restrict demand growth. It is necessary to bear in mind that national development strategies must be supported by a favourable international environment,

in which labour-intensive products can find open and expanding export markets, and where development financing can be made available at terms which even poorer countries can afford.

Hence, anti-poverty strategies have a very important international dimension, determining the conditions of mobility for goods, labour and capital. The "debt trap", for instance, has imposed severe restraints on employment generation in many countries in Latin America and Africa. It is also interesting to note that studies of "comparative advantage" in international trade have concluded that in poorer developing countries, deficiencies in human resources are a greater obstacle to exporting than capital shortage (Cassen & Wignaraja, 1995).

Environment and natural resources

Natural resource endowment is an important determinant of poverty in the poorest countries. Historically, ethnic minorities, as well as people crowded out from fertile land, have often been pushed into barren and low-productive areas where they can only eke out a very meagre living.

China is a country with vast differences in climatic and soil conditions, and it is a rare example of an economy where the rural income differences are wider than the urban ones. To solve the poverty problems of the eroded loess plateau or the mountains in the West of the country, China would either have to invest huge amounts in infrastructure and industry in remote areas, or allow migration of most of the people living there into towns. But the majority of Chinese living in the plains would resist transfers at such a level, and hence the attempts to help the hill people to overcome the disadvantage in natural resources have until now been rather limited, although certainly not negligible.

Where mineral wealth is discovered in poor countries, this may open an opportunity to compensate those deprived of other resources. However, in many cases this has not happened to any satisfactory degree; mineral-rich countries tend to reveal the highest inequalities in income and wealth.

Botswana, Indonesia and Malaysia have used revenue from mineral exports to provide rural infrastructure and services which significantly has reduced the incidence of poverty. But more often the discovery of mineral wealth has caused what has become known as "Dutch disease", i.e. the revenue has gone into inflating consumption and services in some social and economic sectors to an extent which has led to an appreciation of the real exchange rate, has increased social inequality, discouraged the production of food and manufactured products and eventually ended in an increase in rural

poverty. Angola, Nigeria, Zambia and Papua New Guinea were classical cases of this malaise during the commodity booms of the 1970s.

Poor people have very limited access to natural resources, and because of their lack of alternatives they may exploit the little they have beyond the limits of sustainability. This is particularly true where population increases are due to high fertility or migratory movements. Overuse strains the availability of water, fuelwood and wildlife and causes soil erosion, water pollution and degradation of forests. The rapidly growing megacities of Asia and Latin America raise problems of urban environment abuse which are particularly acute for poor slum dwellers and commuters.

But it is not *mainly* the poor people who threaten the environment, the soils, the water resources and the atmosphere. The pollution of rivers and seas, the exhaustion of soils and the emission of carbon dioxide into the atmosphere are mainly the handiwork of the wealthy, both in developing countries and in particular in the industrialised world.

These are the effects of development patterns that are unsustainable and have to change drastically if coming generations are to enjoy the living standards attained here today.

The awareness of this reality prompted the UN to convene the Conference on Environment and Development in Rio de Janeiro in 1992, but the conference stopped short of drawing the conclusion this would have for global poverty reduction: if mass poverty is to be eradicated in the world within the next few generations, it will require heavy sacrifices by the now industrialised countries in terms of lifestyles and use of the biosphere.

If some six or seven billion people in Africa, Asia and Latin America were to emit the same quantity of carbon dioxide and use the same quantities of fossil fuel, animal protein, etc. per person as the industrialised countries do today, this would amount to a global environmental catastrophe. Since developing countries cannot be expected to forego practices used in the industrialised world, it will become necessary to impose restrictions on all. For instance, if the nations of the world were to agree that poverty eradication should proceed on condition that the world not use more biomass than is produced, this would impose a total freeze on growth in the now richer countries (Goodland et al., 1991; Harrison, 1993).

No such agreement is in sight, however, and poverty eradication will have to proceed by pushing closer to resource limits. It is possible to stretch these limits at national level quite far by a more judicious use of natural resources, by regenerating biomass, pollution control,

energy conservation, etc. National strategies which are built on principles of sustainability will not impose constraints on poverty reduction, although they will suggest different development paths. Since these paths lead to sustainability, the end result will be more favourable to the poor than strategies built on plunder and exhaustion.

Demographic factors

Some participants in the debate about poverty argue that the main reason for persistent poverty is the rapid growth of population in developing countries.

While it is true that demographic factors interact, sometimes strongly, with other factors in the development equations, it is not true that population growth has a determining, let alone a crucial, role. When people apply their capabilities with the help of efficient production factors, their growing numbers will increase wealth, not decrease it. Our planet is generally regarded as overpopulated, but so was Western Europe a thousand years ago, when its total population amounted to barely 30 million people. Agriculture was too primitive in the early Middle Ages, and societies and assets were always under threat from predatory war-lords. Europe's fertile lands were unable to sustain a larger population until societies and institutions emerged which made possible the use of more advanced technologies, commercialisation of agriculture and a sustained rise in food production (Duby, 1972).

Some of the most densely populated areas of the world are rich because of the human and physical capital invested in them, and some of the immigration countries in the Western Hemisphere require more hands and brains to keep up economic growth. But where population growth interacts with a strained environment, primitive equipment and insufficient social infrastructure, it will contribute to increased poverty. Therefore, population-related policies have to be an integral part of any antipoverty strategy. In all of the success stories of poverty reduction from East and Southeast Asia, demographic change has played an important role. In some cases, the so-called "demographic transition", i.e. the general shift towards smaller families, took place spontaneously without official encouragement, as in most of the now industrialised countries.

Policies concerned with the births and survival of children will have to be very closely related to investment in human resources. Special attention must be given to actions reducing child mortality, improving sexual and reproductive rights and health, including access to contraceptives, and promoting gender equality in terms of educational opportunities, employment and legal rights.

Policies concerned with migration of people within

and between countries must be related to the creation of employment and sustainable livelihoods.

Interactive relationships

It is not possible to design an antipoverty strategy simply by dividing the universe into two groups, poor and non-poor. Poor people have many characteristics that may affect their condition of poverty, be it income, property, gender, age, ethnic affiliation, profession, etc. And in their different capacities of belonging to these groupings, they interact in different ways with other groups in society. An antipoverty strategy must examine these interactive relationships and try to influence them to the advantage of the poor. Three of these interactions are mentioned here, namely income, gender and ethnic relationships.

The issue of *income distribution* is important in determining how to approach poverty. Some economists still argue that a skewed income distribution is necessary to give the rich elite the chance to produce sufficient savings to invest in rapid economic growth. The benefits of this growth should in turn "trickle down" to the poor, particularly through job creation. There is, however, a lot of evidence that "trickle down" has a stubborn way of not actually occurring, and that polarisation of rich and poor in a society does not generate demand growth, but does create social dysfunction like crime, and political unrest and popular uprisings.

Income differences may be necessary to provide incentives for people to invest their time and money in risky or strenuous undertakings, but if they grow too wide they can be vastly counterproductive. Equality of access, a perceived fairness of economic differences and a broad-based participation in political and societal affairs are key characteristics of countries which have managed to reduce poverty in a sustainable manner (Persson & Tabellini, 1994).

An important aspect here is *gender*. In societies where men and women perform traditional economic and social roles, technological and economic progress may be hampered by conventional and formal barriers. Likewise, the reservations of certain professions for men or for women leads to unjustifiable income differences and to less than optimal use of labour and skills.

Laws on inheritance in many countries disinherit widows and daughters in a way which turns them into paupers by depriving them of the means of production through which they could support their families. It is difficult to break these conventions simply by admonition, or even by legislation. Ironically, in many cases the economic forces released by social upheaval have proved to be stronger than legal reforms, for instance when women in the industrialised countries joined the

labour force during World War II, or in the great migration to the Gulf countries in the 1980s, when many Asian women did the same, either as migrants or as they assumed new roles when their husbands went to work abroad. Labour migration also changed the economic and social roles of women in Southern Africa, when their husbands went to work in the mines of South Africa.

However, these changes may not represent emancipation in the true sense of the word, since the driving force was necessity and it was mostly poor women who broke out of the traditional role or the *purdah* to seek work. In many cases the man retained control over the household from a distance. And there is no guarantee that women will be able to maintain their presence in the new areas of activity once the men return.

Market forces cut both ways, as in the case of Eastern Europe where women are now the first to be pushed out of the labour market. But this shows that advocacy and legal reform must walk in step with market-related interventions if they are to be at all successful. The fair integration of women into the economic life of the country must be promoted directly and indirectly by many different means and be closely linked to other elements of the overall development strategy.

Discrimination against women occurs within the family as well as in the labour market. In a number of developing countries, women and girls have less access to food than male members of the family, and they also have less control over the returns to their labour, from household work as well as wage labour.

Targeting women and girls in order to address intra-household disparities is therefore as important in a poverty strategy as it is to target poor families. Even with careful targeting, however, the impact will be limited by social conventions. Political advocacy and support for organising efforts among poor women will be necessary if conventions are to change (Elson, 1993).

In many parts of the world, *ethnic minorities* are heavily represented among the poor. Integration of these minorities may follow the same approach as with other poverty groups, but there are instances of minorities with lifestyles or customs which are difficult to reconcile with prevailing patterns of development. Examples are nomads and gatherers-hunters in Africa, indigenous tribes in Latin America, gypsies in Eastern Europe and hill people in the Himalayan ranges. It is not easy to design antipoverty strategies which will raise the living standards of these groups without assimilation. The costs of preserving cultural identity may have to be shared by society and this minority, which raises sensitive political questions. We are prepared to pay for the preservation of biodiversity, i.e. to keep threatened spe-

cies from becoming extinct, so why should we not take the same approach to cultural diversity? Even this question may be appropriately placed on the agenda for drawing up an anti-poverty strategy.

Resource mobilisation

Poverty reduction strategies require financing, both for public services and infrastructure and for private investment. The question of eliminating poverty is sometimes talked about at international conferences as if it were only a question of raising enough money for financing an investment plan.

As we argue here, a solution to poverty must basically be found within the society itself, and when this solution has been found, it will of course cost money to implement. But the outcome of the strategy depends not insignificantly on how this money is raised. The issue of fiscal policy, including user charges and other levies, which is very important for poverty reduction, is dealt with more extensively in Chapter 8.

Although successful poverty strategies must have a solid domestic resource base, external finance can play an important role, particularly at early stages. The best known cases of such financing would be the *foreign direct investment* in labour-intensive export industries in East Asia. The employment created by this investment has been a significant factor in reducing poverty both in North East Asia and in parts of South East Asia. Foreign direct investment is not automatically poverty-reducing, however. There are cases where it has led to sweat-shop conditions, particularly where unemployment is widespread and where trade unions are suppressed. International capital moves faster and more freely than labour, and there are cases where such moves have brought workers to remote places and then left them behind with no alternative livelihoods. The history of sugar plantations in the West Indies illustrates this problem.

There has been a lot of debate as to whether the East Asian example can be followed by others, for instance in South Asia and in Africa. The markets for labour-intensive exports are volatile and sensitive to changes in costs as well as in technology. Most developing countries are competing to attract foreign direct investment through the use of very favourable fiscal and other incentives. However, the amount of industrial capital required to eliminate unemployment for instance in North Africa or in Brazil would be staggering. Considering that investors usually require a very rare combination of political and economic stability to commit large-scale resources overseas, very few developing regions would be attractive in the best of circumstances. It seems doubtful that the East Asian example can be repeated, at least not with a comparable impact on employment.

Foreign aid has had its most important effects on poverty through programmes directed at human resource development in the broader sense, i.e. improving health, nutrition, water quality and basic education.

Likewise, it can do a lot to help build institutions and capacity in societies which have the political will to eliminate poverty. Developing countries have made impressive progress in reducing mortality and morbidity and in raising literacy and education levels, and some of this has been facilitated by foreign aid (Cassen et al., 1986; UNDP, 1992; 1993).

When it comes to income-generating activities, foreign aid has generally been less successful in contributing to visible reductions in poverty. Agricultural assistance programmes have contributed to the spread of new strains of food grains and to mechanisation, to some extent also to the organisation of co-operatives and extension services. But while these programmes in many cases have increased yields and farm incomes, their effects on mass poverty have been less evident. It is often claimed that they have helped the most capable among the poor to cross the poverty line but have left the majority behind. More helpful, at least in the short term, have been rural works programmes that have raised demand for labour and thereby improved the bargaining position of the poor (Cassen et al., 1986).

An interesting example of foreign aid contributing to redistribution in favour of the poor by compensating the rich was given in the buy-out of foreign-owned estates in Kenya. But even in this case, most of the beneficiaries were already relatively well off.

Very few industrial development projects have had a noticeable effect on employment generation at national or regional level, first because they have generally been rather small, second because they have very rarely aimed at employment generation as a primary goal. There are examples, however, of small-industry development through co-operative credit, often supported by NGOs, which have had strong positive effects on employment (Wurgraft, 1989; ILO, 1995).

Finally, it should be noted that foreign aid in some cases has had an impact on poverty reduction through advisory work related to macro policy and legislation.

The impact of this advice is difficult to assess, but there are instances where it has increased the understanding of the nature of poverty and employment problems, which is of course of crucial importance for finding solutions to these problems. It is possible for donors and recipients of aid, assisted by disinterested expertise, to discuss the costs, opportunities and problems of a poverty strategy and find a solution which engages both sides in supporting the strategy without imposing preconceived "conditionalities" or a unilateral

al dictate. In fact, the aid relationship itself offers great opportunity for dealing with such complex, multidisciplinary and long-term undertakings as a poverty strategy.

A strategy must build on linkages

It should be clear from this presentation of elements required for a successful antipoverty strategy that these elements are all interlinked, and that a strategy will have to build on a whole range of them supporting each other.

How does one reconcile the need to capture the interactions between various human development inputs and outputs with the knowledge that this is exceptionally difficult to do?

There are three possible responses: one (derived from IRDPs' later models) is to design programmes in which the individual components make sense on their own, and do not require dovetailing with each other to be effective. They can still be encouraged to occur in time so as to enhance each other. The second is to reassert the primacy of education among the human development sectors, since it delivers at least in part the outputs of all of them. The third – which should definitely be pursued – is to study and learn from such attempts as there have been to integrate human development activities.

Some needs are by nature cross-sectoral, for instance the "early childhood care and development" priority. This requires a package of measures in health, nutrition and education, which can be (and has been) delivered in a variety of ways, stressing public, NGO and/or community roles, and ranging from direct supply of services to raising public awareness and educating care-givers.

Other methods include integrating services which have particularly strong complementarity, such as combining health and nutrition programmes for children with schooling programmes; and maternal health and family planning programmes with female education and income-earning opportunities for women (Cassen & Wignaraja, 1995).

What makes poverty reduction more complicated than any other programme objective in development is that large numbers of elements must interact in positive, supporting linkages, and over long periods of time. The strategy must be supported by coalitions of stakeholders who have power or influence in society, and since the process stretches over long periods of time, these coalitions may shift. For these reasons, it should be obvious that there is no set piece for poverty reduction, like a prescription that can be followed by any country at any point in time.

This also implies that it is meaningless to try to figure out how much it would cost to eliminate poverty globally, or in any particular country. The antipoverty strategy

mobilises resources domestically, and external resources will be needed to give temporary support to important elements which would otherwise not be funded in the first phases. There is a role for foreign assistance, but that role can be defined only when some sort of consistent and comprehensive strategy has been adopted by the political powers in the country.

There has been heated discussion regarding the effects on poverty of IFI-led structural adjustment programmes. Have they helped reduce poverty in the longer run by bringing the economy back to dynamic growth, as the IFIs would argue, or have they exposed the poor to increased hardships by cutting down on budgets for education, health and utilities, as many critics in Africa and Latin America would argue? Both positions probably hold some truth.

Before adjustment, the poor mainly benefited from government programmes in health and education, and cuts in these services hurt the poor. But if adjustment brings sustainable economic development in the place of elite over-consumption and bureaucratic waste and corruption, the poor may very well stand to gain in the long run.

The question is not whether the public expenditure reductions that African governments had to undertake in the 1980s were harmful to the poor – they were indeed. The question is, could they have been avoided? They could not have been avoided by continuing over-consumption, as illustrated for instance by Ghana in the 1970s and Tanzania in the early 1980s.

It is arguable that if the African governments, as well as donors, had been quicker to abandon the over-optimistic assumptions on which policy was based in the 1970s, the negative consequences for the poor would have been less serious (Bourgignon & Morrisson, 1992; Cassen & Wignaraja, 1995). It is also arguable that the adjustment programmes were not designed with the welfare of the poor in mind.

A pertinent criticism of the adjustment programmes proposed by IFIs and implemented by African and Latin American governments is that they have too narrowly focused on stabilisation rather than on development, and that they have often neglected to build political coalitions which could make the policies sustainable (Killick, 1994; Helleiner, 1994).

Structural reforms cannot be undertaken in a political vacuum – look at the attempts to reform the European agricultural sector for instance. Structural reforms must be prepared and propagated by a strong political will, underpinned by institutions and organisations that share their objectives. Political collapses have occurred in countries with shaky coalitions, simply because the stakeholders could not see what was in it for them.

The fight against poverty is a *political war*, not a technical planning exercise. It will only succeed when it has sufficient support among important political stakeholders, be they political parties, farmers, trade unions, women's groups or religious communities. Foreign aid can help in developing the conditions for such political

compromise and bridge-building, but it can also contribute to increasing the cleavages and to making compromise less attractive to some of the key actors. To understand the nature of these interactions, and to decide which side to choose, is a major challenge to a donor organisations wishing to help reduce poverty.

GLOBAL ECONOMIC AND FINANCIAL INTEGRATION

The integration of markets and the rapid movement of capital are indicators of a profound transformation going on in the world economy. This process of globalisation may leave the least developed countries even further behind. The impact on the poorest people of the world is likely to be quite negative unless the international community agrees to take special steps to protect them, promote their growth and release them from their debt burden.

Economic globalisation is being driven both by widespread adoption of market liberalisation policies and by technological change that is fast eroding physical barriers to international transactions. Markets for merchandise trade are expanding, more and more services are becoming internationally tradable, and capital is flowing in faster and increasingly diverse ways across countries and regions.

The most striking example of economic globalisation is the mobility of capital. Computers and electronic communications systems have drastically lowered capital transactions costs. Advanced industrial countries long ago abandoned exchange controls, and many developing countries are relaxing their regulations. Global transactions in currency markets are estimated to amount to USD 1 trillion (million million) per day. The bulk of these enormous daily currency transactions are speculations and arbitrages that contribute little to long-range investment allocations.

Trade in goods and services is also growing rapidly. World merchandise exports have risen from 11 per cent to 18 per cent of world GDP over the past two decades. Services have increased from 17 per cent of world trade in 1980 to over 22 per cent in 1994. Average annual growth in trade in commercial services over 1980-93 was 7.7 per cent, compared with 4.9 per cent for merchandise trade (World Bank, 1995a).

The interpretation of the World Bank is that the increasing integration of developing countries into the

global economy constitutes an important opportunity for raising the welfare of both developing and industrial countries over the long term. But the process of integration will not be without frictions that give rise to protectionist pressures. It will affect countries unevenly and could increase international disparities. For example, even under relatively optimistic assumptions, real per capita income in sub-Saharan Africa is likely to grow at about 1 per cent annually over the next ten years, compared with more than 6 per cent in East Asia. The global outlook is in general bright, but it masks wide differences across regions and countries (Ibid.).

The conclusion of the Uruguay Round of the GATT, and the creation of the World Trade Organisation, provide further impetus for global economic integration. The agreement includes commitments to reduce tariffs on manufactures, and major scaling-back of non-tariff barriers such as the Multifiber Agreement and so-called voluntary export restraints.

Resulting gains from improved market access will be widely but unevenly spread across regions and countries. Low-income countries are likely to incur substantial losses through higher food import costs. The overall gains of developing countries by 2002 are expected to be less than a third of the total gains to world trade.

Net transfers to developing countries (i.e. financial flows minus interest and amortisation payments and profit remittances) have increased rapidly for the developing countries as a group in the last five years. However, this is mainly explained by the increase in private capital flows to medium-income countries. For severely indebted low-income countries (SILICs), mainly in Africa, net transfers remain at about the same nominal levels. The terms of trade of these countries have deteriorated more and longer than even during the great depression of the 1930s. Thus, the real purchasing power of their exports and net transfers has diminished

to a level which is barely enough to maintain vital imports, let alone to finance investments.

Official development assistance to SILICs and SPA countries is also stagnating, while it has increased to medium-income countries.

On the other hand, if rich countries were to abolish all their barriers to imports from developing countries, the increased exports of the latter are estimated to be worth twice what they now receive in aid.

UNRISD on globalisation

The United Nations Research Institute for Social Development identifies six processes within the context of globalisation (UNRISD, 1995):

- The spread of liberal democracy;
- The dominance of market forces;
- The integration of the global economy;
- The transformation of production systems and labour markets;
- The acceleration of technological change;
- The media revolution and consumerism.

The report documents the transformation of institutions at every level. It shows how power has been transferred to transnational corporations and international institutions that have consistently ignored the social implications of their actions – while passing on responsibility for absorbing the social damage caused by economic liberalisation either to non-governmental organisations or to communities and families that have themselves been so weakened that they are in no position to respond.

The report provides a strong indictment of structural adjustment policies, promoted by the IMF and the World Bank since the debt crisis broke out in the beginning of the 1980's, which leave debtor countries at the mercy of the international financial institutions (IFIs). The IFIs insisted that debtor nations introduce policies that are not just aimed at generating an export surplus to service their debts, but also at fundamentally restructuring their economies along neo-liberal lines: deregulating economic activity, privatising public enterprises and cutting back on public expenditures.

In almost all the countries concerned, adjustment required deflationary policies and cutbacks in welfare services, which resulted in hardships for poor women and men. Advocates of adjustment assumed that these setbacks would be temporary – that short-term social costs could be offset by long-term economic gain. However, UNRISD states that this did not take into account that social damage could itself frustrate economic objectives. Social unrest and "IMF riots" caused by rising food and transport prices are examples of this.

But UNRISD also found that economies and institutions did not respond as the market theorists thought they should. One reason was that reforms were based on faulty assumptions about the nature of public and private institutions. Adjustment programmes assumed the existence of institutions sufficiently robust to administer these programmes and cushion their social impact. However, the flexibility and capacity of the private sector to respond was often overestimated, and the process of adjustment so debilitated many state institutions that they were incapable of making the necessary contribution to ensuring the functioning of adjustment measures.

As UNRISD puts it:

"Recent events have demonstrated with awful clarity the depth of this fallacy – and its catastrophic consequences. Whether in terms of the quiet immiseration of millions of people who have been pushed to the economic margins or of the shocking scenes of open warfare that are tearing whole countries apart, the world is now paying a heavy price for putting social issues in abeyance...social institutions have not just been ignored, they have been considered as obstacles to progress and have been ruthlessly dismantled." (UNRISD, 1995:8.)

By the end of the 1980s, UNRISD concedes, the IMF and the World Bank had started to take more account of institutional and social issues, when confronted with the failure of many adjustment programmes and a barrage of criticism. Some "social safety nets" were created to mitigate the damaging effects of adjustment on some groups, but these schemes have yet to offer any significant support. A number of much more radical measures need to be striven for in order to protect the least developed countries and the masses of the poor.

UNRISD proposes that democratic accountability for corporations can and should be applied internationally. Legal and revenue systems should be extended to international markets, e.g. by introducing taxes on capital transfers, on trade surpluses and a global energy tax, as well as a global income tax based on country per capita income.

Continuing debt crisis

A major factor behind international financial instability and the sluggish performance of the poorest countries is the unresolved debt crisis. The IFIs' strategy on debt concentrates on keeping the financial flows to the developing countries at a sufficiently high level to permit them to maintain debt servicing. For those countries that do not manage to pay their debt service, rescheduling through the cumbersome Paris Club procedure is advocated, and the terms are then gradually softened to

accommodate severely indebted low-income countries provided they have agreed to a structural adjustment programme. It is clear, however, that this approach is likely to lift only a few of the SILICs out of the debt trap.

Thus, further debt relief is required to allow SILICs to retain and invest enough financial resources to start moving towards sustainable economic and social development, and to allow the release of their scarce professional economists from protracted debt rescheduling negotiations to engage in developing a competent policy-making capacity.

Only bilateral debt is dealt with within the Paris Club, and many of the poorest countries face an increasingly heavy multilateral debt burden. Debt relief measures on this level are therefore also essential.

In 1995, the World Bank and the IMF began preparations for a co-ordinated effort to allow the world's 40 poorest countries to reduce an important part of their

USD 160 billion external debt, especially the multilateral debt service, including payments to IDA, World Bank and IMF. Proposals are expected to be presented to the boards of the two institutions in 1996.

The prospects for the poorest countries, especially in Africa, and thus for many of the world's poorest people, remain unfavourable. The pace of global market integration is leaving them further and further behind, mired in the debt trap. Development assistance in the coming few years will need to be refocused to help them progress. Most crucial will be for the world's richer countries and financial institutions to see to it that their own selfish behaviour does not continue to hinder growth and exacerbate poverty in the least developed countries. There is a need for innovative methods of financing development, including facilities for the reduction of bilateral, multilateral and commercial debts, especially in the case of the SILICs.

Sida debt relief proposals

Considering the importance and gravity of the debt burden for many of the recipients of Swedish bilateral aid, Sida has followed the issue and elaborated various proposals. In the 1995 Sida proposal to the government on balance-of-payments assistance, the following suggestions were made regarding the multilateral debt problem:

- Introduction of a "fifth dimension" in the African Development Bank, provided that the ADB does not continue to give loans on non-concessional terms to African SILICs.
- Introduction of a new more concessional IMF facility to provide additional debt relief for SILICs with a severe multilateral debt burden.
- Introduction of increased surveillance tasks primarily for the IMF to verify in the process of negotiating Policy Framework Papers the capacity of each country to pay debt service and prevent new credits on non-concessional terms.

SOCIAL DEVELOPMENT VISIONS

Introduction

In March 1995, the World Summit for Social Development was convened in Copenhagen. There, representatives from governments, international agencies and non-governmental organisations expressed frustration over the slow pace of social development and poverty reduction in the world.

The "Declaration and Programme of Action", the end product of the event, has been justly criticised for being a rather diluted and diffuse document. Nevertheless, the Social Summit signalled the end of an era and the beginning of a new one. This was revealed, not least, by the clear changes in the rhetoric used at the conference. Both southern and northern high-level representatives explicitly acknowledged that economic growth should be seen as a necessary but insufficient condition for social development and poverty reduction. Even more important, they emphasised that economic development is not an end in itself but a means of achieving social development.

Development objectives for the future, agreed upon by Summit participants in the Ten Commitments statement, exhibit a strong emphasis on poverty reduction and on human-resources and social development.

For Sida, in order to successfully work towards the realisation of these objectives, it is crucial that they are operationalised and placed within well specified contexts of practical action.

What is social development?

The Ten Commitments agreed upon by the Social Summit are based on a wide approach to social development, with poverty reduction as an integral part. The concept of "social" denoted here is much more comprehensive than the one not infrequently used, which is largely synonymous with "social sectors" (i.e. health care, education, and sanitation).

However, the Summit did not provide a precise and succinct definition of social development. How, then, should the concept of social development be understood; and what should it entail in practical terms?

For Sida, "social development" refers to both a process and to development planning analysis which takes into consideration the basic structure of society, social organisation and social change. The behaviour of individuals in terms of the choices they make is largely determined by social structure and networks of relationships, including mutual rights and obligations, as well as by systems of shared understandings, beliefs and values. These socio-cultural constructs vary in space and time. It is therefore impossible to formulate a single, universally valid definition of social development. Such a process must be contextually defined, and equally important, this must be done together with the women and men concerned.

A useful definition of social development for Sida as an overall guide for development planning and activities could be: *"A process of enhanced individual and community well-being, capacity and freedom of choice, within an equitable and just society"*.

Poverty reduction of any significant scope can only be achieved within a social development framework. Sida is convinced that development assistance can only contribute to social development if it is based on a sound analysis of the structure of society and a well-informed understanding of the potential of poor women and men, as competent and motivated social actors, to take charge of their own lives. Such an approach bridges the micro-macro divide, incorporating specific, locally contextualised analyses as well as broader and more generalised syntheses and macro-level analyses. It encompasses the study of socio-cultural, political and economic processes, and it has a potential for shaping policy which is cognizant of the specificity of different processes in particular societies.

Social policy

Social policy prescribes actions for achieving social development objectives.

Sound social policy should enable women and men to fulfil their social and economic needs as they define these themselves. The content of any body of social

policy is thus likely to focus on at least three dimensions of strategic importance: i) secure livelihoods; ii) material and non-material well-being; iii) social solidarity and an equitable distribution of resources.

Sida's work in relation to social analysis and social policy has four main methodological cornerstones:

- To strive to integrate socio-cultural, gender and economic perspectives, analytically, methodologically and in practical development assistance activities.
- To strive to incorporate both micro- and macro-perspectives in social analyses and policy recommendations.
- To work in a cross-sectoral and multidisciplinary manner.
- To promote the use of participatory approaches in all development work, in order to incorporate the perspectives of both female and male stakeholders, and in particular the knowledge, values and priorities of people living in poverty.

In the following sections, these four main areas are discussed more fully with examples, both of what is already being done and of what is recommended for the future.

Striving to integrate socio-cultural, gender and economic perspectives

The aim of economic growth is social development, and equality, including gender equality, is central to social development. Class, caste, and other social relations of power are generally interwoven with gender relations. Their transformation, in specific societal contexts, is often the key to social development (Sen, G., 1995). Integrating socio-cultural, gender and economic perspectives is thus the only effective way to achieve sustainable social development and poverty reduction.

Gender and poverty

During the 1970s, the increasingly evident impoverishment of women led to the policy approach "Women in Development", WID, which focused specifically on poverty alleviation through income-generating activities. This approach has proved to be inadequate, particularly because it focused more on the symptoms of women's poverty than on the causes.

In the recent resurgence of attention to poverty, a major focus has been on the intersection of gender-based inequalities with poverty and processes of impoverishment. The approach today is more balanced, focusing on the causes as well as on the effects, and increasingly on the fact that women, by virtue of their social roles, also are an important part of the solution to eliminating poverty.

The concept of *gender* directs attention to the substantial variation in the way biological characteristics of women and men are interpreted and constructed at both the macro- and micro-levels of societies. In other words, discussions of gender refer to socially and culturally constructed differences in the behaviour, roles and status of women and men. A gender focus must therefore be placed within the context of a broader socio-cultural analysis.

There is now an increased awareness of the links between gender and other socio-cultural aspects and phenomena. It is realised that gender analysis is only one part of a broader socio-cultural analysis. Gender-oriented work within Sida during the last ten years has revealed the serious lack of methodology for adequate target group, stakeholder and impact analyses.

Poverty has gender-specific causes and implications which are linked to overall gender inequality at household and community levels, especially those related to access to and control over resources as well as to decision-making. Gender-aware poverty reduction requires that all analysis, as well as policy and programme development is informed by adequate gender analyses of roles, responsibilities, access to and control over resources, priorities and needs.

Women and men also experience poverty differently, and different aspects of poverty (deprivation, powerlessness, vulnerability, seasonality, etc.) have gender dimensions which need to be identified and taken into account.

Structural causes of poverty (such as poor governance and legislation, and lack of accountability of institutions) are still not adequately identified and incorporated into development planning. Poor people, both women and men, are acutely dependent on access to those in power – individuals as well as institutions. The lack of a voice and representation in political structures at all levels is a particularly acute problem for women. Empowerment of women is thus an important strategy for reducing poverty.

Some of the key issues concerning links between gender and poverty are the following:

Firstly: the lack of disaggregated data. This continues to render difficult any comprehensive empirical assessment of poverty by sex, and of causes of poverty due to gender relations.

Intra-household differences are emerging as particularly important in the context of poverty and poverty reduction. However, most data is gathered at an aggregated household level rather than with respect to individual women and men. Such data tends to assume equal distribution of resources within households. They may thereby conceal the extent and depth of poverty,

and its implications for women and men respectively. Women's poverty status cannot be straight-forwardly "read off" from that of the household.

At the same time, the often used expression "feminisation of poverty" assumes that women increasingly predominate among the poorest of the poor. However, just as it is difficult to generalise about the impact of economic recession and structural adjustment on women, it is also hazardous to draw wide and categorical conclusions about the incidence and impact of female poverty without supporting data.

The following example (below) illustrates the importance of applying a gender perspective and disaggregating household data in studies on poverty.

Secondly: the erroneous perception of women solely as passive victims. Women and men, even those who live in poverty, must be seen as social and economic actors. The blanket categorisation of women as a "vulnerable" or "disadvantaged" group fails to reveal the gendered nature of the social processes which lead to vulnerability. It also gives rise to inadequate solutions.

Thirdly: the conflation of female-headed households and poverty. There has been a tendency to regard all female-headed households as *ipso facto* economically and socially disadvantaged. Empirical evidence shows that this is far from true. The notion is coupled to the fact that there is at present a lack of conceptual clarity as to what "female-headedness" should actually mean.

Saith (1995) writes that female-headedness is a complex phenomenon, and that several criteria must be considered in order to identify a head of household. Three of these are: i) the perception of the members of the household, often based on traditional values and norms; ii) formal ownership of land and/or other house-

hold assets (e.g. who is the dominant income-earner); iii) control and opportunities to use the assets of the household. Local conditions, practices and authority structures determine which of these or other criteria has precedence over others.

Not all households in which the day-to-day management is carried out by women can be said to be female-headed. A woman may be *de facto* head of the household while her husband is away performing seasonal wage labour. The latter's position as *de jure* head of the household implies that it is he who controls land and other important assets. In some cases men remain the decision-makers even from long distances. The women in such a household are not necessarily poor. Their situation is influenced by the support they receive, e.g. from remittances sent by absentee husbands or contributions from kin.

Remittances from a seasonally absent husband can raise the overall material well-being of the household unit. Or, the husband may keep the income for himself, leaving the wife to struggle to cater for herself and the children, yet without possibilities of making important economic decisions.

The overemphasised focus on female-headed households leads to a neglect of gender perspectives on poverty in other kinds of households. This neglect and the complexity of the notion of "female-headedness" points to the need for improved gender analysis at household levels with regard to the internal distribution of resources and to patterns of decision-making.

Finally: the tendency to view gender inequality as a sub-criteria of poverty, with attention being focused on poor women rather than on gender relations in the society as a whole.

Gender subordination can be exacerbated by, but

Poverty, women and households

The case of Ghana has been used to illustrate intra-household differences. Researchers have found that in north-east Ghana, the wealth of the household and the well-being of female members are not strongly correlated; women can be poor within fairly asset-rich households. Moreover, there are differences even between women living in the same household depending on age, marital situation and health status, for example.

Access to income and other livelihood resources differs greatly between the sexes, and men's and women's perceptions of poverty are highly individual, not tied to the household. Women and men advance different criteria for analysing their own well-being; food security is a more dominant concern for women, who are also less concerned with assets (such as cocoa farms) which tend to be owned by men.

(Baden et al., 1994.)

does not arise out of, poverty. The narrowing of gender concerns into a poverty agenda reduces the scope for working with gender equality generally, and is thereby in fact also a hindrance to the identification of adequate poverty reduction interventions.

Happily, there are now a number of new approaches to assessing poverty, including attention to the perceptions of the poor themselves. However, there is still a need for further development of these methods in terms of incorporating a gender perspective. Failure to give adequate attention to gender can obscure or down-play gender differences in favour of consensus, as well as mask negative effects of planned interventions on women.

Incorporating micro- with macro-perspectives

In order to gain a comprehensive understanding of the complexity of poverty and its causes, and to make it possible for people living in poverty to influence the design of policy, there is a need to apply analytical models incorporating micro-as well as macro-phenomena. That is, we must strive to understand the relationships between specific, local socio-cultural contexts (e.g. distribution of resources within households and within communities) on the one hand, and more general features of societies, on the other. This includes how processes of change unfold – as well as their repercussions – at different levels of social integration.

Studying social processes from a micro-perspective draws attention to the concrete and specific ways in which resources of different kinds, material as well as immaterial, are channelled between people. It makes it possible to gain an understanding of the multifaceted roles played by local institutions of various kinds, to identify their structure and functions, and to see who benefits from what and how, and who is excluded and why.

Applying a micro-perspective has proven to be of particular importance for understanding local subsistence systems and women's and men's access to productive resources. It has also turned out to be crucial if one is to grasp the structuring and functioning of security systems, or so-called "safety nets", which are often invisible to the outsider because they are part of traditional institutions and networks that are not formalised NGOs or other registered organisations. Recent demographic trends and the HIV/AIDS (=HIV/AIDS pandemic) pandemic have called attention to the necessity of understanding how traditional security systems have functioned at the local level and what is happening to them in the wake of social change or "modernisation".

Micro-analysis also provides knowledge of how gender based ideals and norms are part of complex wholes of interrelated social, economic and cultural phenomena. Applying a holistic perspective in micro-analyses helps us to apprehend how different factors interact. Thus, in the case of gender it becomes easier to identify the factors which together act to favour or challenge gender equality, and to foresee how changes in certain factors are likely to affect others.

The study of particular economic, social, cultural and historical contexts should typically include: households and relations within and between households, kinship groups, local livelihood systems (including survival and coping strategies and informal safety nets), local power hierarchies and systems of social stratification generally, as well as ethnic variation and ethnic relations. Attention must also be paid to values and norms which guide women's and men's behaviour and perceptions of social relations, including religious and other symbolic systems.

The latter may be important, not only for people's general world view, but also e.g. for how local populations interpret issues concerning health, reproduction, disease and sanitation. It has also been demonstrated many times that religious organisations and other similar collective formations (dancing groups, age sets, etc.) apart from their ritual roles often carry out other socially useful or economically significant functions.

Attention to specific contexts in no way requires that relations to wider structures be neglected. First of all, micro-analyses should be carried out within an analytical framework in which it is clearly recognised from the outset that attention to the relationships with the surrounding environment, and to aggregated types of data, should be an integral part of the investigation. Analysis of aggregated data, of macro-phenomena, of apparent overall trends and national issues, are important inputs for the design and conceptualisation of the problems to be investigated in specific/localised studies.

Secondly, a micro-analysis may be a good starting point for reaching a better understanding of certain macro-processes. Examples of this are how migration movements develop, how resources are channelled between urban and rural areas through kin and other social networks and how different kinds of livelihood strategies underlie both patterns of employment and women's and men's patterns of mobility (not necessarily permanent migration). A crucial issue is how women and men combine resources from formal and informal spheres.

A duo-level approach consciously linking micro- and macro-perspectives in analysis will necessarily take different forms, depending on the problems under investi-

gation: However, inter-sectoral and inter-disciplinary work and attention to the intersections of formal and informal spheres will always be essential requirements. Issues to be treated include: theories of ethnicity and the relationship between ethnicity and other social and political factors at both macro- and micro-levels; the relationship between local livelihood strategies and the wider community's economic structure, including locally perceived consequences of large-scale economic and social change and changes in economic policy; relationships between local, regional and national power structures and connections/differences between power elites of various kinds.

Sida micro-macro analyses

In Sida, methodological work, which had the incorporation of both macro- and micro-analyses as one of its aims, was started in 1992 with a study on processes of change in Tanzania (Booth et al., 1993). A second study was done in 1995, and this time the subject was the impact of and responses to the introduction of user charges in Zambia (Booth, Milimo et al., 1995). The overall aim of these studies was to contribute to the improvement of the design of macro-policies and reform programmes.

Methodological development will continue within Sida with poverty-focused investigations which combine micro- and macro-analyses. A third study is presently being carried out in Bolivia. Such studies will be prepared in close collaboration with ministries and national institutions, and it is hoped that they will heighten the sensitivity of both governments and development cooperation agencies to the needs, priorities and capabilities of people living in poverty. Through the attention to macro- and micro-levels in combination, there will be a better understanding of the consequences of social change.

Cross-sectoral and multidisciplinary approaches

The importance and advantages of applying a cross-sectoral and multidisciplinary approach have already been highlighted in relation to several of the issues discussed earlier. As emphasised in the previous section, such an approach is an integral part of the process of integrating micro- and macro-levels.

Suffice it here to underline two aspects of particular significance: i) the fact that understanding a complex and multifaceted social phenomenon like poverty calls for comprehensive and diversified methods, as well as for an analytical endeavour to combine holism and contextualisation; ii) the need for an adequate skills mix within development agencies.

In Chapter 2 it was emphasised that poverty is neither a static nor a homogeneous phenomenon.

Just as the causes differ, there are also variations in the ways in which poverty manifests itself in different social classes and categories; among women and men, children and elderly people; in different kinds of subsistence systems and forms of employment; in different countries as well as in different regions and sub-cultures within the same nation.

It has been pointed out that the failure to distinguish between poverty and vulnerability sustains a stereotyped view of an undifferentiated mass, labelled "the poor", and that this gives rise to inadequate policies, just as does failing to pay attention to gender differences (Baden & Milward, 1995).

Understanding poverty and vulnerability as well as the relationship between them calls for both a cross-sectoral and multidisciplinary approach. What is needed is access to both a variety of expertise and to a common analytical framework, as well as to a planning methodology in development cooperation that is attentive to poverty issues.

Development assistance agencies need to examine their access to professional competence in a variety of relevant fields – what is usually referred to as the skills mix in their organisations.

It has increasingly been recognised that there is a need for more anthropologists, sociologists and other specialists on social structure, micro-analysis and socio-cultural change. Such analysts are needed to complement the dominant economic and macro-structural analyses and models which, however useful, cannot alone explain the complexity of social processes. Social analysts have important and still untapped contributions to make to the efforts of promoting equitable and sustainable development processes and poverty reduction, in Sida as well as in other agencies.

Participation and empowerment

As discussed in Chapter 2, the realisation that outsiders' criteria of poverty are seldom identical with those of local women and men points to the need to include local populations and target groups as active partners, both in research and in practical efforts to reduce poverty. In fact, what has become variously known as "popular participation", "participatory methods" and more recently "participatory development" in general, constitutes a large field containing an array of analytical tools and methodological approaches. These have also come to involve largely pragmatic, "down-to-earth" considerations of project efficiency and sustainability concerns,

as well as issues regarding democratisation, equity, human rights and the empowerment of poor and vulnerable groups.

Since the more purely technical aspects of participation as a research methodology were treated in Chapter 2, this section will concentrate on other issues primarily related to the active involvement of local populations in development efforts and to the empowerment of local women and men.

Progressing from a top-down to a bottom-up approach in development cooperation, of which the methods and ideas of participation are an integral part, entails a shift away from centralised and standardised processes of problem solution to emphasising local diversity and the necessity of learning from local women and men. Whatever else "participation" may mean, it is always a learning process. This is especially so with regard to outsiders and "experts", but it has been reported that participatory events (e.g. PRAs) also promote learning processes among local populations, particularly if everybody is given a chance to present his or her experiences and points of view.

Participatory events are likely to have several different types of impacts and consequences. These may tentatively be grouped into three main categories: i) those concerning the enhancement of knowledge about the problem area through the collection of high-quality information from local women and men; ii) those concerning the fact that outsiders and "experts" are made aware of the knowledge and capabilities of local populations/stakeholders, i.e. sensitising administrators and policy makers; iii) consciousness-raising and mobilisation among local populations/primary stakeholders.

Below, evidence is presented as to what the enhancement of knowledge through "learning from the people" may mean with regard to the handling of crises and emergencies of different kinds prompted by e.g. seasonal changes and environmental circumstances.

Vulnerability, crises and local coping strategies

Crisis events occur from time to time in the lives of individuals and communities and call for the marshalling of resources to cope with the consequences. People may then resort to special, institutionalised coping or survival strategies.

Collective coping strategies develop when a shared awareness exists that certain calamitous events are likely to reoccur because they have regularly happened in the past. Droughts or floods often belong to this category since they from time to time cause widespread loss to people living in hazardous or threatened environments.

The complexity and diversity of the coping strategies

applied at such times are often difficult to perceive by outside observers. A common reason for this is that such strategies tend to be embedded in existing relational spheres such as kinship groups, informally cooperating clusters of households, or neighbourhood and village networks, as part of many-stranded social relations.

In a recent Participatory Poverty Assessment conducted for the World Bank in Ghana (Norton et al., 1995), coping strategies were found to vary by region and type of residential area. Strategies were based on such diverse social phenomena as out-migration, fostering (in order to disperse responsibility for children among several households), use of famine foods, removing children from school, entering into more informal types of conjugal unions (instead of formalised marriage which generally entails greater economic responsibilities for both women and men), reducing the time dedicated to reproductive work, and diversifying income sources.

Another World Bank Participatory Poverty Assessment in Kenya, discussed by Norton and Stephens (1995), revealed the importance of women's self-help groups. Such groups existed in almost every village and were particularly important for the coping strategies of female heads of households. While extremely poor people were sometimes excluded because they could not pay the membership fees, many women's groups actually targeted their activities specifically to the poor, such as assistance with food, school fees, hospital expenses and housing construction. Some groups also assisted with transport costs to bury the dead. The groups, it was found, often had men as members, were frequently formed along clan or kinship lines or had emerged from community action groups, and were generally supported by the community at large.

Other common survival strategies reported include: increased reliance on common property resources, changes in consumption patterns and food preparation habits, share-rearing of livestock, and reactivating dormant social networks for mutual support.

Contrary to the widespread belief that poor women and men generally do not act in goal-directed ways to maximise long-term interests and gains, research carried out with participatory methods has shown that in fact immediate consumption is often sacrificed or pieced together through such strategies in order to protect production assets and future survival.

However, it has also been discovered that with accelerating social and economic change, traditional coping mechanisms may become less and less effective.

In such cases, solutions based on past experience increasingly become a poor guide to solving problems in the present. People may come under great stress as they

witness the increase in their own vulnerability, at the same time as once well-functioning coping mechanisms are crumbling.

Inadvertently creating new dependencies

A recent SIDA evaluation points to some other worrying trends concerning unsustainable solutions to crisis situations, with local populations becoming dependent on food assistance. In the review, five villages in drought-stricken areas of Zambia and Zimbabwe were surveyed. According to the authors, the most distressing finding was that food aid had been incorporated into the coping strategies of the population. Instead of actively striving to solve the problems which caused the areas to be plagued by recurrent droughts, people had accepted the situation, developing a permanent dependency on food aid. (Rundin et al., 1994).

Modern coping strategies, although they may allow poor people to survive in precarious situations, can also involve negative trade-offs between immediate human needs and long-term environmental requirements. In some cases, they have been found to increase gender inequalities, for instance by negatively affecting girls' access to education, or by increasing women's already heavy work burden.

Development cooperation interventions must be based on extensive knowledge of these problems and enlist the full participation of stakeholders in order to maximise information, understanding and mutual cooperation. Planners must take care not to inadvertently worsen the consequences of crisis events and replace internal coping mechanisms by a dependency on the outside. In the latter case, the intervention has actually resulted in increasing the vulnerability of people – exactly the opposite of what was intended.

Social security and social safety nets

As is evident from the preceding section, considerations of the coping and survival strategies employed by people living in poverty and facing emergency situations are closely connected to considerations of "social security" in general, as well as to so-called "safety nets".

Traditionally, coping mechanisms based on kinship or village solidarity could be resorted to in a variety of situations – both in the case of external events of crisis, such as droughts, and when individuals or households found themselves in other kinds of debilitating situations, for instance old age, untimely death, sickness, accidents and disabilities of different kinds. This is because, as has been emphasised earlier, social organisation in small-scale societies has typically been characterised by relationships which have been many-strand-

ed, and by multifunctional social units. "Modernisation" entails, among other things, differentiation and specialisation.

Yet, although differentiation may act as a powerful force with respect to raising production levels and material standards, it also increases the vulnerability of the various social units (from individuals and households to whole ethnic groups, countries and regions), since these will no longer be self-sufficient but become continuously dependent upon other social units. Particularly in the case of developing countries, this vulnerability may have disastrous consequences, if traditional, personalised mechanisms ensuring long-term, multi-faceted social security wither away before new mechanisms of a more "modern", specialised and impersonal kind have become established.

From the perspective applied here, "social security" should be understood as a dimension of social organisation. Just as with "coping strategies", the variety of forms for ensuring local populations of a measure of enduring social security is impressive. Consequently, it is not feasible to construct simple and universally applicable typologies which lend themselves easily to operationalisation.

In order to create a firm basis for effective and sustainable action, one must arrive, with the help of the stakeholders, at a thorough understanding of the particular features and mechanisms of the social organisation in question.

It follows from this discussion, that Sida views the concept of the "social safety net" as something which is less restricted than the definition which appears, for instance, in the World Bank Poverty Reduction Handbook (World Bank, 1993a). In this document, social safety nets are presented as special, mainly short-term measures which should be applied to assist people in particular emergency situations. In addition, there is a tendency to treat both poor women and men simply as a "vulnerable group" rather than seeing them as social and economic actors.

In Sida's view, specific types of actions taken to help women and men facing particular emergency situations may well be necessary on certain occasions, but the "safety net" concept must be inscribed in an understanding of the overall social system, and specifically of how mechanisms of social security are affected by social change and how they are connected to the intersections of formal and informal spheres. The safety net concept includes the security of food and livelihood as well as the features of the social system which ensure these.

Attention must always be paid to the long-term effects of development assistance interventions on social security, as well as on the forms of safety nets and

coping/survival strategies that exist among poor women and men. This is an important dimension of the sustainability of any development intervention. It is also part of our responsibility to see to it that such interventions do not – unintentionally but disastrously – promote “the development of underdevelopment”.

Participatory development and good governance

Poor women's and men's opportunities to participate in activities which have significance for their own life situations, to voice their opinions, influence decisions and exert control, are prerequisites for democratisation processes and “good governance”.

The OECD/DAC document *Orientalions on Participatory Development and Good Governance* (1993) underlines that the agendas for good governance, participatory development, human rights and democratisation are clearly linked. It also points out that the legitimacy of government, as well as the accountability and competence of its political and official elements are all dependent upon the existence of participatory processes, at different levels and in different spheres of a society.

The World Bank approaches the complexities of participatory development by differentiating between various types of stakeholders, where women and men beneficiaries living in poverty are defined as the primary stakeholders. In an analysis of Participation in Poverty Assessments, Norton and Stephen (1995:19) also discuss “participation with institutional stakeholders” and stress the importance of building up “ownership” through a collaboration with administrators and policy makers: “Just as the poor as primary beneficiaries will be the intended recipients and ultimate arbitrators of the efficacy and appropriateness of poverty reduction efforts, it is the institutional stakeholders who are responsible for first defining and then translating poverty reduction policies into programs and services”.

It is necessary to promote and maintain an ongoing process of analysis and collaboration with *all* categories of stakeholders, including poor women and men. Apart from participatory investigations in the field, means of such collaboration include: workshops, review committees, government contact points, collaborative research arrangements and coordination and advocacy mechanisms. It is clear that the understanding of participatory development, forwarded here by both the DAC and the World Bank, encompasses a very large area of development cooperation, transcending by far the original application of the concept of participation to the restricted field of implementation of project activities.

It is also clear that the “linkages” spoken of by the DAC, and to some extent operationalised in the Bank report, constitute one of the most important areas of challenge to development cooperation.

It is here, in such linkages, that channels must be found or created between different areas and levels of the social system, in order for the views, priorities and just demands of people living in poverty to reach and have an impact on those in power.

An extreme and tragic example of the negative consequences that can arise when such channels do not exist is provided by the case of ethnic violence in Kenya.

Examples are still rare of cases where participatory methods have been coupled with a successful linking of different political levels in such a way, that people living in poverty have indeed been able to influence policy. One reason for this is that the use of participatory methods on a larger scale is still a relatively recent phenomenon. It is therefore premature to evaluate their political potential. But it is of course easy to predict that the obstacles to the empowerment of the poor through participation will be many, as is always the case when existing power structures are being challenged.

Nevertheless, one small step in the right direction which has been recorded concerns the impact of the

Politically created poverty

Beginning in 1991, Kenya has witnessed a rising wave of so-called “ethnic clashes”. Ethnic tensions have been stirred up, resulting in the violent eviction, in certain areas, of tens of thousands of innocent people who have ended up in camps. These displaced persons have been deprived of the opportunities to engage in productive work and thus fend for themselves, relying on their own knowledge and skills. Instead they have been forced to occupy a client status, entirely depending for their survival on food aid and other hand-outs. “The rationale of ethnic cleansing underlying these clashes makes it justified to dub the resultant misery as politically created poverty”.

(Ikiara & Tostensen, 1995.)

World Bank Participatory Poverty Assessment in Zambia. This exercise, which was co-financed by SIDA, was in fact the first national-scale PPA to be completed. It has subsequently been chosen as "best-practice".

The following areas were identified as having provided inputs of high value for policy formulation:

- Priorities expressed by the poor influenced issues of cross-sectoral balance by reinforcing an emphasis on agriculture and health, stressing the importance to the poor of rural infrastructure and environmental issues, and underlining the problems they experienced in relation to the delivery of education services.
- Information on seasonal dimensions of poverty influenced policies on school fee payments.
- Information on hostile attitudes and behaviour of health staff to clients from poor communities resulted in training programs for health providers.
- Information on coping and survival strategies, and on how communities identified the very poorest, influenced policy recommendations on provisions for particularly vulnerable categories (Norton & Stephens, 1995).

Formal and informal spheres and local-level institutions

In the World Bank project "Africa's Management in the 1990s" co-financed by SIDA, the point of departure is that the crisis in Africa is, at bottom, an institutional crisis. Institutional change is also seen as a precondition for economic development (Dia, 1995).

Among the more important observations made is that there is a disconnection between formal and informal institutions, largely paralleling the division between macro- and micro-societal levels, e.g. between national and local institutions. This can be traced back to colonial times and viewed as a somewhat transformed heritage of the dividing lines between the colonial rulers and the subjected indigenous populations. According to the project report, a "reconcilia-

tion" is called for, in the sense that formal institutions must adapt to the realities and needs of local people, at the same time as indigenous/local/informal institutions need to be "renovated" in order to be able to operate outside of traditional spheres.

The concept of institution is broadly defined in the project documents as "a set of structured and lasting patterns of behaviour/relationships (roles) that are guided and supported by broad societal values, regulated by certain norms of conduct (rules) and operationalised by organisations". Based on this definition, local institutions include many of the groups and cooperating networks of individuals and households which we have already mentioned as being involved in coping strategies and which, in fact, constitute the basis of traditional social security mechanisms and safety nets.

It is becoming increasingly clear that the best way to achieve long-term sustainability of projects and programs is through the close collaboration with stakeholders organised in local institutions of the kind often referred to as "informal" (although it should be observed that they may be "formal" in the sense of being part of traditional social structures and hierarchies and having great legitimacy among the local population).

Problems not infrequently arise in programmes of development cooperation because of misunderstandings concerning the roles and functions of "informal" institutions. Difficulties may also be encountered when development agencies try to establish a new type of organisation in the belief that people are "disorganised". These new institutions may lack legitimacy in the eyes of the stakeholders. An additional problem may be that whereas local institutions traditionally had access to power and social sanctions, thus constituting forceful actors on the local scene, social power is now increasingly being transferred to the national level. If informal institutions lack access to means whereby they can gain independence and exercise control over their own field of interest, people lose confidence in them.

Preservation of grazing land in Pakistan

In Baluchistan, Pakistan, the preservation of grazing land was ensured through a system of rotating, periodically enforced enclosure of all range lands. This was complemented by tribal taxation and a system of obligatory spending for social ends, which reduced the size of individual herds. Also, there existed ritually sanctioned proscription of the use of particular trees and patches of forest. All these rules were backed by sanctions, and the cost of violation was set at such a level, that breaking the rules would exceed the benefits of doing so.

(Dove & Rao, 1986.)

One common example concerns the management of grazing lands. In many societies, such lands were not over-exploited as long as they were controlled by indigenous institutions.

Social and economic change has weakened traditional institutions, as their possibility of exercising legitimate sanctions is vanishing. As a result, over-exploitation and a gradual deterioration of lands is taking place in many regions of the world. Commons are left unprotected by the disappearance of social control from the local scene. The short-term benefit to individuals too often manages to triumph over the long-term benefits to society, and development planners are at a loss as to what to do, since

they do not know enough about traditional social structure.

In general, the conclusion is that if new institutions are to be created, something which will of course be necessary in certain cases, care should at the very least be taken to try to construct them on the basis of already existing indigenous organisational structures.

In any development project or programme, an approach has to be adopted which accommodates indigenous expertise and local beliefs and values, rather than attempting to superimpose an exogenous solution that may prove inappropriate and thus unacceptable to the people concerned.

RESOURCE MOBILISATION FOR SOCIAL DEVELOPMENT

Political resources: Governance and human security

Good governance is a necessary prerequisite for empowering the poor. Dictatorships may launch programmes which purport to benefit the poor, but those schemes rarely last long, and they never give the poor control of the process, nor of the assets created. Democracy, stable institutions that guarantee equality before the law and freedom to form organisations of their own, provides the only political framework conducive to empowering poor, weak and marginalised members of society.

This does not mean that a shift from autocratic governance to multi-party elections will automatically empower the poor. Abandoning one-party rule in the former Soviet Union, for instance, went together with societal changes that eliminated social safety nets and value systems and gave rise to organised crime and reduced personal security. Multi-party political systems have long existed in the Indian subcontinent, but this has not given the poor much political clout, even on election day. The poor are unequal before the law, they lack organisations of their own and their votes are bought and sold by political bosses.

The advent of multi-party elections in a number of African countries, in itself a welcome step in the direction towards democracy, has not yet led to a more open debate about conflicts of interest between the rich and the poor, since the emerging parties are led by members of the same elite that has ruled those countries since Independence (Ikiara & Tostensen, 1995).

The same applies to the introduction of legislation intended to protect people's rights to property, civic liberties and economic activity. The existence of laws protecting the rights of common people is no guarantee that the poor will actually enjoy those rights. In many countries, the poor are unable to pursue their legal

rights because the police, the courts, the landlords and the employers will not allow them to do so.

To offer full protection of the political and civil rights of the poor, *all* the elements of the framework must be in place, the constitutional and legal ones as well as the civic and political organisations to support their enforcement.

Corruption can be called a symptom of ineffective government, but in many cases it is so pervasive that it can be characterised as outright bad governance, undermining the legitimacy of the entire political system. Corruption at the top of Government and its agencies will distort resource allocation and lead to a long-term development path which enriches the elite at the expense of those who are far from the sources of power. Even though the most vocal opposition to this type of corruption will come from excluded members of the elite and the middle class, it is the poor who will be the ultimate victims of this choice of development paths.

In the near term, however, the poor suffer more from petty corruption than from big-time graft and diversion of funds. Harassment at the hands of corrupt policemen, or violence and other crime perpetrated by criminals they fail to apprehend, is a more immediate threat to personal security and to the possibilities to make a living in the urban slums. Minor civil servants who exact bribes for access to the most elementary public rights and services are a more immediate concern to the rural poor in remote villages than the corrupt government ministers who squander investment funds. Farm workers who get beaten up and imprisoned by the authorities when they try to file a complaint against their employers for violation of labour laws would be better served by a trade union than by legislation. To those who lack money and connections, *enforcement* of law is as important as enactment.

Formal institutions like democratic constitutions, laws, freedoms, government programmes, etc. are nec-

essary but not sufficient conditions for allowing the poor to assume full control over their lives. A concept which is operationally useful in this context has been coined by UNDP. The concept of *human security* covers formal as well as non-formal elements that have to be in place before one can talk about good governance and full human rights from the specific viewpoint of the poor. Human security entails freedom from fear of repression, violence, disease and hunger. It also means security within their own communities and families, entities which are very important elements in the informal safety nets of the poor (UNDP, 1994).

Freedom from fear is in fact the most basic of all basic needs, a need which must be fulfilled before one can even start thinking about such requirements as food and shelter. Many millions of today's poverty groups have been threatened and displaced by war and violence, and their societies cannot be put together again until a modicum of human security can be provided. The questions of systems of governance and legal frameworks do not have much meaning to them, since the state is unable to offer them even a minimum of protection for their safety (UNRISD, 1995).

In such cases, assistance to the vulnerable and dispossessed will have to start by efforts to provide peace and protection of their personal security, before any attempt can be made to rebuild societies. Peacekeeping, protection, rehabilitation and development should be seen as interlinked and mutually supportive operations, with the common objective of providing human security to those who are exposed and vulnerable, in particular to women and children (Commission on Global Governance, 1995).

A strategy for development assistance with a focus on the poor and vulnerable must be based on a clear understanding of the forces in society which work for and against those groups.

Constitutional reform and institution-building for pluralistic forms of governance, and the freedom of media and political parties are important to give all citizens their proper place in political decision-making. But parallel to these reforms, it is also necessary to build institutions and support groups which ensure that the poor can make full use of their legal and constitutional rights.

A crucial factor in all this is the integrity of the police and courts of law. SIDA has taken part in several operations intended to rebuild war-torn societies, where reconstruction of the police force has been seen as the first priority and a precondition for meaningful development work. The courts and all other institutions which support the rule of law are also important; it is necessary to build an independent and capable judiciary, whose

processes are transparent and based on legislation rather than on pressures and bribes. External donors and international voluntary organisations can make a big difference in this regard, since their support and interest strengthens the judiciary not only materially, but morally as well.

If people who are poor and who lack connections to the big bosses are to claim their rightful place in politics and in the law courts, they need supporting organisations at the local level, and those organisations in turn need the attention of international watch-dog organisations and bodies which monitor and support their work. Political emancipation of the poor very rarely takes place without the organisation of community groups, trade unions and political parties with the poor as the main stakeholders. However, these organisations may later be captured by the elite or by ex-poor turned bosses, and it is therefore important for the international community to watch continuously whom they support.

Swedish development assistance has a long history of supporting civil rights movements in countries under minority rule. It will be necessary to offer a similar type of assistance even to countries under majority rule, if anti-poverty programmes are to be successful in countries where governance is flawed or the legal system too weak to offer full protection to the poor.

In areas where human security is threatened by a collapse of governance, as in civil war and in other situations of wide-spread unrest, the international community may have to consider some form of "humanitarian intervention" to provide a base for protecting those who are exposed, in particular women and children. International organisations and donor agencies have in the past maintained administrative, political and budgetary dividing lines between peace-keeping, protection, rehabilitation and development. Seen from the point of view of the affected men, women and children, all of these needs are interlinked and mutually supporting. It will be necessary to overcome the institutional dividing lines to provide a service which offers all the elements of human security at once. Swedish development assistance is not hampered by the political and institutional barriers that bedevil for instance the UN and its specialised agencies, and the new integrated Swedish bilateral agency should be able to set an example by providing such a service.

Labour resources: employment and livelihoods policies

There are no employment policies that can be justified and implemented exclusively as employment policy. "Employment" in this context means making productive use of human resources in economic and social

development. Employment in itself is of not much use to development if it does not contribute to the production of goods or services which increase the well-being of people. The employment policies we are discussing here are therefore concerned with making better use of people for achieving a society's development goals.

The first point of intervention for employment policy is in setting the right *macro policy* for development. Macro policy may be biased against employment, for instance through subsidies given for the use of capital, by overvalued exchange rates which subsidise imports, or by legislation which makes permanent contracts of employment very expensive in relation to alternative arrangements. These biases must be reviewed against their possible positive consequences from other points of view and be weighed against their negative consequences for employment. More often than not, policies are biased against the poor and unemployed and against women, since they are generally less influential as political pressure groups than the wealthy and well-organised.

The next concern is *demand management*, both at global and sectoral levels. The general level of demand will have direct effects on the demand for labour and will influence investment, which creates yet more opportunities for work and generating incomes. Demand management often entails walking a tightrope between inflation and unemployment. Since more numerous and influential people are employed than unemployed, policy tends to err on the side of fighting inflation rather than unemployment.

The sectoral orientation of investment is also important. If investment goes mainly to capital-intensive sectors rather than to sectors like agriculture and services, which require less investment for each job created, the short-term employment effects may be less. When such comparisons are made, one must also take into account the long-run effects of production growth on demand for labour. If investment in a certain activity or sector leads to low returns, long-term employment growth may stagnate.

A third level of intervention deals with *making labour more productive* in relation to other factors of production. Such policies are either directed at upgrading the workers' capacities or improving the work organisation so that better use of human resources can be made, as for instance when decision-making is decentralised. Another instance is giving workers better technical implements and equipment. Mechanisation reduces the need for labour but a moderate and continuous upgrading of the technical instruments of work is often necessary to enable labour to compete with fully automated processes. Modern technology tends to replace women and

children, since the new technology creates new earnings opportunities which will be claimed by those who are better placed and organised to control them, i.e. adult men in urban areas (Ahmed, 1986).

This does not mean that upgrading of technology should be resisted, but it does mean that efforts should be made to empower women so that they are better placed to compete with men for the benefits of new technology.

In self-employment and informal sector enterprise, technology upgrading often requires both credit and counselling. Raising incomes and employment in this sector often entails shifting the entire mode of production, which requires financing at a level far beyond the means of the informal sector operator. Moreover, a large portion of productivity increases in fast-growing economies normally comes from moving labour and capital out of low-productive and into high-productive industries. Such shifts require a favourable policy environment, i.e. an active labour market policy.

Human resources development is of course the most important means of enhancing productivity without reducing employment (Cassen & Wignaraja, 1995). An enhanced level of general and technical education is particularly important for making labour not only more productive on the job but also more versatile. Both in developing and in industrialised countries, a raising of the general educational level has proven to be the single most effective means of improving the 'employability' of the labour force. Basic vocational training also has positive effects on labour productivity, though its effects on productivity and employment have probably been exaggerated in the past. The costs of skills training are also often very high in relation to its net effects on employment and wages (Middleton et al., 1993; Cassen & Wignaraja, 1995; World Bank, 1995b).

A fourth point of policy intervention is directed at the *functioning of labour markets*. In developing countries as well as in industrialised countries, the economy's capacity to absorb human resources depends to a very large extent on the way in which the supply of labour and skills responds to changes in demand. Policy measures which influence this response are for instance labour market monitoring, professional guidance and placement services, restrictions on hiring, firing and transferring workers, housing and social insurance policies and the provision of funds and training programmes for upgrading or retooling of workers' skills. It should also be mentioned that labour markets function more flexibly when the general educational level of the labour force is high, which facilitates a high rate of inter-occupational mobility (Jackman, 1994).

Trends in many developing countries have moved in

the direction of creating labour market flexibility by increasing the proportion of workers, and in particular women workers, who are employed on casual terms, without job security or even a legal status as employed, often working at home rather than in factories or offices.

This has created a large secondary labour market with vulnerable casual or subcontracted workers, who are difficult for trade unions to organise and for legislators to protect (Mazumdar, 1989). Trying by legal means to improve conditions in this secondary labour market may only cause unemployment and further segmentation. The problem will have to be solved by gradual means, which combine enhancing productivity with increasing workers' control over their own life and work.

Foreign aid has been active in many different lines of employment promotion, with varying effectiveness as far as sustainable livelihoods are concerned. In countries undergoing structural adjustment programmes, a close examination of the employment aspect of macro policy, and policy advice that countervails anti-employment biases, would probably be the most effective contribution the donor community could offer. Yet, this aspect has very rarely figured in the overall analysis, let alone in the conditions laid down by the IFIs. Aid programmes have been very active, on the other hand, in supporting labour-intensive works programmes, which are a way of enhancing labour demand in areas and in seasons where there is unemployment. Where sustainable and productive infrastructure is created, these contributions can be very positive (Cassen et al., 1986).

Apart from works programmes, foreign aid has generally invested in capital-intensive rather than labour-intensive lines of production. Externally financed projects in most cases use more advanced labour-saving technology than those investments made from local resources. One important exception has been internationally supported agricultural research, which has produced new strains and farming methods which have increased not only production yields but very often also labour use per hectare.

As regards increasing productivity by upgrading technology, there are many good examples of externally supported programmes which have maintained jobs and increased the earnings of workers and farmers (and, of course, many other examples where technology has replaced them). In the field of education and training, many agencies – including SIDA – have placed a heavy emphasis on vocational training for specific occupations. This type of training has been very expensive, and in many cases the costs have proved to exceed the returns to society (Middleton et al., 1993). In those cases, it has not created any new jobs, only enabled some of

those who benefited from the courses to move ahead in the queue of job-seekers. As regards the gender dimension of vocational training, foreign aid has on the whole not made a great contribution to changing traditional patterns of occupational choice.

Studies of social returns to "human capital" have demonstrated much higher returns to primary education than to higher education, and at secondary level they have indicated higher returns to general education than to vocational training (Ibid.).

The reason why education systems are still biased in favour of the much costlier forms of higher education and vocational training is often political: important pressure groups want their children to get a fast track to white-collar jobs in the public sector, which is what this type of education and training often gives.

An area where foreign aid has made some inroads but not yet any major breakthrough is support for the urban informal sector. Increasing the productivity and earnings of self-employed craftsmen and micro-enterprises is a complex undertaking, since it will have to take into account all aspects of entrepreneurship, including management, marketing, training and finance. In addition, it very often requires reforming the entrepreneurial environment at 'macro' and municipal levels. Positive results have been reported from such comprehensive programmes supported by NGOs, particularly in Latin America (Streeten, 1994). Cooperative credit programmes like the Grameen Bank in Bangladesh, lending to groups of poor self-employed rather than to individuals, have shown very impressive rates of repayment and survival of the livelihoods they generated.

Financial resources: international financial dependency

Mobilising financial resources, both in the public and private sectors, is a basic element in any sustainable poverty reduction strategy. The low and falling domestic savings in many countries, especially in Africa, is a major explanation for the lack of self-sustained economic growth, and partly for the persistence of mass poverty.

There is increasing international concern about the substantially increased dependence of many low-income countries on foreign financial resources. Low levels of domestic savings and growing aid dependency are increasingly seen to be caused not only by inadequate economic policies and governance but also by large volumes of aid. Thus, a vicious circle can be identified combining aid transfers with low savings and growth and leading to more aid and increasing aid dependency.

Aid may have an addictive effect in the long-run, causing disincentives for domestic resource mobilisa-

tion, unless combined with effective policies for stimulating savings and investments, both in the private and public sectors.

The dependence on foreign aid is to a large extent the result of a structural dependency on the export of a small number of unprocessed raw materials from the agricultural or mineral sectors. These persisting colonial economic structures remain highly vulnerable to external shocks.

The oil price shocks in the 1970s and the subsequent turbulence in the international economic system have taken a disproportionately large toll on low-income countries, especially in Africa. Stagnation and recession since the early 1980s with adverse developments in the international monetary system and the debt crisis brought about both substantial deterioration in the terms-of-trade and a halt to already modest private capital inflows.

The subsequent growth of Africa's debt burden has resulted in obligations well beyond its capacity to fulfil contractual repayment terms. The growing debt overhang further acts as a strong disincentive for domestic investments and savings because of the implied risks of future instability and loss of real value.

When the debt trap closed, a new form of financial aid dependency emerged – debt rescheduling in the Paris Club. This has increased the power of the IMF, whose seal of economic policy approval of debtor countries is a pre-requisite for rescheduling of their bilateral debt payments. IMF is itself one of the main creditors of some of the most debt-trapped countries, due to inappropriate use of short-term stand-by credits when the debt crisis first set in. Net transfers from the IMF to developing countries have been negative since 1985 and from the World Bank since 1991.

The key role of these international financial institutions (IFIs) has been further emphasised by their function as international coordinators of financial resources for structural adjustment assistance, and of policy conditionality.

Together with the World Bank, which is also a main creditor of some of these countries, the IMF has for over a decade exerted strong policy conditionality over debt-burdened countries through structural adjustment programmes. That is why the so-called Washington consensus of 'orthodox adjustment policies' has dominated the debt-ridden economies with its ideological emphasis on rolling back the state and reducing state expenditures, deregulating economic activity and privatising public enterprises.

However, the aid flows to Africa for structural adjustment purposes are only partial compensation for increasing debt-service payments and deteriorating

terms-of-trade. The net transfers of financial resources to sub-Saharan Africa, adjusted for terms-of-trade losses, have in fact been negative for the period 1980-91. They were 0.0 and -2.4 per cent of GDP during the periods 1980-85 and 1986-91 respectively (Ndulu, 1994).

The increasing dependence on foreign financial resources must be seen against this background. It means increasing dependence on gross flows of financial resources and debt relief to enable the debt-ridden raw-material exporting countries to maintain their real import capacity. This means that international economic system factors are a substantial part of the problem, and therefore must be part of the solution.

Reform of the international economic system including effective debt stock reduction is necessary – not as a substitute for domestic policy reforms, but to create incentives and conditions for them to succeed in turning the vicious circle of aid dependency into a virtuous one of increasing savings, investments and self-sustained growth.

Financial sector development

The adverse external environment has exposed the unsustainability of domestic development policies.

Ironically, policies were usually strongly motivated by an anti-dependency strategy which sought to transform the colonial structures. However, import-substitution industrialisation under state planning and management failed and instead led to increasing financial and political dependency.

While the need for improved economic policies and management is beyond dispute and many of the reforms have been necessary, their nature, extent, sequencing and timing are still a matter of experimentation and controversy. Successive attempts at implementing short-run stabilisation policies necessitated by growing external and domestic deficits has brought retrenchment of employment without much recovery in growth, savings or investment. The necessary and sufficient conditions for self-sustained growth have yet to be established.

The low and falling investment of domestic resources – a trend exacerbated by certain adjustment policies – has contributed to this poor record. There is increasing awareness of the need for the formulation and implementation of appropriate policies to promote development of sound domestic fiscal and financial systems, capable both of generating efficient mobilisation of domestic resources and allocating resources efficiently for productive investment and development.

A recent, SIDA-financed research project at the International Development Centre of the University of Oxford (1994) shows that financial flows have been

dominated by government borrowing from the banking system. There are few signs of a healthy development of channels of domestic resource mobilisation for tapping the savings potential of rural and urban areas for productive investment.

A major reason for the lack of financial sector progress is the extreme macroeconomic instability induced by external as well as internal factors. Development of longer term financial markets is effectively impossible in periods of high inflation, continuous devaluation and negative real interest rates. The study also showed that the use of financial policy – especially interest rate, exchange rate and credit policy – for macroeconomic stabilisation may frequently conflict with the desirable development of the financial system over the longer term. The argument that macroeconomic stability needs, as a matter of sequencing, to be imposed first as a necessary condition for financial development, is not very helpful to countries which have already been subjected to a long sequence of structural adjustment and stabilisation programs with varying degrees of success.

In broad terms, two approaches have been pursued to overcome lack of domestic resource mobilisation. The main institutional adaptation to compensate for the absence of capital markets was the creation of a large number of development finance institutions (DFIs) in the 1960s and 1970s. On the whole they have failed to overcome the problems identified: many of the DFIs themselves have suffered from defects similar to those of the commercial banks and have exhibited weak financial performance.

The other main strand of policy has been the reduction of financial “repression” – largely by interest rate policy and, to a lesser extent, liberalisation and deregulation. So far, at least, this seems in the countries surveyed to have failed to produce the hoped-for benefits in terms of increased intermediation and improved credit allocation, although it has resulted in some marginal improvement in appropriate price signalling.

The study shows that the generalised monetarist so-called “financial repression hypothesis” and its associated policy recommendations have proved inadequate. Experience suggests that precipitate moves towards full financial market liberalisation, in conditions of macroeconomic disequilibrium and without a satisfactory framework in place for prudential regulation of banks and other financial intermediaries, can destabilise an economy and weaken the financial base of its indigenous productive units and financial institutions.

Instead, the problems of financial development need to be analysed within a more complex framework, taking into account country-specific details of financial

institutions and social and commercial relations. The formulation of financial sector development policy should take into consideration particular institutional factors of importance in shaping the economic system.

Many African countries suffer from the “excess liquidity syndrome”, which means that banks are holding liquid assets far above required statutory levels, instead of lending to the private sector. Most evidence shows that the small-scale sector in particular exhibits high returns to investment and that it is constrained by limited access to finance. The potential for savings, especially in the rural areas, is substantial. Thus, improved links between the formal and informal financial sectors would promote greater mobilisation of savings and increased access to credits for small low-income borrowers.

The social returns to small-scale lending may also be high, including not only financing productive investments but also contributing to rural development, employment expansion and improved income distribution, i.e. to overall poverty reduction. This effect may be particularly important for women, whose access to formal credit is especially restricted. However, there is no easy way for the strong local information networks of the informal sector to be transferred to formal institutions. Thus, access of profitable small-borrowers to formal sector credit is highly restricted, and savings discouraged.

Therefore, financial sector development aiming at closing the gap between the formal and informal sectors, while maintaining the valuable features of the informal sector, should be a priority area for a poverty reduction strategy. Institutional development should be promoted by governments with the support of development cooperation agencies. The latter could play an important role in helping transfer experiences and finance training, to areas where financial institutions are less developed from more developed areas, e.g. by transferring experience of the Grameen Bank in Bangladesh or venture capital institutions in Korea to Africa.

There is also a need for institutional development which will encourage the financial sector to mobilise savings and to finance productive investment throughout African economies. A programme of support to such institutional development could include support to the following:

- Promotion of competition between financial institutions;
- Professional training of bankers, accountants and lawyers;
- Creation of non-conventional mechanisms to identify good borrowers in the informal sector, including savings associations with peer review

and semi-formal cooperative savings schemes, with special emphasis on identifying women's potential in this area;

- Legal reforms to permit informal schemes to gain formal status and improve links with formal institutions;
- Grouping of small informal institutions to improve information exchange;
- Creation of new institutions to lend to small poor borrowers, in particular to women, on the inspiration of successful examples like Grameen Bank.

Public finance

The public sector (governments and public enterprises) in low-income countries typically runs large overall budget deficits. Its financial requirements are subject to large fluctuations, reflecting the precarious state of the revenue base of these primary commodity-dependent economies.

The Oxford study found that public borrowing requirements, including the financing of the current and capital account, have uniformly dominated the domestic banking system and the overall rate of money supply growth, with the inevitable monetisation of fiscal deficits. Even though there were some differences in the degree of the impact on the domestic financial system of public sector borrowing in the countries in the study, the "crowding-out" effect of the public deficit took a central place in all the countries, as a result of the predominant share and preferential access given to the public sector in domestic credit allocation.

Thus, reduction of the deficits in public finance is a prerequisite for developing the financial sector in order to increase investments, savings and growth in the private sector.

Public Expenditure Reviews carried out under World Bank guidance have hitherto concentrated primarily on tracing donor funds and cutting budget costs; they have thus failed to look into the poverty impacts of current government spending or of the changes in expenditure patterns that they recommend. Complaints by some donors and governments are now leading to more integrated Reviews, hopefully with more concern for the lot of the poor.

Reforming public enterprises by commercialisation or privatisation and thus eliminating the financing of their deficits by the government would amount to savings in several countries equivalent to or larger than public expenditures on the health sector. Improved tax administration and reduction of losses due to corruption can reduce the budget deficits by far more than the total level of foreign aid in many countries.

Many privileged groups and enterprises, private as well as public, are contributing very little - if at all - to the funding of government expenditures, e.g. for social development purposes. In fact, the incidence of taxes and subsidies often indicates net benefits for powerful groups and entities from the state treasury, especially when corruption is taken into account (Harvey 1995; Wilholm, 1995).

Studies clearly show that tax policies have been strongly influenced by the IMF and the World Bank with a tendency to lower the highest tax rates in both direct and indirect taxation, to reduce the number of tax rates as part of a general simplification of tax systems, to replace local sales taxes with value-added taxes and to try to strengthen the tax administrations, if necessary by setting up new institutions. It has, however, proved easier to change tax rates than to reform tax administration.

Structural reform of taxation is particularly difficult in countries where public administration has deteriorated along with public service salaries. In Uganda and Zambia, new donor-funded revenue authorities were set up rather than trying to reform existing institutions. It was found that improved administration is so vital that the process should be a priority at the start of structural adjustment programs.

The heads of state and governments assembled at the 1995 World Summit for Social Development committed their countries to reviewing and reforming taxes and subsidies to establish fair and efficient systems that benefit the people living in poverty and reduce disparities. Tax policies should give heed not only to total revenues, but also to equity issues, including the need for public funding of priority social services for poverty reduction, and avoid imposing highly regressive user charges.

Regarding the widespread concern that aid may result in governments raising less revenue, aid can be made conditional on reducing budget deficits by, among other policies, increasing revenues. Then the evidence is that aid and revenues can both increase. This positive correlation can be reinforced if aid is used directly in support of tax and tariff reform programmes. If aid enables economies to grow faster, revenues should also grow, reinforcing the positive association between the two - provided that the revenue system is soundly structured and administered.

User charges and subsidies

Rationalising public finances has considerable potential for poverty reduction. One important way of doing this is to reform the distribution of subsidies between economic sectors, urban and rural areas, private and public

consumption and, specifically, between different categories of beneficiaries.

The problem is how to design a system of user charges and subsidies in each country according to its specific conditions, values and institutions, so as to make it both equitable and efficient.

Examples from many sectors and countries provide ample evidence that publicly financed subsidies to a considerable extent benefit people who are well-off rather than poor. In this report, such examples are given in Chapter 10.

Thus, any poverty reduction strategy should give priority to the reform of public subsidies in order to free resources for such priority purposes as reducing poverty and promoting sustainable livelihoods.

In a market economy, public subsidies are motivated for two principal reasons: equity and efficiency.

The equity reason is obvious, particularly in a poverty reduction context: the result of market forces is often a distribution of income, assets and other social benefits that is unacceptably skewed. The ideal way of correcting such failures would be to redistribute incomes and assets in a way that minimises the distortions to the allocative efficiency of the market. In practice, however, that is difficult to accomplish, given the strong links between economic and political power.

An easier and less unsettling way for governments to make social and political priority goods and services available to those who lack the purchasing power to acquire them at market prices is to provide basic goods and services free of charge, or at subsidised, below-cost prices.

However, experience shows that this is often a costly and inefficient way of compensating the poor, which encourages wasteful consumption and discourages cost-effectiveness and quality. And as mentioned above, the non-poor often benefit more than the poor from such subsidies.

On the other hand, targeting subsidies to the poorest and the destitute is difficult in practice for political reasons. Also, there are large administrative costs involved in targeting and screening, which considerably reduce the potential savings.

Two types of subsidy targeting failures are common:

- 1) failure to include and reach as beneficiaries all the truly eligible;
- 2) failure to exclude beneficiaries who should not be eligible (Cornia & Stewart, 1992).

One way of dealing with this problem in some areas is so-called self-targeting, i.e. providing benefits in such forms and of such qualities that only the very poor and needy choose to take advantage of them, e.g. coarse relief food, or labour-intensive rural works programmes.

Subsidies are warranted when they give a higher economic or social rate of return than their cost. Some public goods and services provide the basis for economic growth without it being possible or desirable to recuperate the costs from the beneficiaries. Infrastructure such as roads and telecommunications are thus administratively regulated and at least partly financed by public means in all countries.

The so-called social sectors, education and health, are referred to in this way precisely because they fulfil the subsidisation criterion above, that the social benefits of these sectors are larger than the sum of the benefits of the individuals who enjoy the services. There is therefore a *prima facie* case to provide subsidies in these sectors for reasons of pure efficiency. A number of studies of modern economic growth indicate the strong positive growth and development effects of improved health and education among the whole population (and especially the female half).

Even without considering the efficiency aspects, there are strong equity reasons for subsidised public health and education, especially at the primary level. Public financing of basic social services is thus preferable when feasible. The introduction of user charges as part of structural adjustment programmes in some countries has severely reduced the access of the poor to primary education and health services of reasonable quality. Such crude systems of user charges are clearly incompatible with any strategy of efficient poverty reduction. Exemption rules for the poor seldom work in practice as intended. There is thus a strong case for free/subsidised primary and sometimes secondary services in the social sectors.

Most studies show that user charges in poor countries cannot raise enough net revenues to finance more than a small fraction of the recurrent costs of the social sectors, and then at the high social cost of excluding the poor. But in some cases the fiscal effect may still be important, if the user charges reduce the volume of services and costs by restricting low priority services. Thus, in such cases a nominal rather than substantive fee should be considered to reduce costs and raise some revenue to be used locally for quality improvements.

Environmental sustainability aspects of subsidisation are important but often neglected. Subsidies, or the removal of subsidies, may have considerable environmental effects. For instance, subsidised access to household electricity connections or to simple electric stoves may be a sound social investment for the preservation of woodlands near urban and peri-urban settlements. The removal of subsidies for fertilisers or pesticides may likewise have beneficial environmental effects. In both

cases, it is mainly the sustainability of the livelihoods of the poor which is at stake.

When considering the possible use of subsidies, it is important to consider social and cultural relations, e.g. intra-household relationships, in order to ascertain that intended social objectives can be reached. Subsidies meant to promote the welfare of the aged or children or women may be usurped by the male head of household if the subsidy is directed at the household unit level.

In conclusion, although there are often strong valid reasons of both equity and efficiency for public subsidies of priority goods and services, there are also reasons of both equity and efficiency against subsidies, as exemplified above. There is thus an increasing need for careful redesigning of subsidy policies, in conjunction with tax reforms. The focus should be on the effect on the poor of all public policies, and on their overall impact on sustainable livelihoods.

POVERTY AND THE ENVIRONMENT

Complexity underestimated

Humankind is faced with a situation in which the environment and its life-sustaining systems are being exposed to ever stronger negative effects. There is a risk that poverty will be made permanent in increasingly greater areas, and that the gap between rich and poor will widen even more, something which would further contribute to the degradation of natural resources and the environment.

It is of crucial importance to realise that there is no simple, general connection between environmental degradation and poverty. The linkages are extremely complex and influenced by the type of environmental problem under discussion, which groups of poor are affected, how poverty is defined, etc. Increased poverty is often a result of environmental destruction, but can sometimes also be the cause of degradation.

At all levels - global, national or local - poverty can be expressed as declining natural resource capital, and environmental degradation can be translated into costs as a basis for calculating the negative effects of the process.

Certain types of problems are more commonly caused by poverty - overgrazing, exhaustion of vegetation, deforestation (and with it loss of bio-diversity), soil erosion, coastal and marine environmental degradation and problems of the immediate living environment. These often initiate vicious circles: overexploitation leads to increased poverty, which, in turn, may increase the tendency to overexploitation. To reduce poverty is in many cases a pre-condition for the elimination of such environmental problems.

Linkages between poverty and environmental degradation are both direct and indirect.

Poverty contributes directly to environmental degradation through the fact that the poor simply do not possess the resources necessary to protect the environment, or cannot refrain from using resources which should be protected.

Poverty contributes indirectly to environmental degradation since it tends to be connected to a range of

other problems, such as limited knowledge of new preconditions of supply, lack of land, high birth-rate and sometimes a tendency to short-term, survival-only strategies of resource use.

However, it is important to emphasize that poverty is not always linked to environmental degradation. There are many examples of extremely poor people who demonstrate a singular awareness of and consideration for the environment in which they live, while there are examples, too numerous to mention, of extremely rich individuals and societies destroying the environment. The populations of the richer countries cause most of the existing global deterioration, notably emissions of chemicals, climatic change and the thinning of the ozone layer.

In the analysis of the connections between the environment and poverty, the issue of democracy is important. The poorer groups most dependent on renewable natural resources are often ethnic minorities or other marginal groups with little or no influence on decisions which concern their own existence. This may apply to lack of participation in the national political decision-making process, but also to exclusion from other decisions which have consequences for the immediate environment of the household or the local community. Even when acutely aware of the consequences of environmental degradation, poorer groups seldom have the ability to influence political decision makers, who, in many cases, accept and even contribute to the environmental destruction in their countries.

Poverty means having limited resources in the form of capital and work inputs to invest in protecting the environment. For a household living in extreme poverty, the requirements of survival often preclude the saving of any such resources, and there will be a tendency to give low priority to environmental protection measures, especially if the positive effects take a long time to appear and will mainly benefit others. Sometimes the combination of lack of personal resources and limited access to credit means that poorer groups are prevented from taking such action, even when it would be of immediate

economic benefit for them to do so. Poverty often entails a lack of knowledge of risks and of alternatives. Poor people may, for example, be ignorant of the side-effects of certain products, such as chemical pesticides. Lack of knowledge concerning alternatives can become a serious obstacle to ecologically sustainable behaviour patterns.

It is surprising how little has been written on poverty and the environment in spite of the fact that poverty has been described as "the most serious environmental problem in the world." Sida's analysis *Poverty, Environment and Development - Proposals for action* (1991b), illustrates these connections in the context of Swedish development cooperation. Recently, a few more international publications discussing the subject have appeared (Brundtland Report, 1987; Holmberg, 1992).

The poor and the rich

Environmental degradation has many serious consequences for developing countries. Often the poorest women and men are affected most severely, as they are usually directly dependent on natural resources for survival and have very few resources to counteract the effects of degradation. The poor also tend to live in areas which are especially exposed to environmental degradation. The 20 per cent who are poorest in the developing countries amount to 800 million people. It has been estimated that approximately 60 per cent of these, around 500 million people, live in areas which are seriously threatened environmentally.

Industrialised countries contribute to part of the environmental degradation observable in developing countries. Examples of this are emissions into the atmosphere of greenhouse-effect gases, export of banned pesticides to developing countries and dumping of chemical waste, and import of cheap tropical timber. Environmental problems in developing countries are also connected with the international world order - the debt crisis, plunges in raw material prices, and protectionism in industrialised countries. An environmental conservation and poverty eradication strategy for developing countries must include measures in these areas, which lie outside conventional development cooperation activities. In addition, the poor are menaced by global environmental problems primarily caused by the industrialised countries. Climate and sea level changes - possibly results of the greenhouse effect - threaten the poor in developing countries more than the industrialised nations.

However, there are also affluent people in the South. Calculations carried out by e.g. the World Bank have shown that there are about as many purchasing consumers in the developing countries as in all of Western

Europe. The middle classes in countries such as Mexico, Malaysia and Chile utilise considerably more fossil fuel per capita than low-income groups in Western Europe. The environmental problems caused by developing-country middle classes, such as air pollution and excessive resource utilisation, primarily threaten the poorest groups in these countries.

Conventional economists have seldom been able adequately to reflect the enormous complexity and the different kinds of value represented by nature and ecosystems. To poor people especially, often irreplaceable values are in the balance when ecosystems are menaced. These values are generally not included in the calculations made when decisions are taken to clear forests, drain marshes, exploit coastal areas, utilise pesticides in agriculture or emit toxins from industries. In the future, development analyses must contain a much stronger qualitative element; there must be a decisive movement away from the narrow quantitative calculations of conventional economic growth, measured in monetary terms alone.

The basic needs of human beings

In many poor areas, the limits on utilisation of water are rapidly being approached. Access to arable land is decreasing. Approximately 60 per cent of all rural households in developing countries are considered to have too little arable, fertile land to support themselves at a reasonable level. About 13 per cent of households have no land at all.

Close to 1,400 million hectares of the global total of 1,800 million hectares of grazing land and dry forests are exposed to environmental degradation. About 17 million hectares, or 1 per cent, of tropical rain forests disappear annually, causing extreme difficulties for the local poor.

Between one and two thousand million women and men, of whom a large proportion are poor, obtain their primary protein from coastal waters. However, coastal areas are severely threatened in many parts of the world. The poorest groups are generally most dependent on a functioning marine environment, as fish and other marine organisms are usually their only affordable source of high quality protein.

In areas where poverty remains, or is even increasing in spite of generally satisfactory economic development (India, several Latin American countries), the strain on the ecological system is growing.

Environmental degradation is expressed in decreased yield. Poor women are often particularly hard hit. Women produce 75 per cent of all foodstuffs in Africa and contribute 90 per cent of the necessary time for food preparation. When crop yields decline due to

soil erosion, or the availability of fuelwood and other forest products decreases as a result of deforestation, women's work becomes less productive and more demanding.

At present there are many poor people dependent on bio-mass, even in urban areas. Women are in a particularly vulnerable position because they often carry the responsibility for household energy supplies. The future design of energy systems, based on environmental requirements, will be decisive for many poorer groups.

Poverty often entails a lack of productive land. Scarcity of arable land, caused by e.g. population growth and the uneven distribution of ownership, leads to an expansion of the cultivation of marginal, ecologically sensitive areas. The landless are forced to cultivate these areas due to lack of any other means of support. Women farmers in many areas lack secure access to land necessary to support their important productive roles.

As mentioned, many of the poorest people in the world live in areas where lack of water is a serious problem. The situation is deteriorating because access to clean water decreases as a result of pollution and overconsumption. Again, women, because of their key roles in relation to water supply, are disproportionately affected.

Loss of bio-diversity is another global problem. For many poverty-stricken people, wild plant and animal species play an important, sometimes decisive, role. In Ghana, for example, 75 per cent of the population is dependent on game, fish, insects, snails, etc. as their

primary source of protein. In Nigeria, game forms 20 per cent of the protein intake of rural populations. People in India use almost 1 000 wild species as medicinal herbs.

A gender perspective is important here, since women and men often have gender-specific kinds of knowledge of natural resources and utilise them in different ways, thus affecting bio-diversity in distinctive manners.

Urbanisation

The environmental problems connected with urban poverty are discussed more thoroughly in Chapter 11. Suffice it here to mention some of the most important issues.

Urbanisation is accelerating at a rapid pace in developing countries and will continue to do so. The urban poor tend to live in unhealthy surroundings, where they lack access to clean water and sanitary facilities. Increasing numbers of poor people are therefore experiencing a series of immediate environmental problems that tend to exacerbate their already difficult living conditions; e.g. poor health, which in turn leads to a diminished capacity to work. The burden is often particularly heavy on women because of their household responsibilities.

Another urban-related environmental problem is the cost associated with incomplete material biocycles. Nutritional elements removed from the soil are not returned when agricultural products are consumed in

Forests and food security

Research on the role forest products play for rural households is growing. SIDA started supporting the *Forests, Trees and People Programme* in the mid-1980s.

Within the FTTP, field studies have been carried out in Bolivia, Tanzania, Thailand and Vietnam. Part of the information gathered concerns food security, and indicates that substantial numbers of rural households are either seasonally or chronically short of basic food. People generally perceived the insecurity in terms of "months of shortages" of specific types of food, for instance rice or cassava. For the poorest households, necessary supplements had to be provided through gathering, trapping or hunting. They thus relied on the forest as a means of coping with crisis. Better-off households used the forest and its products to further improve their well-being.

Changes in access to forest products may have serious consequences. For example, in Thailand, the closing of the forest led to loss of income from day labour, loss of the only land available for new production, and loss of opportunities for gathering food for consumption, sale or exchange.

(Antonsson-Ogle, 1995.)

the urban areas. This affects the agricultural population in the rural areas, especially those who cannot afford fertilisers.

Industrial pollution is a growing problem in developing countries. Many industries utilise obsolete technology, which constitutes a serious threat to the environment. Industrial emissions are already excessive in many places. The poor are affected both directly, through exposure to health risks because they often live close to the source of the emissions, and indirectly, since pollutants decrease the productivity of fishing and agriculture.

Twenty-five million environmental refugees

Environmental degradation and declining access to natural resources, problems that have already caused serious political and social unrest, may lead to an increasing number of international conflicts in the future. The poorest are often most negatively affected, and adverse environmental effects can occur on a secondary level as people are forced to flee from outbreaks of violence. Investment in the sustainable utilisation of resources is therefore an important instrument for increasing national and international security and preventing the outbreak of devastating conflicts.

Environmental degradation also exposes the poorest groups to increased risk with regard to natural disasters and famine. An important cause of the Ethiopian famine of the 1980s was large-scale environmental degradation. Floods may be caused by deforestation. In the last few years, the concept of environmental refugees has appeared. According to recent estimates, close to 25 million people today may be labelled environmental refugees. Most are found in Africa, but also in other regions, people are forced to leave their homes because of insufficient natural resources.

The 25 million environmental refugees calculated to exist today are mainly located in sub-Saharan Africa, the Indian sub-continent, China, Mexico and Central America.

This number may well have doubled by the year 2010 or grow even more rapidly if predictions of global warming come true. The resulting flooding of many coastal communities, agricultural dislocations caused by droughts, and disruption of monsoons and other rainfall systems would mean that eventually, as many as 200 million people risk being displaced.

Sub-Saharan Africa presently features half of all refugees. Despite some advances in soil conservation (Kenya, Ethiopia), small-scale agriculture (Nigeria, Zimbabwe), reforestation (Tanzania, Malawi), anti-desertification (South Africa), and population planning

(Kenya, Zimbabwe, Botswana), the prospects for sub-Saharan Africa until the year 2010 appear unpromising.

This region's population is projected to increase to almost 900 million people, 51 per cent more than in 1995. There are likely to be ten countries experiencing chronic water shortages, or even acute water scarcity, with a total population of well over 400 million people. Per-capita food production is expected to decline even below the low 1990 level, possibly by as much as 20 per cent.

The number of malnourished people could grow to 300 million, with 100 million being completely destitute and obliged to live mostly on relief food. The food deficit could reach 100 million tonnes, whereas world-wide food aid in 1994 was only 13 million tonnes (Myers, 1995).

Conclusions

One important implication of the connection between environment and poverty is that investment in the environment is, in many cases, synonymous with investment in development for the poorest groups in developing countries.

However, there can be a contradictory relationship between short and long-term measures in a situation where resources are limited. Shall we reduce famine today or prevent famine tomorrow? This conflict between the short and the long term is a part of the development problem picture as such, both for the state and the individual – but this dilemma is especially obvious in connection with environmental problems. In the short run, the protection of the environment will, in certain cases, entail considerable costs, whereas many of the positive consequences of protecting the environment will only appear in the long term.

It is also important to be aware of the fact that there may be a conflict between the benefits and costs of different individuals. Poorer groups may be more directly and severely affected by short-term environmental protection costs. There are many examples of this: poor people who lose their source of income because the forest they live in has become a nature reserve; shifting cultivators who are forced to move in order to decrease the pressure on the land; slum dwellers who have to leave because the area is to be cleared, etc. It is extremely important to consider the needs and points of views of people living in poverty when environmental projects are designed. Disaggregating data with respect to gender is also vital.

Success in the struggle against global environmental problems requires that equitable political, economic and social systems are designed, including gender equality. This is not possible in a world characterised by

deep economic and social injustice, in which one hundred million people live in deep poverty. Consequently, fair resource distribution policies are necessary at both national and international levels.

Market forces are not sufficiently sensitive either to environmental problems or to the situation of poor women and men. The roles of both state and market must therefore be considered when environmental policies are designed and poverty eradication measures implemented. Ecological as well as economic instruments of measurement and steering, and social analyses, including gender issues, are tools of vital importance for the solution of environment-related poverty problems.

A strategy to reduce poverty which also fulfils objectives concerning the sustainable management of the environment, should contain the following elements, all with an integrated gender perspective:

- Effective utilisation of manpower - the primary asset of the poor;
- Fair distribution of ownership of physical assets, natural resources and other capital by e.g. the regulation of land tenure;
- Increasing the yields of the different types of capital within the reach of the poorer groups, e.g. by supplying infrastructure and general communications, attainable credit and technology;
- Development of human capital through access to improved health care, nutrition and education;
- Improved living conditions, e.g. through the supply of clean water and sanitary facilities;
- Increased environmental knowledge and developed environmental institutions.

Two large areas appear to be of particular importance for women and men living in poverty. The first is water and food supply, which is regulated by the natural resource base. The other is the environmental problems connected with rapid urbanisation, especially the prob-

lems of waste, sewage and pollution. In addition, a prominent place should be accorded to assistance to institutional and capacity development with regard to the environment.

Activities must be based on local participation, influence, commitment and responsibility, within a framework of democratic political systems, at local as well as central levels. The development of such systems must be promoted. Special attention should be paid to population development, both as far as the provision of food and water is concerned, and for the improvement of sexual and reproductive health, including opportunities for fertility regulation.

It is important to increase awareness of the fact that the connections between the environment and poverty vary, as has been explained above. For this reason analyses at country and local levels must be carried out before specific activities are designed. This may be done, for instance, within the framework of the environmental profiles produced by Sida for programme countries.

Many environment projects today emphasize the need to reach women, but it is crucial to realise that simply involving women is not enough. In many cases this has only led to adding to women's already heavy work-burden, without enhancing their opportunities for exerting control and gaining more secure livelihoods. Hence, it is also necessary to take measures to strengthen the position of women. This may be done, for instance, by protecting women's access to resources, avoiding involving them in project activities which bind them to extra unpaid work without adequate compensation, seeing to it that they receive technical training, finding ways of increasing the representation of women at different levels and employing more female staff, especially women who have received gender training.

Part 2:
Sectoral Approaches
to Poverty Reduction

INFRASTRUCTURE

The main issues

In order to define the role that infrastructure should play with regard to poverty reduction, it is necessary to analyse the infrastructure sector not only from the point of view of the physical facilities but also in relation to the services that originate from those facilities; be it water supply, sanitation, energy supply, transportation services (roads and road transports, railways, ports, civil aviation, shipping), postal or telecommunication services. The following discussion also covers housing as a sub-sector.

There are many linkages between infrastructure and poverty reduction in developing countries:

- Access to at least a minimum level of infrastructure is one of the main criteria for describing material welfare or the lack of it;
- Public infrastructure of acceptable quality is a pre-requisite for economic and social development;
- The way infrastructure is financed influences the distribution of income and wealth in the society;
- Participation of the women and men concerned is a necessary element in any development of local infrastructure;
- Labour-based methods in the construction and maintenance of infrastructure provide employment and incomes for poor people;
- Large-scale development of infrastructure may in certain situations have negative effects on poor people's livelihoods.

Each of these six different issues will be commented on below:

Access to infrastructure is an important aspect of welfare

To a great extent, the poor can be identified as those who lack access to basic services such as clean water, proper sanitation and, in the case of the rural poor, are isolated from social services and markets. Recent case studies of travel and transport patterns of people living in rural communities have illustrated the consequences for poor

women and men of the lack of access to basic services and other resources (see figure 10.1).

The patterns of consumption of infrastructure services show great variations between rural and urban areas and between poor and non-poor. Table 10.1 illustrates a typical situation in a poor country.

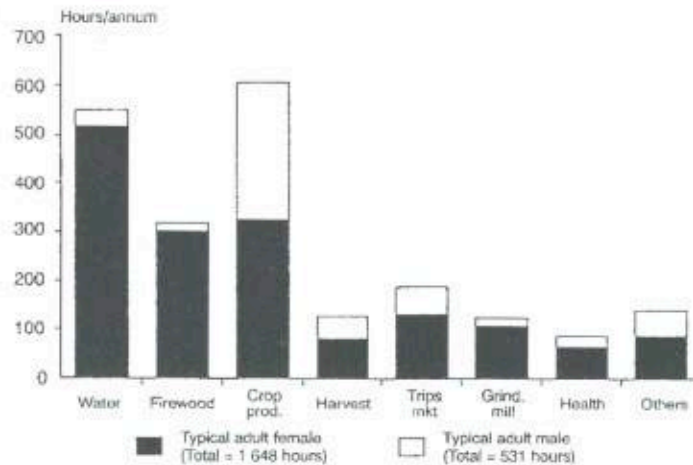
The examples given relate mainly to inequalities caused by differences in geographical access to infrastructure services. Economic and socio-cultural factors may also explain unequal access to infrastructure. Public transport could easily become a substantial item among poor people's expenses. When poor women and men cannot afford to make use of existing public transport facilities, their job opportunities decrease. In such instances, subsidies to infrastructure services might be justified on equity grounds. The issue of subsidies will be returned to later.

Public infrastructure contributes indirectly to poverty reduction

In a number of countries, especially in sub-Saharan Africa, public infrastructure systems such as electricity supply systems, roads, ports and railways have deteriorated to such an extent that they constitute an obstacle to economic recovery and to any effort to reduce poverty. When primary and secondary roads are impassable during extended periods, the marketing and export of agricultural production becomes non-viable. In the same way, an unreliable supply of electric power and water inflates the cost of industrial production, especially for small-scale industries which have not been able to organise their own independent supply sources.

In such situations, the links between improvement of infrastructure and economic development can be clearly identified. The same will apply in countries where demand for infrastructure due to economic growth has increased to such an extent that bottle-necks occur in transport and other types of networks. The most obvious example is a congested port. These examples illustrate the fact that public infrastructure of acceptable quality and capacity is an important pre-requisite for economic growth.

Figure 10.1. Travel time as a function of the gender division of labour in Makete District, Tanzania



A typical household in the Makete district of Tanzania spends some 2475 hours a year to transport water, firewood, crops, etc. The gender division of travel and transport activities is illustrated in the following diagram (from Dawson & Barwell, 1993). On average an adult woman living in the Makete district spends 4.5 hours per day on transport, while a typical adult male spends much less. Over a year a woman would carry a transport volume of some 72 ton-km.

It is obvious that a situation like the one in Makete district must have a serious impact on the quality of life of poor women. It would appear that the situation in Makete is quite typical for rural women in large parts of Africa.

Table 10.1. Typical distribution of infrastructure services and subsidies in a poor country

Type of service	Poor rural people	Poor urban people	Well-off groups	Production/economic sectors
Water supply	Surface water, dug well Community borehole	Water vendors Municipal water post	<u>Piped municipal water</u>	<u>Piped municipal water</u> Own bore-hole
Transport	Walking, carrying "Matafu, jeepney"	Walking "Matafu, jeepney" Municipal bus Railway	Private car <u>Public vehicle</u> Aviation	<u>Trucking</u> <u>Railway</u> Aviation Shipping
Communications	Walking etc	Public phone, if any	Private telephone	Telephone, fax, e-mail Private radio system
Energy supply	Collection of fire-wood Kerosene	Purchase of fire-wood Kerosene	<u>Electricity</u>	<u>Electricity</u> Fuel oil
Housing	Traditional self-built	Own self-built shacks <u>"Site and services"</u> Rented rooms	<u>Rented public housing</u> Private house	<u>Staff housing</u>

(MS-95)

Symbols: Underlined sectors/services are those which are frequently subsidized by governments.

Table 10.1 illustrates the fact that well-off households and economic production sectors benefit most from subsidised public provision of infrastructure. As discussed above, poor rural people lack access to public infrastructure and consequently cannot benefit from subsidies for electricity and piped water utilities. Poor urban people often also lack access to publicly provided services. They have to purchase these necessities from vendors at much higher prices than those paid by the better-off. As shown in the table, the same kind of pattern can be found in other areas, such as transport, communications and housing. There are also gender discrepancies in relation to access to services.

Feasibility studies of improvement of public infrastructure often present optimistic assumptions regarding the social and economic development which will be generated by the specific investment. In many cases ex-post evaluations have shown that the expected additional demand (such as new traffic volumes) failed to materialise (Howe & Richards, 1984; Kjellström et al., 1992).

This illustrates the fact that the general linkages between infrastructure and development are complex. Public infrastructure is a necessary, but not sufficient condition for economic growth.

While some researchers regard infrastructure as a "lagging" rather than a "leading" factor for development, the World Development Report 1994 refers to recent macro-economic research which establishes clear connections between investments in infrastructure and general economic growth. The report also cites research in India, Bangladesh and Indonesia, where the impact of good infrastructure on agricultural production has been clearly demonstrated. Correspondingly, the report states that a package of infrastructure improvements (electric power, telecommunications, transport) in small towns in China has contributed significantly to industrial growth and employment.

In this context special reference should be given to the importance, not least for women, of provision of electricity in urban areas to economic activities at home. Much valuable time and money can be saved by not having to find or buy other energy sources, e.g. fuelwood, charcoal or kerosene. With electricity comes improved lighting, power to sewing machines and potential for new products to sell such as refrigerated drinks; all aspects which contribute to the level of informal sector activity. (It has, however, been argued that in some places provision of electricity has increased the already heavy work-load of women, who are now expected to work at times when they earlier had legitimate reasons to rest - such as lack of light and electricity!)

The financing of infrastructure influences the distribution of income and wealth in the society

The way that infrastructure is financed, and that consumers are charged for their use of infrastructure services, clearly affects the distribution of income and wealth in a society. In order to properly analyse questions related to financing and user-charges, one has to look at the role of the state in the infrastructure sector (SIDA, 1994).

Four main categories of infrastructure are distinguished, between which the economic characteristics and the role of the state differ considerably: (a) "public

goods" such as roads; (b) commercial operations in public ownership such as electricity utilities and railway companies; (c) operations suited to market solutions, such as trucking; (d) local infrastructure which preferably should be decentralised and directly controlled by the users (e.g. rural water supply).

The possibilities for the state to apply policies related to income distribution and equity vary considerably between these four categories of infrastructure. In category (c) (market solutions) the role of the state is more or less limited to regulatory functions. When it comes to investments in "pure" public infrastructure such as roads (category a), there should in principle be good opportunities to optimise the use of public funds in accordance with specific development objectives. In practice however, road budgets rarely appear to be allocated according to objective criteria, such as the creation of balanced regional development. In many cases the construction of new roads has been over-emphasised to such an extent that the maintenance of the existing road capital has suffered badly, leading to overall loss of capital.

Table 10.1 illustrated the fact that price subsidies to public utilities and parastatals usually benefit well-off groups and economic production sectors much more than poor people. In Bangladesh, "non-poor" groups receive over 80 % of the public expenditure on transportation, energy, communications and housing. In money terms, non-poor households receive a subsidy which is five times greater than the poor households (Kessides, 1993).

Subsidies by governments to public infrastructure in many cases reach sizeable levels. In Zimbabwe, the railway parastatal, NRZ, suffered losses in the period 1987-1994 amounting on average to 0,9 per cent of GDP. The estimated average annual subsidies (including interest and capital allowances) to the national airlines in the SADC-region amounted around 1990 to between 3 and 8 per cent of the budget deficit for most countries in this region (World Bank, 1992). Heavy goods vehicles in Africa rarely pay taxes or user charges (fuel levies, licence fees, etc.) to cover the more than 50 per cent of the damage that those vehicles cause to the public road system (Heggie, 1994).

Thus, consumption patterns are such in the infrastructure sector that price subsidies are often of little benefit to the poor. However, in specific situations subsidies may be designed that benefit identified target groups in an efficient way. A common example is a "lifeline tariff" for a minimum level of daily household water consumption.

Subsidised charges for electricity or water connections could also be an effective way of supporting poor

urban people. In general, subsidies to accessing infrastructure offer better opportunities for efficient targeting than consumption subsidies.

When public subsidies are considered, the risk for wrong incentives to infrastructure operators must be observed. Such incentives might in the long run lead to inefficiencies which disfavour the poor more than the subsidies have benefited them.

***Participation of people concerned
is a necessary element in any
development of local infrastructure***

The active participation of the women and men concerned is more and more becoming accepted as an indispensable element of strategies for development of local infrastructure.

Participation is considered both as a *means* to achieve long-term sustainability of the infrastructure and as an *end* in itself to empower a specific target group. Emphasis is often put on the role of poor women at the community and household level. During recent years a number of studies and evaluations have dealt with the subject of participation, especially in the field of rural water supply (Smeth et al., 1993).

There is clear evidence that active participation in decision-making, design, implementation and maintenance is one of the most important determinants of the effectiveness of projects related to local infrastructure. This applies both to rural infrastructure, particularly domestic water supply, and to urban infrastructure such as housing projects based on self-help.

A recent SIDA study highlighted the importance of creating real community "ownership" through shared responsibility in the financing of the investment. Cost-sharing arrangements and in some cases even full cost recovery was recommended (Karlsson, 1993). The legal framework and other institutional factors are important for local participation, e.g. in housing and rural water supply programmes.

***Construction and maintenance
of infrastructure gives
employment to poor people***

Experience from a number of countries has demonstrated that the use of labour-intensive methods in rural road construction and maintenance could contribute significantly to employment within the road sector. It has been clearly shown that such methods become technically and financially viable for a large share of the rural road network, provided that the daily wage rate does not exceed 3-5 USD. In most low-income countries there is a great demand for jobs even at such low wage levels.

The use of labour-based methods has recently been seen as an element in a strategy to broaden the use of local resources, thereby creating a more sustainable infrastructure. Examples of other elements in such a strategy are local production of hand-tools and appropriate mechanical equipment.

In Kenya, where labour-intensive methods were first introduced in the mid-1970s for construction of rural access roads, these methods are now step-by-step being applied to the maintenance of all unpaved roads. This will significantly increase the share of labour in the overall expenditure budget for unpaved roads. The total employment of unskilled workers for routine road maintenance will be approximately 25,000 persons accounting for more than 50 per cent of the corresponding maintenance budget.

Workers employed by labour-based construction projects are usually selected among people living in the vicinity of the road. In this way the local population benefits both from the improved infrastructure and from the short and long-term employment created (for construction and maintenance respectively). The labour-based projects are usually not specifically directed at the needs of certain target groups. However, the relatively low wage level and the conditions of work usually mean that labour-based work primarily attracts the poorer households and in effect becomes "self-targeting".

During the last decade efforts have been made to attract women to work in labour-based projects. Although in some countries there was initial resistance among management and male workers, the strategy to integrate women stepwise into the work-force has been successful (Howe & Bryceson, 1993). In Kenya almost every fourth worker on road improvement jobs is a woman. However, the percentage of women employed in routine maintenance (as "length-men" responsible for the maintenance of 1-2 km of road) was only 14 per cent. This situation should be reviewed.

A clear distinction should be made between the labour-based approach described above and "public works programmes" (Majeres, 1993). While the labour-based approach primarily aims at cost-efficiency and long-term sustainability, the public works approach focuses on large-scale and short-term relief to specific target groups.

Some public works programmes have been successful in achieving their dual objectives of creating short-term relief combined with infrastructure improvement (World Bank, 1990; 1994b). However programmes of this kind have often been criticised for producing infrastructure of unacceptably low quality. An optimal poverty reduction strategy should find institutional ways of

combining the two, while maintaining efficiency, sustainability and livelihood objectives.

Large-scale development of infrastructure may have negative effects

The fact that large infrastructure projects could have serious negative – and often gender-differentiated – effects on specific population groups has received increased international attention during the last few years. Such attention has often focused on the dislocation of local population groups, often belonging to ethnic minorities, due to the construction of hydro-power reservoirs.

Many other examples could be mentioned of how development of infrastructure negatively affects the living conditions of poor rural or urban women and men. It is highly important that such negative outcomes be identified at an early stage of project preparation. They should be highlighted in connection with the first assessments of the socio-cultural, economic and environmental impacts of a project and be made a part of the basis of financing decisions (Cernea et al., 1993; World Bank 1994c).

Appropriate strategies must be elaborated to minimise negative effects and to compensate fully those groups who are affected negatively.

What is Sida doing?

As in other sectors where Sida is active, a distinction can be drawn between development assistance which is directly aimed at poverty reduction and assistance which contributes only indirectly to reducing poverty.

Direct support to poverty reduction

Assistance which is directly aimed at poverty reduction can either be targeted at individual households (providing wells, latrines, housing credits, jobs) or at public infrastructure in poor rural or urban areas (access or feeder roads, sewage systems, electrification). A few examples of the outputs of such assistance are given below:

- 3,400 boreholes were drilled or improved, 4,200 wells were dug and 24,000 latrines installed in 6 countries (1991/92).
- 300 km of feeder roads were improved with labour-based methods providing work for some 5,500 men and women in 6 countries (1993/94).
- 3,400 families in squatter areas were provided with new or improved housing in Costa Rica and Chile (1993).

The total support from SIDA to these kinds of projects amounted in the fiscal year 1993/94 to about 360 million SEK (of which 221 million was related to

water and sanitation, 81 million to social housing and 61 million to rural roads). This constituted roughly one-third of the total support through SIDA for the infrastructure sector.

Indirect support to poverty reduction

As discussed above, there are many indirect links between infrastructure and poverty reduction. In a number of countries, rehabilitation of the basic public infrastructure is a precondition for the success of economic reform programmes. In such countries, support to rehabilitation could be looked upon as a cornerstone in poverty reduction. A major share of SIDA's infrastructure projects belong to this category.

The following examples illustrate how infrastructure projects can play a crucial role not only for economic reform programmes but also for the well-being of poor women and men:

- The rehabilitation of the port, road and railway infrastructure in the Beira Corridor in the late 1980s created the necessary capacity to transport 1.4 million tons of imported food after the severe drought in 1992 (Swedish support 1985/86-94/95: approx. 240 million SEK).
- The support to the trucking industry in Ethiopia in 1993-94 has improved considerably the capacity to transport food to starving people in remote rural areas (Swedish support 1992/93-93/94: 77 million SEK).
- Mainly due to prolonged drought, the electric energy situation in Tanzania in 1994 was in an emergency situation. A Swedish-financed delivery of a gas turbine plant rated at 38 MW played a key role in preventing a complete break-down of the supply of electric energy. Without this and other interventions, thousands of jobs in small-scale industries would have been threatened.

What is the impact of what is being done and who benefits?

On a concrete level, it is usually easy to quantify outputs and to assess the immediate effects of projects such as the ones described above.

For obvious reasons, projects belonging to the category "direct support to poverty reduction" would be expected to have much clearer links between project outputs, effects and beneficiaries. However, in many cases the links between outputs and effects have been found to be quite complex and variable at individual, household and local community level.

Rural water supply projects can provide an example. It appears very difficult within a specific project to quantify the project's impact on the health situation of

the target group. It is often necessary to rely on more general research, from which we can draw the conclusion that hygienic standards have a strong impact on health indicators.

In specific cases, SIDA has made efforts in discussions with the recipient governments to influence the distribution of benefits of projects. An example can be taken from the support to labour-based road construction in Lesotho. In 1984, women were employed solely on a "food-for-work" basis within a badly supervised public works programme. Fully paid employment at the well-organised Labour Construction Unit (LCU) was restricted to ex-miners (who were all men). As a result of an agreement in the mid-eighties to change the policy with regard to employment, the number of women employed by the LCU has increased to about 20 per cent.

A general conclusion is that there is a need for Sida to acquire better knowledge about the distribution of benefits from the projects which are being financed. This conclusion applies particularly to projects belonging to the category "direct support to poverty reduction".

When it comes to projects belonging to the category "indirect support", the whole issue of beneficiaries becomes highly complex. In some cases it is possible to establish how the benefits are distributed between different groups of users or different regions. As most of these projects are aimed at facilitating general economic growth, we usually have to rely on assessments of whether such growth in the specific country will lead to poverty reduction.

What can be done better and what additional knowledge is needed for that?

Various conclusions can be drawn from the above regarding future directions of assistance in the field of infrastructure:

- *Cost-effective ways must be found to support poor people's own efforts to improve their infrastructure.* Probably the greatest future challenge in the field of infrastructure is to provide basic infrastructure services such as clean water, proper sanitation, access roads, etc. to the growing masses of poor in developing countries. Given the inability of governments in low-income countries to mobilise the funds required, these countries will have to rely heavily on the capacity and interest of poor women and men to finance, manage and maintain the infrastructure at the local level.

Sida should pursue the methodological work already started in the field of water supply, environmental sanitation and housing. This work should primarily aim at finding cost-effective ways to support people's own initiatives. Sound policies for cost sharing and credit

arrangements as well as appropriate technical solutions will have to be further developed. Increased knowledge of the role of the different stakeholders in a project, of the distribution of benefits and of the mechanisms behind this distribution should be obtained.

- *Financing of infrastructure investments and services should be analysed from a poverty reduction perspective.* The way that infrastructure is provided and financed today has a regressive bias with regard to the distribution of income. As exemplified above, rich people benefit much more than poor people from government subsidies for infrastructure. The principle of full cost recovery may in many cases be compatible with equity objectives. But in other cases, reduced subsidies have clearly negative consequences for poor women and men. The balance between economic efficiency and social objectives in infrastructure is a key issue for sustainable poverty reduction.

Sida should further develop its skills in analysing the social impact of sector policies on different population groups, including gender aspects. This should also apply to the analysis of social costs and benefits of individual projects. Special consideration must be assigned to the negative impact that large new developments such as hydro-power projects may have on the local population.

- *The role of central and local government is crucial.* Commercialisation and in some cases privatisation of infrastructure are important tools for achieving increased efficiency, improved quality and quicker expansion of infrastructure services. However, market forces will never be able to solve some of the most basic problems related to infrastructure, such as the scarcity of water resources and the urban environmental problems.

What is required is legislation, policy formulation, competence and political will at the central and local government levels to plan and coordinate the use of land and other scarce resources. Sida should endeavour to support capacity building in this field, including methods which take the interests of poor urban masses into account in the planning of urban development.

- *Coordinated development of local infrastructure.* In a situation where energy, transport and telecommunication authorities have been commercialised (or even privatised), donor assistance to infrastructure development in these sectors will have to find new forms. One such form should be to support the development of local infrastructure through the local government level. Donor assistance would then be used to subsidise provision of access to (but not the use of) infrastructure in poor areas which would not otherwise be able to mobilise the financial means. Such ventures could be part of a

strategy for municipal development in smaller towns or in the poor areas of larger cities.

Coordinated development of infrastructure at the local level should create better conditions for economic and social development than the traditional support to purely sectoral programmes.

A part of such a strategy would be to apply new technical solutions suited to the needs of poor women and men. Examples of such solutions are pre-paid cards for public phones and electricity metering based on pre-paid cards.

• *More employment can be created for poor people.* In a number of countries, labour-based methods have been successfully introduced into the regular system for construction and maintenance of rural roads. At the same time, public works programmes have succeeded in their main objective of providing emergency relief, but have

been less successful in creating infrastructure of acceptable quality.

In its future support to the expansion of labour-based methods, Sida should pay attention to whether the objectives of these programmes could be integrated, e.g. by creating a capacity within the regular labour-based construction programmes to undertake special operations justified by relief objectives. Sida should also look into the possibilities of expanding these methods into other types of infrastructure than rural roads.

One of the areas with the most interesting potential for increased employment is the development of urban infrastructure. Sida should, to the greatest extent possible, make use of its experience from labour-based methods for rural road construction when policies and methods for urban development projects are being considered.

URBAN POVERTY

Growing urban poverty

The World Bank has estimated that 25 per cent of the urban population in developing countries live in absolute poverty. In 1990, this would have represented about 400 million people. By the end of the century, the number is expected to grow to one billion. Although statistics of this kind represent "educated guesses" rather than exact knowledge, most observers agree that urban poverty is indeed increasing.

In Zambia, for example, urban poverty was negligible in the 1970s (4 per cent in 1975), but increased to just under 50 per cent of the urban population in the 1990s.

Tanzania is one of the few sub-Saharan countries for which large-scale urban and rural household surveys have been conducted over a period of several years. The surveys show that real living standards declined at an average annual rate of 2.5 per cent between 1969 and 1983. The decline in urban areas was even more dramatic and real wages fell by 65 per cent during this period (World Bank, 1990).

Statistics on health, education and income, as well as average figures on the provision of schools and health facilities, usually indicate that urban populations are favoured compared to rural inhabitants. However, these statistics most often conceal huge differences between rich and poor women and men in urban areas.

The poorest, who live in illegal settlements, may even be excluded from the statistics. An unplanned settlement like Mathare Valley in central Nairobi, which has existed for thirty years and has a population of approximately 200 000 inhabitants, is still not recognised by the authorities. As a result, it does not have any public health facilities and only one primary school.

Child mortality in poor urban areas is many times higher than in wealthier neighbourhoods. In some cases, a child born to a poor family in an illegal settlement is 40-50 times more likely to die before the age of five than a child born to a high-income family in the same city.

The London School of Hygiene and Tropical Medicine recently carried out a study based on over 100

scientific reports concerning health in urban areas of developing countries. Two of the conclusions of the study are that poor urban households sometimes have worse nutritional status than rural households, and that poverty remains the most significant predictor of urban morbidity and mortality (Bradley et al., 1991).

Characteristics of urban poverty

Urban poverty has specific characteristics that make it different from rural poverty. This is important to bear in mind when formulating policies for development cooperation in urban areas.

One of the most important features is that the urban poor depend on a cash income for survival. Most food has to be purchased, as well as water and fuel for cooking. Housing – even the simplest shack – is expensive, and cheap natural building materials are scarce. One striking similarity, however, is the key role women play in both urban and rural poor households in relation to the procurement of food, fuel, water, etc.

The urban poor often live on the outskirts of cities. To get an opportunity to earn an income, most people have to travel long distances, and transportation is expensive. This is the case particularly in Sub-Saharan Africa, due to the colonial *apartheid* pattern of land use. However, in Latin American and Asian cities, some of the very poorest women and men may live in inner-city tenement slums.

Security is a serious problem for the urban poor. Crime, violence, alcoholism and prostitution are all frequent social problems in the urban context and there are no effective means to protect oneself and one's family, especially since the police are often inadequate or corrupt. Crime and violence affect women and men differently. Therefore, the problem must be addressed using a gender perspective.

In many developing countries, the existence of "street children" constitutes another serious and growing problem. Poor children have to start earning money early. Many work in the informal sector, and much of this work is risky, both physically and socially.

Escalating violence a problem for urban women and men

In a recent World Bank research project, partly financed by SIDA within the framework of the Urban Management Programme, Caroline Moser has carried out field studies on urban poverty in Lusaka (Zambia), Metro Manila (Philippines) and Guayaquil (Ecuador).

Households in all three cities stated that water problems and escalating levels of violence were their most important concerns. In the sub-sample from Cisne Dos, Guayaquil, data showed that over a six-month period in 1992, one-third of the interviewed women had been robbed while travelling by bus. In Chawama, Lusaka, in 1992, most community facilities could not be used, since infrastructure installations had been plundered. In Commonwealth, Metro Manila, 60 per cent of the women who had been widowed during the last ten years had lost their husbands due to violence.

(Moser, 1995.)

Through both NGOs and UN-agencies, SIDA has supported projects aimed at assisting street-children. One such example is support via the Swedish YMCA/YWCA and their counterpart in Colombia to "Project Gamines". The activities concerned are primarily preventive in character. The intention is to provide support to families whose children have taken to living in the streets, in order to try to create the conditions necessary for the children to want to return home.

Women in the urban context

Many urban households are headed by women. Particularly vulnerable are extended households with numerous dependants, including old people and young mothers who cannot survive on their own.

ILO studies have found that female-headed households active in the informal urban sector have lower incomes than male-headed ones. Women are often involved in "survival activities" such as petty trading, prostitution and urban agriculture. For women who have to leave their homes in order to earn an income, child care during the daytime is often a major problem.

Women in urban areas are also a key to progress.

Experience indicates that the active participation of women in community-based projects, if possible with the support of NGOs, may well be the best option for bringing about lasting improvements of the living conditions in many poor settlements.

However, adequate gender analyses of the distribution of labour, roles and responsibilities are a necessary precondition to avoiding overexploitation of women.

The informal sector

In many developing countries, not least those applying programmes of structural adjustment, there has been considerable decline in formal employment and not infrequently also in earnings. As a result, the number of various forms of self-employment has grown rapidly.

It is difficult to estimate the volume of the "informal sector", since activities are not registered, taxes not paid and some undertakings are even criminal. However, studies indicate that in some countries the informal sector may account for as much as half of GNP and employ more than half of the total workforce. It has been estimated that in Sub-Saharan countries the informal sector may in some cases account for two-thirds of urban

Increasing the proportion of women working for an income

When real incomes decline and the cost of food and services increases, households may respond by sending more women out to work. In Chawama, Lusaka, Moser found that between 1978-92, the proportion of women working for an income increased from 9 to 34 per cent. In the Guayaquil and Metro Manila, in 1988-92, the proportions went from 32 to 46 per cent, and from 32 to 37 per cent, respectively. Besides remunerated work, women carried the extra burden of reproductive work.

(Moser, *op. cit.*)

employment. Studies have also shown that it may be difficult to separate the formal and informal sectors from one another, as many households try to combine incomes from both.

The vitality of the informal sector is an important development factor. Nevertheless, it should be realised that the dynamic entrepreneurs constitute a minority. The poor woman who tries to feed herself and her children from petty trading or prostitution is more typical than the emerging industrialist.

In development cooperation, attention has traditionally been focused on the formal sector. Today, however, when more and more people depend on self-employment, donors have discovered the informal sector. Credit schemes to promote income-generating activities through "micro-enterprises", sometimes combined with training, constitute new modalities of assistance, particularly in urban areas.

Poverty, environment and health

"Poverty tends to create environmental problems for the poor, while wealth creates environmental problems for all". This statement, quoted from a study on household environment in Accra, Jakarta and Sao Paulo, is a good summary of the urban environment issue (MacGranahan & Song Sore, 1994:8).

In low-income countries the most critical urban environmental problems – commonly referred to as the "brown agenda" – concern hygiene: lack of safe drinking water, deficient sanitation and drainage, and problems with the handling of garbage.

Again, there are great differences between poor and wealthy areas within the same city. The poor are often forced to settle on land which is unoccupied because it is considered unsuitable for development. It might consist of steep slopes with high risk for landslides, or ravines which become flooded in the rainy season. Other com-

mon sites are found along railways and roads, around garbage dumps or close to dangerous industrial plants.

Shelter, a basic need

The housing conditions of hundreds of millions of urban, poor people are deplorable. Better housing is required to improve health, but a house may also improve the opportunities for generating an income. For instance, a house may allow a woman to stay at home with her children and still earn money by sub-letting or carrying out some remunerated work such as sewing, weaving or basket-making. Part of the house can be turned into a small shop or kiosk. Between 25 per cent and 40 per cent of the households in the communities studied by Moser had home enterprises, usually run by women.

The enormous need for better housing can only be satisfied if people are given the opportunity to build and improve their own homes. The single most important issue here is to regularise land tenure. Without security of tenure, people are not prepared to invest labour and money in improvements. On the other hand, experience shows that, with the legalisation of plots, even poor people are capable of mobilising surprising resources.

Finding funds for housing

Even the humblest dwelling has a value. In some Indian cities, the sleeping space on a sidewalk represents a financial asset. But financing is ever a problem, especially for the poor. Few countries can afford housing subsidies, and commercial banks are rarely interested in lending money to poor people. Women have particular problems getting equal access to credit. There is a need to develop financially sustainable housing credit systems for low-income earners, similar to the largely successful commercial credit schemes for the informal sector. In view of the difficulty for the poor to finance even modest

Self-help housing in Costa Rica

In 1988, SIDA started supporting a self-help housing programme for squatters in Costa Rica run by FUPROVI (Fundación Promotora de Vivienda). As part of the programme, a revolving fund was established. In most cases, loans will be replaced by subsidies and credits from the national housing finance system after a certain time, whereupon the money released can be used for new loans. An important component is the transfer of ownership of the land with legal titles. Approximately 1,000 families have been reached by the programme annually.

In addition to housing and neighbourhood infrastructure, FUPROVI has now, with Sida support, started a credit programme for micro-enterprises. Some 300 families are expected to receive loans every year. During the last few years, FUPROVI has also developed into a training institution for other regional NGOs.

housing in urban areas, it is often argued that the housing issue cannot be solved without subsidies. There are, in fact, good reasons why such subsidies should be a normal component of a social development policy, just like subsidised education and health care.

In poor countries, it is probably more important to subsidise basic neighbourhood infrastructure than housing. This has also been the philosophy behind the concept of "site-and-services", which is still valid. Recurrent costs should always be recovered, but tariffs should be designed in a way which favours small consumers.

Policy directions for the future

The promotion of economic growth and general support to the social sectors, such as health and education, is important but not sufficient in the urban context. Assistance must be carefully targeted to well defined groups because of the great social and economic differences in urban areas. Women as well as children should be defined as primary beneficiaries.

Income generation is the first priority, calling for

support to self-employment and micro-enterprises. Improved housing, including legalisation of tenure and improved infrastructure and services, is another priority. A third is well targeted programs in the social sectors.

It is important to realise that poor women and men have many different needs. One-dimensional interventions may prove ineffective. This speaks in favour of a holistic approach and of programmes which try to integrate several forms of support. There should be room for people to make their own decisions and possibilities for them to become involved in planning and implementation processes. In view of the limited resources available, it is also imperative to mobilise people's own resources to a greater extent.

Governments in low-income countries rarely have the institutional capacity needed to work at the levels required in order to effectively reach the poor. Sida therefore needs to learn to work directly with local authorities and NGOs. A component of institutional development of these counterparts will normally be required.

PRODEL: An urban poverty programme in Nicaragua

Better infrastructure and small loans for home improvements and micro-enterprises are the components of the Sida-supported urban poverty programme in Nicaragua, PRODEL (Programa de Desarrollo Local), started in 1993. The aim is to improve living conditions in very poor settlements in five municipalities. The loans are not subsidised, and conditions are set to make the revolving fund financially sustainable. Infrastructure works are implemented through the municipalities and based on popular participation.

After one year, 64 infrastructure projects had been executed in 45 different neighbourhoods, 665 small loans had been paid out to micro-enterprises, and 115 families had received housing improvement loans. The majority of loan-takers were women.

SUSTAINABLE NATURAL RESOURCES MANAGEMENT

Introduction

Low-income countries are highly dependent on their natural resource base, which not only includes land and water but also living species. This base is the foundation of the development of agriculture, forestry and fishery, and it provides raw material for a wide range of processing and manufacturing industries.

In most low-income countries, agriculture is the most important productive sector, constituting the main source of food and income, export earnings and employment. This is true not only for the large majority of the rural population, the welfare of urban populations is also to a large extent dependent on the performance of the agricultural sector through a multitude of urban-rural linkages.

Even if the forestry sector contributes less to the national economy and to employment, it is still commercially important as a source of building materials, raw materials for a range of wood processing industries and for export earnings. In addition, tropical forests play an important role for preserving biological diversity. Aquaculture, riverine and marine resources provide fish and other kinds of seafood and constitute a major source of protein for large segments of the population.

Natural resources and poverty

In general, the poorer the household, the greater the dependence on the natural resource base. Lacking secure access to and control over land, the poor are forced to exploit a variety of sources for food, income and social security.

Poor households often depend heavily on customary rights of access to common resources, e.g. firewood and leaves for cooking and heating, fodder for feeding livestock, fibres and wood for the construction of houses, fish and wild animals for food, and other minor forestry products for food or medicine. Access to such common property is of particular importance to poor rural wom-

en. At present, changes in customary land tenure, including privatisation and outright land grabbing, are curtailing the traditional access of poor households to food and other necessary products.

It is of vital importance to pay close attention to the impact on the poor of processes of social and economic change, including land tenure reforms.

From what has already been said, it is evident that poor households are particularly dependent on the *quality* of the natural resource base. As has been discussed earlier in this document, there exists a complex relationship between environmental degradation and poverty, where the time perspective is important. Poor people may be driven to engage in survival practices which are environmentally harmful and endanger the long-term sustainability of the ecosystem which is at the basis of their own existence. Poor people are also the first to suffer from environmental degradation such as deforestation and soil erosion. Consequently, the poor are both cause and victims in these processes. Any poverty reduction intervention must consider the dynamic relationship between human beings and nature in fragile environments. Often, solutions to the problems may be found outside the natural resources sector in the form of education and the creation of employment opportunities elsewhere, more reliable health services, etc.

The way natural resources are managed has implications not only for the present, but also for future generations. Lack of action, or inappropriate policies, can bring misery to millions of people. For decades, many developing countries have indeed paid scant attention to the management of natural resources and the agricultural sector.

Policy changes have come earlier in Asia, particularly south-east Asia, than in Africa. This has resulted in rapidly improving agricultural performance in the former region, although an abundance of studies have

also shown that the benefits often have been unequally distributed.

In many African countries, economic policies, until very recently, have discriminated heavily against agriculture. Direct and indirect taxation has provided powerful disincentives for agricultural development. This situation has been aggravated by social and ethnic unrest in several countries. The result has been a very low rate of agricultural growth, which, in turn, has contributed to a further deepening of the overall economic crisis.

The increase of poverty in Africa during the last ten years can to a large extent be explained by low investment in the agricultural sector, with subsequent stagnation of production. During the 1980s, agricultural production in sub-Saharan Africa increased by no more than 1.8 per cent per year, as compared to a rate of population growth of nearly 3 per cent. This means that per capita food production has actually fallen in some countries. Whereas the number of undernourished people in South Asia has decreased, sub-Saharan Africa has experienced a 46 per cent increase in undernourishment since 1970. Major African export crops have also lost market shares globally.

Even if most segments of rural communities have been adversely affected by deficient policies, it has been the small and landless peasants who have suffered the most, not least poor women. More affluent farmers, with better access to markets and greater opportunities for influencing government decision makers, have been able to benefit from irrigation systems and subsidised agricultural inputs such as fertilisers and pesticides.

Furthermore, government policies in general have not resulted in a more ecologically sustainable utilisation of natural resources. Soil degradation, deforestation, loss of bio-diversity, and salination of irrigated areas continue unabated, and not only in Africa.

Rapid population growth has affected rural communities in different ways. In countries with low rates of industrialisation, more people implies growing pressure on land as a means of production. In South Asia, where most land suitable for agriculture is already utilised, the result is increasing landlessness. In Bangladesh, more than 50 per cent of rural households are presently eking out a meagre living as day labourers or marginal farmers. In Africa, agricultural land is not yet as scarce, but the situation is rapidly changing. According to FAO, the

Population pressure and environment

The pressure of a growing population is not always damaging to the environment. In certain contexts it may, in fact, provide a stimulus for intensified production. The comparison of two case studies, one from Machakos, Kenya, and the other from Yatenga, Burkina Faso, is illuminating.

In Machakos district, the human population has grown fivefold since the 1930s. Population density has increased particularly in dry areas. Yet, the district is now largely self-sufficient in food, all land in high-potential areas has been terraced, and income levels have risen threefold. The case study indicates that population growth stimulated an intensification of agriculture, which was made possible because of the presence of market opportunities as well as a range of techniques for raising the productivity of the land.

Yatenga province in Burkina Faso is densely populated. Already at the beginning of the century, colonial administrators noted the region's vulnerability with regard to famines caused by drought or pests. A very notable feature has been the out-migration of men. As a consequence, women's workload has been increased, and it has not been possible for households to invest in improving soil fertility. In a vicious circle, low economic returns to farming contributes to further labour migration.

The conclusion is that increasing population pressure can lead to improved land management and more sustainable rural livelihoods, when accompanied by permissive conditions. Such conditions can be good marketing opportunities, security of titles to land and trees, or the adoption of new technology. Population growth and environmental degradation need to be contextualized and cannot be seen as a matter of simple cause-effect relationships.

(Guèye & Toulmin, 1993.)

average size of farms in Africa is decreasing. The impact of population growth on land distribution patterns in Africa, however, is not well known, since a great deal of land is still held according to rules of customary tenure.

Nevertheless, in Africa too, higher population density may result in higher rates of productivity in certain regions. This can be seen, for instance, in parts of Kenya and Uganda.

In more fragile environments, however, population growth is likely to lead to unsustainable exploitation of the natural resource base if nothing is done to redress the situation.

Important policy issues

The world's resources are actually sufficient, not only to ameliorate the situation among the hundreds of millions of women, men and children now living below the poverty line, but also to ensure food security and a reasonable livelihood for a growing population.

But for this to happen, certain conditions must be met, among them: i) governments of low-income countries must commit themselves to rural development and poverty reduction, reset priorities and drastically change policies; ii) industrialised countries must reduce subsidies to their own agricultural sectors and open up their internal markets for imports; and iii) the international donor community must allocate more resources to agricultural development and increase their efficiency in this area. "Business as usual" will no longer do.

In many respects, policy changes are under way. Asian and Latin American countries have taken the lead. Africa started much later, but most countries are now going through some form of structural adjustment and stabilisation programmes.

Several elements of economic policy reforms and structural adjustment have had a positive impact on the agricultural sector and on the rural economy. Dismantling parastatals and state cooperatives, as well as deregulating administrative price controls, have removed disincentives to agricultural production. It is true that the reduction of subsidies on agricultural inputs may have affected the utilisation of these negatively, at least in the short run, but this has probably had little impact on small-scale producers and subsistence farmers.

Nevertheless, however necessary, macroeconomic measures of this kind are not sufficient to improve the performance of the agricultural sector in a sustainable manner, and they are singularly inadequate when it comes to addressing the most serious problems of rural poverty. Inhabitants of areas of high agricultural potential, and farmers mainly producing for the market, have been the main beneficiaries of deregulation. Marginal, thinly populated and less well-endowed areas have been

largely by-passed. It is clear that in order to achieve the double purpose of increasing food production and reducing rural poverty, there is great need for complementary, powerful public interventions.

What is needed?

i. More appropriate agricultural research. From a production perspective, there is a need for substantially strengthening agricultural research.

In order to combat land degradation and poverty, more emphasis should be placed on developing production systems for low-potential, arid and semi-arid areas. Technical improvement should focus on increasing the productivity of labour as well as land. Rural women in particular already have a heavy workload and may not be able to put in more hours of work. As traditional land tenure systems are coming under increased pressure, there is also a need for more country-specific policy research in this area.

ii. Improved extension systems. If research is to have an impact, there is a need both to improve rural extension systems and to strengthen the links between research and extension services. Extension systems should also develop a capacity for applying ideas and methods of participatory development in order to enhance sustainability.

The importance of peoples' participation for projects and programmes concerning natural resource management has gradually become obvious. The meaning of the term has also changed from mainly denoting physical work carried out during implementation, to participation in problem identification, planning and design, as well as in monitoring and evaluation of activities and results, e.g. in the whole project cycle. Community participation is increasingly being viewed as a process of empowerment. Individuals and groups need support to organise and mobilise their own capacities in order to enhance control of their own life conditions.

iii. Enhanced access to financial services. Access to financial service institutions is generally considered an important requirement for increasing productivity and reducing poverty. The reality is, however, that formal financial services are non-existent for the majority of small-scale rural producers.

In response to increasing demands for credit, a number of NGOs have sprung up over the last decades. Because they are funded by external grants, some of them can afford to provide highly subsidised services which, consequently, are not sustainable.

Other institutions, of which Grameen Bank is perhaps the best known, operate on more commercial terms. For rural development efforts to succeed, it is of vital importance that the whole question of financial

services for poor women and men should receive much more attention than hitherto.

What is Sida doing?

i. Poverty focus. Sida's policies concerning the management of natural resources and agricultural and rural development have long had a marked poverty reduction profile.

Already the strategy for rural development, introduced more than a decade ago, emphasized equality. New guidelines issued in 1990 identified the poor as the principal target group for Swedish development cooperation in the agricultural sector. Now, Sida policy is once again being reviewed. In the revised guidelines, which are still under preparation, the mandate of the Department for Natural Resources and Environment will be defined as improving the living conditions of the rural poor through the sustainable utilisation of natural resources.

It should be noted that the emphasis here is on sustainable *utilisation* rather than on the conservation of natural resources. Sida interprets sustainability not merely in relation to a biological/ecological context but also as viewed in a broader social and economic perspective.

ii. Targeting. The projects which Sida supports differ as to degree of targeting. Some are quite selective with respect to the target population whereas others are more broad-based, affecting whole communities or the entire society. Similarly, some are focused on sub-sectors such as seed production, agricultural research or extension services, whereas others are multi-sectoral. The latter is often the case with projects implemented in marginalized or low-potential regions.

Examples of the former are support to seed research and seed production in Mozambique and Zambia. The purpose is foremost to improve the quality and availability of crops which are of particular importance to small-scale farmers.

On the other hand, support to zonal agricultural development in Guinea Bissau is an example of a multi-sectoral development intervention. Sida is here supporting a programme for developing a total government support system for agriculture. New area development programmes are under preparation in Tanzania and Ethiopia, and in both cases low-potential regions have been targeted.

An important concern for Sida is to influence central and local government institutions to be more responsive to the needs of different groups of poor women and men. This approach characterises programmes concerning the development and utilisation of natural resources in Vietnam and Laos. Another concern is to support the

development of methods suitable for small farmers. A new programme of this type is presently being prepared in collaboration with FAO.

iii. Support to methods of participation. Extensive support to the development of methods of community participation is another prominent part of Sida's work in the field of natural resources management.

Such methodological development has been funded in a number of programmes, and assistance has been given to IDS and IIED and their research concerning PRA. At the present time, most development programmes receiving Sida funding are characterised by some form of popular participation.

Future action

- Poverty reduction and sustainable improvements in food security and nutrition in low-income countries can only be achieved if economic growth is accelerated. Governments need to recognise that agriculture is the major contributor to broad-based economic growth in most low-income countries and that the possibility of reducing poverty depends to a large extent on the performance of the agricultural sector. This is a powerful argument for *continued or even increased support to the development of sustainable natural resources management systems and agriculture.*

- Trade barriers and other discriminatory policies imposed by industrialised countries make it difficult for developing countries fully to realise their potential comparative advantages in global food production. As pointed out in earlier sections, it is important to work for further reform of global trade systems and greater access of low-income countries to international markets. To many of these countries, access to regional markets would probably offer the best medium-term opportunities for development. Support should therefore be given to *the further development of regional and sub-regional markets.*

- Donors should cooperate closely in their support of sound macro-economic reform and stabilisation programmes, which can create a more positive policy environment for agricultural development, as well as *in supporting sector policy reforms that aim at removing disincentives to agricultural production*, such as administrative price controls and marketing restrictions.

- Governments need to change their role in relation to agriculture in the future. However, removal of direct public-sector interests in agriculture does not mean complete withdrawal. An effective public sector is required more than ever, to set and enforce standards, rules and regulations, ensure fair market competition with regard to agricultural inputs and outputs, and provide investments in areas that are not likely to attract

private interests, such as research. Governments must be strengthened, not weakened, in strategic areas in order to be able to perform these new roles. An important element of development cooperation in the future will concern *institution and capacity building in the public sector, including at the local level*. It is of particular importance to enhance capacity for cost-effectiveness analyses, policy analyses and policy formulation.

- From a poverty reduction perspective, it is of the utmost importance to support an agricultural development strategy which focuses on the needs of small farmers. Here, efforts must be made to increase the productivity of labour, since many farmers, and in particular female farmers, are already heavily overworked. Many traditional systems for land tenure, particularly in Africa, are under considerable stress due to increased population pressures and reduced

productivity of land. Donors should *support policies which ensure poor communities more secure access to land and water*; that people retain customary rights in relation to common natural resources, and reduce the opportunities for land grabbing by more powerful segments of the society. Special emphasis must be put on developing mechanisms which secure women's rights to land.

- In order to increase the productivity of land and labour there is a need for more investment in national agricultural research and extension systems. Support is needed, in particular, for *research on farming systems in ecoregions with fragile soils, low or irregular rainfall, high risks of land degradation and high proportions of poor people*. Agricultural research should be more demand-driven and focused on problems of relevance to poor farmers. It is therefore also especially impor-

Social mobilisation in Matara, Sri Lanka

Sida has supported Matara Integrated Rural Development Project (MIRDP) since 1979, with the stated goal of "attacking poverty through a set of coordinated activities aiming at basic problems".

Early evaluations were critical of the perceived lack of both targeting and integration. Women had not been affected and popular participation was low or non-existent. This changed in the mid-80s, when MIRDP chose to focus on decentralised village development and social mobilisation. Influence from a local NGO, Change Agents Program, was decisive. CAP's aim was the "conscientization" of the rural poor with the aid of trainers chosen from among the local population who were to act as "catalysts" rather than not teachers.

In 1989, a new MIRDP programme was created: the Social Mobilisation Programme and a credit scheme inspired by the Grameen Bank was initiated. The SMP works through groups among the poor. Joining a group means participating regularly, paying a share in the group's account and starting an occupation of one's own. By 1994, 100 social mobilises were active, and nearly 1,000 groups had been formed with 8,500 members, of whom 90 per cent belonged to the poorest sectors and 97 per cent were women.

The micro-enterprises started by the women are based on local resources and the products are sold on the local market. Most often, loans have been taken for home gardening, petty trade, rope-making, mat-making, cooking breakfast food or sweets, and sewing. Repayment of loans is nearly 100 per cent. Saving in the group is compulsory, and the group decides about the sums the members should contribute. Even if savings are small, they soon grow into a security against local money-lenders.

The program has not brought about any more far-reaching socio-economic changes, but group members have expressed satisfaction with results such as improvements in village and family relations, better health, better education for children and improved housing. They also emphasize enhanced personal confidence and self-reliance.

(Wieslander, 1994.)

tant to continue to *support the development and application of participatory methods*. It is important be able to fund local costs. Efforts should also be made to establish links between research organisations at different levels.

- There is a need to reform *national extension systems*, aiming at: improving the links between research and extension services; making extension activities more cost effective; making extension less supply-oriented and more responsive to the needs of small-scale farmers, especially female farmers and, on the whole, better adapted to local conditions. Support to extension services will also have to focus on methodological development, including new systems for disseminating information, development of new participatory approaches and farmer-to-farmer forms of extension.

Furthermore, support to non-public extension systems should be considered, e.g. those services operated by farmers' own organisations. Other activities worth supporting are training of government and local government officials in participatory analysis and consultative methods. Empowerment and organisation of the target population and local community is normally an important prerequisite for increased participation. It is therefore important that Swedish support be used also for these purposes. This may be channelled through non-governmental organisations.

- It is crucial to support the *development of rural credit and savings systems* for poor rural people, and in particular for women. The focus should be on promoting sustainable institutions, and credits should not be subsidised. Methodological development should be encouraged with a view to creating more effective ways of reducing transaction costs and increasing recovery rates. Attention should be paid to the need to develop public regulatory

systems, including mechanisms for interaction between formal and informal financial sectors.

- The exploitation of marine resources is reaching its upper limits. Increased population in coastal areas, where fish is a major source of protein for poor people, will result in higher prices. Seafood prices have gone up by 40 per cent in the last 15 years. Donors should support efforts at securing the availability of fish protein at a reasonable price through *assisting coastal development programmes*, which include more efficient handling of fish and other seafood.

- Biodiversity plays a significant, global role in maintaining basic life-supporting mechanisms such as stabilising water flows and climates, recycling nutrients, controlling pests and absorbing pollutants. This is important for all. In addition, poor rural populations are particularly and directly dependent on the quality of the natural resource base. They also often attach cultural and spiritual significance to certain natural phenomena (e.g. sacred wells or groves). Renewable natural resources thus carry both economic and non-economic value for human beings. Hence, there should be a continuation of support to *the development of production systems which preserve, and give poor women and men access to, biodiversity*.

- Finally, for sustainable development to take place, there is a need to promote a broad range of non-governmental institutions – the organisational building blocks of rural civil society. Examples of such institutions are NGOs in general, genuine farmers' organisations and cooperatives (not government-controlled), self-help and credit organisations, community organisations (e.g. women's groups) and private marketing associations. More resources are needed for the *development of organisations and institutions which can form the democratic backbone of rural civil society*.

Health Development

Most people perceive health as one of the most important dimensions of well-being. The means to lead a healthy life are, however, still largely a privilege of the well-to-do.

Considering the inequities in health between and within countries, the participants in the World Summit for Social Development in Copenhagen, 1995, agreed on a commitment to "promoting and attaining... the highest attainable standard of physical and mental health... making particular efforts to rectify inequalities relating to social conditions...". It was emphasized that in order to make this possible, it was of strategic importance to "ensure an integrated and intersectoral approach so as to provide for the protection and promotion of health for all, in economic and social development taking cognizance of the health dimensions of policies in all sectors" (United Nations, 1995).

Health is also of critical importance for economic activity and growth (see Chapter 5), and health development should constitute an integral dimension of a comprehensive strategy to combat poverty. Unfortunately, however, investing in health is most often interpreted as improving medical services only, rather than applying a multi-sectoral model and striving to influence all the different determinants of health – working conditions, food, water and sanitation, social safety nets, lifestyles, etc.

Another problem is that health status is usually described in terms of average figures for the whole population or for specific age groups. This conceals great and often increasing disparities between different social groups. It is also unfortunate that many economists still define allocations for improving health as consumption rather than as an investment.

Nevertheless, as evidenced by the conclusions of the Social Summit, a new paradigm is emerging among researchers as well as development planners, emphasizing the need to promote multi-sectoral approaches to health development. Particular attention is paid to the interdependence of health and poverty.

On the one hand, poverty is recognised as the main

cause of premature death and fragile health in developing countries. The misleading term "tropical diseases" is being replaced by "diseases caused by poverty", and special attention is being paid to equity-oriented strategies for health development.

On the other hand, it is acknowledged that poor health and disabling diseases contribute to, and intensify, situations of poverty and are a hindrance to economic growth.

Poor health is thus identified as both a cause and an effect of poverty.

The health divide

In recent decades, remarkable progress has been made on certain indicators of health in less developed regions. One example is life expectancy at birth, which increased from 41 years in 1950 to 62 years in the early 1990s, a major reason being the reduction of the mortality rate of children (World Bank, 1993b).

At the same time, however, most Third World countries have also become characterised by a substantial and often increasing health divide between different socio-economic groups. This is particularly true of infant and child mortality, as well as of diseases related to poor living conditions such as tuberculosis, leprosy, respiratory infections, and diarrhoeal diseases including cholera. Increasing malnutrition among young children is also an observed trend during the last 10-15 years, explained as arising from shrinking purchasing power, decreasing per capita food intake, and, in many countries, reduced access to good quality health care for the poor.

Sexual abuse and physical violence are phenomena which are more frequently reported among the poor, and in many countries there is a widening gender divide with regard to health in general. This may start already at an early age with the undernourishment of girls in poor households, because they are given less food than boys.

Poor women, especially, experience severe health problems related to lack of reproductive rights, unwanted pregnancies, low age at first birth, dangerous illegal

abortions, prostitution, and sexually transmitted diseases like HIV/AIDS.

Since poor women are so often particularly vulnerable, it is essential that health development measures, as integral parts of strategies to reduce poverty, build on gender awareness. But such strategies should also take into account that women are not only victims but also constitute a health resource. Women are frequently the primary care-givers, having special experience and knowledge in areas related to health.

Because of the differences existing between social groups, it is important to identify the degree of "health security" experienced by vulnerable women and men and not rely on the average figures for the population in general.

The economics of health

The extent to which changing health status affects economic development in a society has not been seriously researched. Nevertheless, today there is no doubt that the HIV/AIDS pandemic will have consequences which threaten the social and economic development of a number of countries. WHO has estimated that a cumulative total of no less than 30-40 million people will have become AIDS-infected by the year 2000.

The World Bank has investigated the effects of improved health on economic development and points to the following gains as most important: i) reduction of production losses due to better health among workers; ii) better use of productive land if diseases such as malaria or river blindness are wiped out from infected areas; and iii) increased school enrolment, particularly among girls.

Nonetheless, even though the macroeconomic effects of improved health are important, the criteria for investment in health cannot be purely economic but must be linked to the overall objectives of improved human well-being in general, and in particular among vulnerable and disadvantaged groups.

Policy

Equity-oriented, comprehensive strategies for health development cannot rely on increased income alone. In order to be effective they should involve at least the following areas:

- Environmental policies;
- Working conditions;
- Employment and labour market legislation;
- Housing and security in residential areas and communities;
- Agriculture, land tenure and food industries;
- Chemicals;
- Traffic;
- Education;

- Social security and safety nets;
- Health care;
- Water and sanitation;
- Tax policies and targeted subsidies;
- Control of narcotics, alcohol and tobacco.

The responsibility to identify, develop and implement the health policy component should primarily lie within each sector.

The synergy resulting from coordinated multi-sectoral actions should be recognised as enhancing cost-effectiveness in the use of scarce public resources. However, careful specific analyses will be needed in each individual country in order to reach an optimal balance between the interacting components. It is important to remember that the health development chain is no stronger than its weakest link. The health hazards of polluted water cannot be compensated for by food stamps on rice.

An equity-oriented health development component is already part of the support provided by Sida's sector divisions. Examples of this are:

Education:

- Health and HIV/AIDS education in schools.

Infrastructure:

- Water, sanitation and health education;
- Traffic planning (road security, air pollution);
- Urban development – improving living conditions in shanty towns, e.g. water and sanitation.

Natural resources:

- Food production;
- Use of pesticides and chemicals in agriculture;
- Integrated rural development;
- Food security, nutrition.

Public administration:

- Human rights.

Health:

- Equity-oriented health care reforms;
- Immunisation;
- Nutrition (micronutrients);
- Sexual and reproductive health (safe abortions, promotion of contraceptives, adolescent health, prevention of HIV/AIDS).

Several of these programmes include conscious efforts at poverty reduction; involving women and men living in poverty in planning and decision-making processes, assisting their efforts to gain control over their own lives, and secure access to basic needs such as food, housing, education, water and sanitation.

What can be improved?

- Sida is using new methods to plan and improve performance in health development. *Country Health Profiles* have recently been produced for 15 countries. Resources will be mobilised for the transformation of these profiles into an analytical component of Sida's *Country Strategy Papers* focusing on social development and analysing the various dimensions of health.

- Health impact assessments, including gender-specific health objectives, are discussed as important parts of health-related programmes and projects. These assessments can be compared to the more established methods for environmental impact analyses, which are carried out in order to achieve sustainable development. Health impact analyses can be seen as a similar method to secure sustainability in the area of human development.

- Sida is formulating a position paper on health development cooperation. The paper introduces a gender-aware framework for equity-oriented health development. The latter should be seen as integral parts of broader strategies for economic and social development assistance.

- Policy development and coordination within Sida will in the future be facilitated by conscious efforts to apply multi-sectoral approaches to health development within the framework of the new organisational set-up of the agency. Sida will continue to promote equity-oriented strategies for health development in international fora such as WHO and the World Bank.

Access to health care services

Access to health care services is of critical importance in an equity-oriented strategy for health development, as well as in terms of improved quality of life for the poor.

It is a well-known fact that the poor with their heavier disease burden have the greatest need for health care services. It is also a well-known fact that in spite of their greater need, the poor have far less access to care than economically more privileged groups with less need for medical treatment. This is often referred to as "the inverse law of care".

Access to health care is related to the following geographical, socio-cultural, gender and economic aspects:

The *geographical* differences in health status between urban and rural areas are reinforced by similar differences in physical access to health services. In many countries, major parts of the population have more than one day's travel to the nearest health facility or health provider.

Cultural and *social* aspects, such as class- and gender-

related attitudes of both the community and health workers, tend to limit the use or benefit of established health services for the poor. These will often find it more appropriate, or easier, to consult non-professional health care providers. This is of special importance with regard to access to reproductive health care and delivery services.

Poor women, experiencing the double burden of poverty and gender-related discrimination, manifest a very high incidence of sexual and reproductive health problems. The health divides between different socio-economic groups are also greater with relation to maternal mortality and morbidity than for almost any other group of diseases or type of injuries/accidents. Equally evident is the link between poverty and unsafe abortions, as well as sexually transmitted diseases (STDs) including HIV/AIDS.

The *economic* access to health care is related to the system of financing in each country.

Services primarily financed by taxes can keep direct user charges at a very low level and thus secure access to care according to need and regardless of ability to pay, given the political will to allocate the resources.

The increased use of fees within tax-financed programmes in order to generate additional funds usually reduces the economic access to care, in particular for the poor majority. Even a small increase of non-tax funding, to 10-20 per cent of recurrent costs, calls for an increase of user charges to a level which poor women and men in many countries do not perceive to be affordable. Efforts to waive the fees for the poor also fail at this level of private funding; the financial effect of free care at the point of delivery for a large proportion of the patients is to reduce the revenue generated to a level where user charges no longer provide an interesting financial alternative.

The World Bank has estimated that user charges in most developing countries cannot finance more than 5 to 10 per cent of recurrent costs without severe effects in terms of reduced access (World Bank, 1993b). Furthermore, experience indicates that a system for identifying those who are to pay and those who should not would involve considerable problems of management, when 20 per cent or more of all patients belong to the latter category.

There is also a clear trade-off point as regards the administrative costs for such a system, and the risk for abuse is obvious. It must also be recognised that high private costs for e.g. essential drugs prescribed by doctors can lead to severe negative effects, as patients may only be able to afford and thus consume a part of the recommended dose.

The general conclusion is that high user charges do

not provide a viable option for financing equity-oriented health care systems. The main utility of fees, at a fairly low level, is not for generating revenue but to serve as an incentive to seek medical services at the appropriate level of care.

This said, it should also be recognised that a large proportion of total health care costs in many developing countries is financed through private funds. From an economic access point of view, three very different privately financed subsystems within the health care system emerge:

i. The first is a *comprehensive, private for-profit system* consisting of both primary, secondary and tertiary care, often of a much higher quality than the public health care system. User charges are at a level which makes these services, particularly in-patient treatment, available only for the economically more privileged groups who can afford to pay either in cash or have invested in private health care insurance. The possibilities to extend these commercial health care services to the poor are limited to providing a few free beds on charity grounds, or using public funds for buying certain services.

A large or fast expanding, private for-profit health care system, primarily catering to economically privileged groups, is sometimes said to increase the possibilities to secure public funds for the health care of the poor. The empirical evidence for this remains to be presented, however. A well-known effect of large or rapidly expanding private for-profit health care systems is that they lead to a drain on scarce medical expertise from the public sector and reduce the geographical access to care in rural areas.

Rather than facilitating basic public health services for less privileged groups they might, if not properly controlled, reduce the possibilities to develop basic public health services, in particular in poor urban and rural areas. Private for-profit care is nonetheless to be preferred, from an equity point of view, if the alternative is a heavily subsidised secondary and tertiary care accessible only to rich groups who are able to pay the additional and fairly high fees for this type of subsidised care.

ii. The second system is *private for-profit out-patient care* provided by individual doctors, nurses or practitioners at a cost which at least is affordable for enough poor people to make it commercially viable. Modes of payment may be very flexible and include credits and payments in kind rather than cash only. The borderline between what in many countries is described as traditional medicine, as opposed to modern medicine, is not always distinct. The quality of care of these providers cannot be controlled in the same way as is the case with basic public health services; consequently there are

great differences in terms of safety and known effects of the services provided.

This type of private for-profit out-patient system can usually not be expanded to cover e.g. secondary and tertiary hospital care, as the patients typically cannot afford to pay even for a second-class in-patient treatment.

iii. The third type is *non-profit care, privately financed* by e.g. voluntary contributions from charitable organisations. User charges at a low or medium level are often linked to these services, which, from an economic access point of view, can be compared to health care systems primarily financed by public funds. The fact that non-profit private health centres and hospitals cover a higher proportion of their recurrent costs from fees than is usually the case with public hospitals, is often utilised as an argument for increasing user charges for the services provided by the latter. Differences in management and flexibility between a specific non-profit private provider and a public health care system must, however, be considered before any final conclusions can be drawn.

The possibilities of expanding the private non-profit health care system depend on the availability of voluntary funds, or foreign aid, as well as the willingness and capacity of the private providers to integrate their services with national and local plans for a more comprehensive health care system. This is often not easy, due to historical roots in certain regions and other constraints. It must also be recognised that the possibilities to influence the economic and geographical access to private non-profit care – and even more so private for-profit care – via political decisions are far more limited than within a public health care system.

In order to secure economic and geographical access to medical care for people living in poverty, in particular in-patient care, the most viable option is within a public health care system, given a political will to allocate, and re-allocate, resources according to need.

What is Sida doing?

Sida is giving high priority to health care policies and programmes of particular importance for people living in poverty and has identified the following main ways in which health sector support can reach the poor:

- i. Direct targeting of those most in need;
 - ii. Universal coverage which includes the poor;
 - iii. Policy development in relation to health and equity, capacity building;
 - iv. Emphasizing issues concerning sexual and reproductive health.
- i. *Direct targeting.* Support is targeted to reach specific, poor groups in the places where they live, or directed to poor and marginalized areas, e.g.:

- Disadvantaged areas in Vietnam;
- A leprosy control programme in India;
- The Integrated Child Development Services Scheme, India;
- Community-based rehabilitation of the disabled in Zimbabwe;
- Farm health workers' programme in Zimbabwe;
- Local health systems focused on the poor in four countries in Central America;
- Indigenous women's health in Guatemala.

ii. *Universal coverage programmes.* Support is given to programmes intended to cover whole populations or areas, including the poor. Examples of how Sida supports such efforts are:

- 25 per cent of all health support goes to immunisation programmes through UNICEF, WHO or to specific countries such as Bangladesh, India, Angola, Uganda and Zimbabwe.
- 20 per cent of all health support goes to national essential-drugs programmes in Zambia, Angola, Laos and Vietnam. This ensures that a vital component of health care, i.e. drugs, will reach the peripheral urban and rural parts of the health system.

iii. *Policy development for health and equity, and capacity building.* Included here is long-term support to policy changes, as well as to the implementation of health reforms and processes with an equity orientation, such as financing systems which affect the access to, and quality of, health care for the poor. A prerequisite for this support is political will, both in terms of the stated objectives and with regard to making available the means to reach these objectives. Support to institutional development and management training regarding equity, e.g. in health care reforms and policy changes, may have a major indirect impact. Examples are:

- Support to the health reform implementation in Uganda, Zambia, Vietnam, Nicaragua, Guatemala, Honduras and El Salvador;
- Active participation in national and international fora to promote equity-oriented health care policies directly related to the needs of disadvantaged groups;
- Management training of health staff in Kenya, Zambia, Zimbabwe, Angola, Ethiopia and Vietnam;
- Support to national institutions active in the field of nutrition in Tanzania and Zimbabwe, and in health policy in Uganda, Vietnam and Zambia;
- Support to WHO to develop indicators to measure changes in inequity in health and health care. Support to WHO programmes on capacity

building in health economics, and to national health systems and policies.

iv. *Sexual and reproductive health.* A substantial part of Sida health assistance currently consists of support to programmes for sexual and reproductive health. This reflects the nature of the most significant disease burden for men and women of reproductive age.

The role of Sida in the field of sexual and reproductive health is both normative and that of a provider of financial resources for large-scale programmes. The key element in Sida's normative role during the 1990's has been to promote a new paradigm for population-related programmes with particular focus on health, empowerment and women's rights.

The main objective for Sida's financial support is to improve conditions and services related to an enhanced sexual and reproductive health status, in particular among women and adolescent girls living in poverty.

Combining the normative and the financial roles in this way constitutes without doubt one of the most effective tools available to Sida in the field of sexual and reproductive health for reducing poverty, increasing gender equality, and improving the quality of life of women, children and men.

Swedish support within this area is ambitious and multi-faceted. Examples of programmes are:

- Safe abortion care: in Bangladesh, Zambia and through several NGOs;
- STD/HIV/AIDS: in Angola, Ethiopia, India, Uganda, Zambia and Zimbabwe, as well as through WHO and several NGOs;
- Promotion of breast-feeding, e.g. through UNICEF;
- Support to women's health networks and organisations;
- Several studies on the social and economic consequences of the HIV/AIDS pandemic which are particularly severe in poor communities;
- Programmes dealing with female genital mutilation and violence against women;
- Support to programmes concerning reproductive health; normative work on method and policy development;
- Maternal health: in Angola, Bangladesh, Ethiopia, India, and Zimbabwe; Adolescent health: in Angola, Ethiopia, Tanzania and Zambia, as well as through international organisations.

What can be improved?

- It is crucial that in Swedish development assistance, a clear distinction is made between health development support and health care services or health sector support. Nevertheless, as health care contributes to health

development, the measures suggested in the section on Health Development, are relevant for the health sector as a whole and are not repeated here.

- The new organisational structure adopted by Sida is intended to facilitate a closer collaboration between those working with support to health sector reforms, on the one hand, and on the other, those supporting e.g. civil service reforms, improved public administration, good governance, and support to the decentralisation of the public sector in general.

- In an international perspective, Sida is a leading agency in the field of sexual and reproductive health. A gender-specific equity dimension in these programmes is of course critical and will be kept in focus as policies and programmes are further developed.

- Analyses of potential effects on poor women and men will provide important information for support to health sector reforms. Sida should only support programmes that actually reduce the gap between privileged and less privileged groups in terms of access to good quality health care.

- A specific position paper on Health Sector Policy with a strong focus on equity issues is presently being finalised.

Disability and poverty

Two hundred million people with different physical and mental disabilities are living in poverty as defined by the World Bank (that is, having a consumption power of less than 1 USD per day). This means that one in six poor people is a person with a disability. There are many reasons to believe that the social and economic effects of disability are worst for women.

In spite of the magnitude of the problem, most anti-poverty strategies seem to ignore the special needs of disabled women, men and children, as well as neglecting the opportunities for preventing disabilities. Consequently, there is an urgent need to integrate support to disabled people into strategies for reducing poverty at all levels, as well as to integrate policies for the prevention of the causes of disabling handicaps and the provision of rehabilitation into overall strategies for health and social development. The overriding objectives should be integration and equalisation of opportunities for disabled women and men.

Internationally adopted policies in this area to which Sweden is committed are foremost the United Nations' *Standard Rules for Persons with Disabilities* (1993) and *The World Programme of Action concerning Disabled Persons* (1982).

These and other international agreements aim at safe-guarding the interests of the disabled, among them the right of mentally or physically disabled chil-

dren to enjoy a life with quality and dignity and to participate actively in the life of the community. The UN Secretary General has nominated a special rapporteur to follow the developments in this field and to report on the implementation of the rules that have been adopted.

Determinants of disability

Poverty-related diseases such as polio, leprosy, iodine deficiency, and vitamin A deficiency, as well as sexually transmitted diseases, unsafe abortions, and accidents impair millions of people every year. It is estimated that more than 50 per cent of disabling diseases such as these can be prevented by e.g. expanded programmes for immunisation, provision of essential nutrients, and injury prevention.

Armed conflicts are today causing more disabilities among civilians than among soldiers. Landmines constitute a major cause of physical handicap. There are some 65 to 100 million landmines to be destroyed and another 100 million in storage to be used. In Angola, with a population of 10 million people, more than 50 000 are amputees, and in Cambodia, with a population of 8.5 million, 150 000 persons are disabled because of mines. The number of disabling traumas caused by armed conflicts is also significant.

Disability and quality of life

Disabled people, as a category, are consistently found to have few years of schooling, limited occupational skills, high unemployment, and to live often in total poverty. There is also substantial evidence that people with disabilities are more often than others excluded from participation in the development process and denied their human rights.

The effects of a disability can partially or fully be compensated by a whole range of rehabilitation efforts including technical aids, vocational training, provision of adequate services, and protection of legal and human rights.

Community-Based Rehabilitation (CBR) is a strategy to provide services and an enabling environment for people with disabilities. CBR programmes have been introduced in some 60 countries with mainly positive results. It is a type of programme particularly well suited to fighting poverty, as it utilises resources in the local community. Important parts of the programme aim at creating local awareness and training local people. Vocational training plays an essential role, since it can contribute towards income generation.

Education for the disabled should constitute an integral part of the regular educational system. In addition, special efforts should be made to create increased labour

market opportunities for women and men with disabilities.

What is Sida doing?

Primary health care programmes supported by Sida in some fourteen countries include measures to prevent disabilities such as immunisation, child care, health education, promoting sexual and reproductive health including safe abortions, giving vitamin A supplement, goitre control (iodised salt and capsules), improved sanitation, and nutrition.

Sida has also successfully contributed to the reduction of the incidence of leprosy in India. Still, hundreds of thousands of people remain disabled and handicapped due to lack of adequate rehabilitation services.

The rehabilitation of disabled persons is a component within the primary health care programme in several countries and Sida supports such integrated community-based rehabilitation programmes (CBR) in Zimbabwe and Kenya.

Support to the education of disabled children aims at ensuring that children with disabilities receive the same educational opportunities as other children. This is nowadays often called "Inclusive Education" thereby underlining the aim to integrate disabled pupils as far as

possible into the regular school system. Sida primarily supports such activities as teacher training, curriculum development, development of teaching materials and purchasing of equipment.

International organisations such as UNDP (in the Interregional Programme for Disabled People), WHO and UNESCO receive Swedish support for activities to the benefit of disabled people. This is one way of emphasizing the goals of the *World Programme of Action Concerning Disabled Persons* and the *Standard Rules for Persons with Disabilities*.

Sida has supported the development of the WHO manual *Training in the Community of People with Disabilities* (Helander et al., 1989), as well as the development of other methods in disability work.

Making information about disability available to people in developing countries is a priority area and networks and information services are supported, e.g. the database Disability Information Services (DIS).

Grants are given to several Swedish NGOs for their work in the disability area. Sida encourages NGOs to include disability aspects in their development assistance. The most extensive grant is given to SHIA (the Swedish branch of the International Aid Foundation for the Handicapped) which i.a. supports the develop-

Community-Based Rehabilitation (CBR) in Zimbabwe

A national survey of disabled persons conducted in 1982 found 3.7 per cent of the population in Zimbabwe to be disabled. Of these, 15 per cent are now reached by rehabilitation services. WHO estimates that many developing countries provide services for only about 2 per cent of their disabled citizens.

In June 1992, the Disabled Persons Act was passed in Parliament to promote the provision of services for welfare and rehabilitation of the disabled. A National Disability Board has been formed with representatives from associations of disabled persons and government ministries involved in the rehabilitation of the disabled. The mandate of the Board is to formulate and develop measures and policies to achieve equal opportunities for the disabled.

The concept of community-based rehabilitation was introduced in 1988 in Zimbabwe, which has since become one of the leading countries with a national CBR programme. The first phase was the implementation of pilot projects, one in each of the eight provinces. The programme then gradually expanded to more districts and more wards within each district.

Through CBR programmes children with disabilities can be identified and attended to early in life; families are assisted to promote the development of disabled children, who can then remain with their parents and usually attend an ordinary primary or secondary school.

SIDA has consistently supported the rehabilitation programme of the Ministry of Health, including the CBR, since 1981. The present support programme ends in 1996.

ment of sister organisations. Other organisations receiving major support are Diakonia, Save the Children and the Red Cross. The activities of these organisations cover a broad field, from CBR programmes to special schools and homes for disabled children.

Substantial financial support is provided for the destruction of landmines in several countries, e.g. Cambodia and Afghanistan, as well as for the development of new types of equipment for destroying landmines.

Policy

Sida is conscious of the need to make special efforts to focus on the rights and needs of the disabled and in this area has a normative role. The following measures are now on the agenda:

- Policies and programmes facilitating an integration of people with different disabilities should constitute the first line of action. With regard to education. This means that children with disabilities should be integrated into the regular school system as far as possible. With regard to primary health care, programmes should include means to identify disabled children, women and men and provide rehabilitation services, including appropriate technical aids, which will enhance an active participation in community life. Early detection and early stimulation, first at home and later in crèches and pre-schools, should be a common concern for health and education. Many of these activities should be put into an overall context of community-based rehabilitation services.

- High priority should be given to legislation on the social rights of the disabled (as well as of other vulnerable groups such as children, the sick and the aged). Legislation and specific guidelines improving access to e.g. public facilities, transport systems, etc. are also vital, as well as the development of appropriate technical aids.

- Policies and programmes related to the labour market in general, and the promotion of labour-intensive methods of work in particular, should take the needs of the disabled into account.

- Higher priority should be given to injury-prevention projects as part of broad health-development programmes.

- The goals set by international agreements should be given high priority in all Sida policies and programmes.

- The financial support to CBR programmes will continue within the country programmes. Special funds will be used to support innovative projects and activities for method and policy development among major agencies, institutions and organisations.

- In addition to measures of integration, there is also a need for special target group interventions, for instance support via national authorities, NGOs or multilateral organisations. In the dialogue with governments and multilateral organisations, Sida will continue to emphasize the need to focus more on the special conditions of the disabled in anti-poverty policies and programmes.

EDUCATION

Introduction

Education is a necessary condition for economic and social development and – as explained in Chapter 5 – a cornerstone in any strategy to reduce poverty. Basic education is also a human right. It is intrinsically linked to the democratisation of society both as an end in itself and as a means towards broad popular participation in the democratic process.

From the point of view of the poor, education opens up new ways of securing a livelihood and of social advancement. Experience shows that it is an important component in the livelihood strategies of poor families. Education, or the lack of it, greatly affects the identity and self-respect of the individual. This cultural dimension is important and is interlinked with the social and economic dimensions of education.

But education is no universal cure for poverty, either for nations or for poor families. Its potential to contribute to development is fully realised only when it is part of a wider poverty eradication strategy.

Education in a context of change

Inequalities in the provision of education have always existed, but it is now becoming apparent that patterns of participation in education are changing, and that disparities between and within countries are widening. E.g. there are growing differences of access between the relatively well-to-do categories and groups of poor and vulnerable people.

Up until the beginning of the 1980s, the world saw an unprecedented growth in the number of school children and students in Africa, Asia and Latin America. Many low- and middle-income countries reached levels of enrolment in a few decades that it had taken the OECD countries several generations to achieve. The expansion reflected a strong belief among governments and individual families in the importance of education for development and for individual social advancement.

However, in the early 1980s, this upward trend was broken in some low-income countries, mainly as a result of economic decline and subsequent austerity measures.

In only a few years, governments found themselves unable to finance a growing national education system over the budget. The results were not only a levelling-off of the expansion, many countries found themselves even unable to maintain the quality of education.

Austerity measures have also affected the working conditions of teachers in a negative way, forcing them to take on other tasks, including private tutoring. Many parents have experienced how in the face of shrinking incomes they have been expected to take over a greater share of the financing of deteriorating schools. In consequence, substantial numbers of poor families have changed their livelihood strategies and sent their children out to work instead of to school.

In a longer perspective, the deterioration of the quality of education undermines the ability of a country to compete on the world market. At the same time, changing technologies and patterns of production raise new demands on education. The complexity and fluctuations of the labour market make it difficult to adjust education to its needs. For example, it has become increasingly difficult to replicate the conditions of industry in institutions for vocational training.

An expanding informal sector has made governments ask how the needs for training in this part of the economy should be addressed. The ensuing debate has emphasized the importance of adult education as well as the involvement of NGOs in education programmes.

Perhaps less obvious is the fact that international cultural integration, coupled with internal political and social pluralism, necessitates a review of the cultural and normative role of education. This phenomenon should be seen in the light of the importance given to "nation building" and national integration through education. Witness, too, how expatriate groups seeking an identity are assigning a new cultural role to education. The expansion of Koranic schools is a case in point.

Sida's education policy

The work of reforming education is a social and political process, and great differences exist between Sida's pro-

gramme countries. Broadly speaking, however, there are two main problem areas that must be addressed.

The first concerns the general deterioration of the quality of education in the poorest countries. The second has to do with the need for support to specific groups or regions in countries where a minimum general standard has otherwise been achieved. In practice, the two forms of support are complementary, but for convenience they are here taken up separately.

i. Quality improvements through national reform. Several of Sida's programme countries have initiated comprehensive, long-term educational reforms. Sida is prepared to support overall national reform efforts through assistance to policy-making processes, including research and other analytical work, as well as assistance to endeavours to build national consensus around broad educational issues.

It is important that educational reforms are designed in such a way as to be financially sustainable without discriminating against the poor. Sida therefore will pay more attention to the issues of costs and of the financing of education. For example, in the wake of economic crisis, the question of user charges has gained particular importance. This must be analysed with particular reference to equity aspects.

In this perspective, it seems clear that educational systems should be financed through public funds. There are two main reasons for this: first, that the importance of education for national development is greater than the perceived benefits to individuals and second, that poor families are not able to pay for education. In addition, even when basic education is nominally free of charge, poor households actually already contribute a considerable amount by working to build or maintain school buildings, pay for teaching materials, school uniforms, etc.

In principle, user charges from the better-off could be utilised to supplement public funds, but in practice such systems have proved difficult to implement without discriminating against the poor, or escalating inequalities. The same applies to other forms of redistribution, such as channelling incomes from university fees to primary education. It has been pointed out that if redistribution is the main motive, improved taxation systems will usually be both more efficient and more effective than systems of user charges.

One of the arguments in favour of user charges is that they make people aware of the costs of education and thus enhance its perceived value; and since user charges affect demand more than supply, they may be expected to strengthen the commitment of those who contribute as well as raising their awareness of issues related to cost-effectiveness.

Another solution is for the state to encourage private education for those able to pay. Such systems exist in several of Sida's programme countries, and may function fairly satisfactorily if conceived within the framework of a carefully worked out overall national strategy. However, it should be realised that most private education, except in the case of a few elite schools, is not wholly independently financed but in fact subsidised by public funds.

More emphasis must be placed on institutional aspects of educational reform, i.e. normative frameworks such as legislation and curricula, as well as, for example, strengthening and reorganising education ministries. Support to institutional development should also include decentralisation of the education system. A strong case can be made for the advantages of increasing local control over basic education.

What has been said above provides the framework for the learning process. The success of educational reform depends on the combined results of educational policies and of financial, institutional and pedagogical factors. Support to pedagogical reform should entail research and innovation, teacher training, and provision of relevant material. Any programme of cooperation must be based on a contextual analysis and a specific mix of mutually supportive measures, suitable for the country in question.

ii. Basic education. Within the general context of national reform, Sida gives priority to basic education. Basic education includes both primary and adult education. Adult basic education, including literacy, has on the whole been more under-financed than primary education, and its share of shrinking education budgets is decreasing even more.

iii. Targeted support. Sida has in several cases supported specific disadvantaged groups and areas.

Examples of this are girls in poor households, children with special learning difficulties, minority ethnic groups and poor groups in rural areas. Women have also been specifically targeted in some countries. This type of support should continue but not replace assistance to national reforms in cases where there is an obvious need for the latter.

iv. Higher education. Support to higher education is of importance to poverty reduction in so far as it contributes to social and economic development. It may also constitute a means of social advancement for the poor. Whether it will in fact play this role depends on the structure and content of the system as a whole.

Higher education is necessary for technological development and research. In addition, it has a supportive function to fulfil with regard to basic education.

v. *Gender*. Despite some progress in the enrolment of girls during the last three decades, gender gaps in education are large and persistent in some of Sida's programme countries. Poverty often reduces the chances for girls to get an education, since poor households may give preference to boys. Labour market discrimination against women also reduces the incentives for families to educate girls. Sida's strategy is to support delivery systems which promote female participation through a variety of means and channels.

What is Sida doing?:

Below are some concrete examples of targeted support to especially vulnerable groups, particularly girls in poor households:

i. *Targeting poor girls*. In the poorest programme countries, such as Ethiopia, Mozambique, Tanzania and Bangladesh, Sida's educational cooperation assistance is mainly of a general character. Since the majority of families are poor, it is felt that their needs are best served by support to basic national education, e.g. through support to teacher training and the production of school books and other educational material. However, even in these countries there are children who are still more vulnerable than others, and who are not reached through general measures.

Sida also supports the Shiksha Karmi project in Rajasthan, India, where "barefoot teachers" try to reach all

children, even the poorest in the most marginalized villages.

ii. *Reaching the children of farm labourers in Zimbabwe*. Children of farm labourers in Zimbabwe are among the poorest and most vulnerable in the country. Educational support to these children, numbering several hundred thousand, includes infrastructure, teacher training, development of relevant teaching material and curricula, transportation, and a scholarship program aimed at girls in particular.

iii. *Education of children with special needs*. Sida supports programmes for children with special educational needs in Sri Lanka, Zimbabwe and Botswana. Let us take Zimbabwe as an example. In this country, the aim of the programme is to enable as many handicapped children as possible to attend ordinary schools, either individually or in groups. Children with very severe handicaps attend special schools.

Sida support is used for the construction of special infrastructure facilities, technical aids for the handicapped, establishment of a production unit for school books for the blind, development of sign-language for the deaf, training of teachers and other resource persons, and information to parents.

How can educational support to the poor be made more effective?

- Support should focus on components that can be expected to raise the quality of education in the long

National project for "satellite schools"

In Bangladesh, where Sida supports both NGOs (e.g. BRAC) and a national project for "satellite schools", it was found that extremely poor girls were at particular risk of dropping out of school; reasons for instance being poverty-related diseases and chronic undernourishment, or having to stay home and do household work. In these cases, it was decided that general and targeted support should be combined.

One of the measures was to establish small "satellite schools" in outlying, marginalized villages and to recruit female teachers locally. (The satellite schools were meant to "bring the school to the children", instead of the reverse, which is more common but constitutes an obstacle to the attendance of poor children, particularly girls.) At national level, rules were adopted that will eventually result in a majority of all teachers being female.

The idea behind this was that it is easier for female teachers than for male ones to create close and trusting relationships with village mothers. Consequently, female teachers would be more effective change agents, not only through teaching but also by providing information about health and nutrition.

The programme has been successful and the attendance of poor village girls has increased as a result of the measures taken.

run, such as teacher training and the development of relevant curricula. This latter means putting less emphasis on theoretical and academic knowledge and more on work skills and "life" skills.

- Support should also concentrate more on the question of teaching methods. In many developing countries, the schools are characterised by monotonous rote learning. This does not stimulate the pupils to active participation. Support needs to be given to the development of teaching methods which activate the students.

- Support for teaching material should change from being heavily production-oriented to becoming more demand-oriented. Local schools should receive assistance to procure teaching material relevant to their specific needs. This should make the schools more attractive to the children and their parents, who may thus be expected to take greater interest in sustaining them.

- Special assistance should continue to be directed

towards the poorest groups, and special targeting mechanisms should be developed to reach women and girls (whenever relevant).

- There is a need to further build up knowledge about the education sectors in Sida's programme countries through carrying out more in-depth social and economic analyses.

- Special emphasis must be placed on developing Sida's competence in the area of financing education. The effects of user fees must be studied. An important question to answer in each particular case is: "Who pays for the education of whom?"

- The relationship between education and labour market participation should be studied more and Sida's knowledge and competence in this field developed further. The possibility of linking aid to the creation of secure livelihoods, and employment to support for education should be seriously assessed. An example here is the Bolivian Social Investment Fund, FIS, which pro-

Shiksha Karmi- a "barefoot teacher" project in Rajasthan

The population of Rajasthan is widely dispersed, with 30 per cent living in hamlets situated at a considerable distance from any village. The living conditions are particularly serious in these remote, often inaccessible places. This is also true of the school situation, as many of the villages are without primary-school teachers for long periods. School enrolment figures are consequently low and drop-out figures high, particularly among girls.

The aim of the *Shiksha Karmi* project (SKP) is to solve the teacher supply problem, and the main strategy of SKP is to substitute the invariably absent primary-school teacher by a female and a male local educational worker, *Shiksha Karmi* (SKs). A female SK is considered necessary in order to increase the enrolment of girls.

The villagers select the two persons they want as SKs. The project offers them a minimum 37-day training course and then continuing support and supervision. The training aims at a non-formal child-centred education adapted to local conditions. The basic idea is that the primary school should function as a resource for *all* children irrespective of economic conditions and social constraints.

Sida has supported the project since 1987. Up to now, SKP has resulted in a considerable increase of enrolled children in the areas covered by the project. A large proportion come from scheduled castes and tribes.

There is, however, still a gap between boys and girls. Almost all boys but only about two-thirds of the girls have enrolled, despite a number of specific measures being taken. The SKP has for instance employed women to accompany girls living in remote places, adapted school hours in order for girls to be able to continue to carry out their traditional tasks within the family, started special "Courtyard schools" and facilitated the recruitment of female SKs in different ways. Obviously this is not enough. Still more effort is needed, a challenge that Sida is ready to face in the future.

vides work and skills through the construction of schools in poor and marginalized villages.

- The possibility of directing more support to the regional or district levels should be investigated, for instance with regard to procurement of educational materials. Efforts at decentralisation, in general, should be closely monitored and the effects assessed. Community participation should be supported as well as the ways of increasing the accountability of policy-makers.
- Support through NGOs should be an alternative, even in the poorest countries, as a means of reaching the most vulnerable and marginalized groups, and the possibilities of reaching poor urban populations in this way should be assessed.

Culture and media

The work carried out within the Culture and Media Section of the Education Division at Sida is part of the struggle against economic and political power structures which favour the interests of the privileged against those of disadvantaged groups. The aim of the work is both to promote individual and group creativity and to strengthen the growth of the democratic process by supporting freedom of expression and cultural pluralism, including ethnic diversity.

The focus is on activities in the poorest of Sida's programme countries, with particular attention paid to disadvantaged and vulnerable groups of women, children and youth. By increasing popular participation, poor women and men are given better opportunities to understand their own cultural backgrounds, to regain pride in a positive cultural identity and to express themselves creatively, achieving in this way a deeper understanding of both tradition and change.

The strategy is exemplified by the following types of support:

- Out-reach programmes designed to bring children to national museums where they can learn more about their own cultures.
- Purchasing books (especially children's) for national and local libraries and promoting reading projects among children.
- Promotion of independent media to cover local news; establishment of media networks; support to community radio broadcasting stations; training of female and male journalists.
- Cultural activities among women's groups.
- Various kinds of art courses for disadvantaged children and youth as well as unemployed women and men.
- Special projects among street children and children in poor urban areas and refugee camps centred on dance, music, theatre, art and libraries.
- Support to indigenous book publishing and distribution.

Enhancing the impact of culture and media programmes among the poor

- Support should be directed to fewer countries and programmes, basing interventions on a more thorough knowledge and a deeper understanding of the local socio-cultural situation.
- Projects should be scrutinised from gender as well as environmental points of view.
- Cooperation with local organisations and institutions should be intensified in order to help strengthen local resources and further broaden popular participation.

PUBLIC ADMINISTRATION, DEMOCRACY AND HUMAN RIGHTS

Introduction

The 1980s and 1990s have largely seen the demise of long-standing military dictatorships and one-party states. Their passing was hastened by the end of the Cold War and the dissolution of the Soviet Union, which removed the superpower props from beneath them; but they were brought down also by their own inability to maintain either their legitimacy or their economic stability – or both. In many cases, the debt trap and the threat of aid withdrawal helped open the doors to democracy and the free market.

The 1990s have thus been the years of increasing democracy in most Third World countries, along with rapid market liberalisation. It has clearly been a dramatic and important period and its potential for improving the standard of living of the world's poorest people is vast. However, democracy has been introduced in haste, often without the benefit of a sound institutional base, seldom in parallel with a general improvement in governance, and often as part of a perceived external package of pressures and threats.

The context has been one in which a growing number of the meaningful decisions are in fact made outside of parliament and government, either through the opening of the economy to the outside world or through conditional financing from aid agencies and first-world governments. Within the same context, especially in Africa, a general process of institutional weakening within the state sector has simultaneously taken place.

Neither has the market taken root as firmly as was expected. So-called market failures abound and the institutional capacity of the nation-state has not been sufficient to cope with the new challenges (see also Chapters 6 and 8).

Although political reforms have been initiated, multi-party elections on the basis of universal adult voting rights have been held, openness and accountability of government to the public has in some cases improved,

and adherence to the rule of law has become considerably better, other unsettling tendencies have also emerged. Corruption is growing in the context of institutional collapse, and while the laws are improving, the capacity to implement them is not keeping pace. Thus, the situation today is one where there are new opportunities to be grasped in the fields of governance and democracy, in order to make life better for the citizenry, but where there are also new threats to the well-being of the poor arising from the rapidity of the changes and the breakdown of public and private institutions.

From the point of view of the poor therefore, there are good reasons to provide support to recipient governments in new democracies in the areas of strengthening democracy and human rights, formulating and applying the rule of law, and promoting good governance.

Present support

Swedish development cooperation in the field of public administration has thus far focused on building the state and public institutions within these parameters, a recognition that poverty reduction itself is largely a matter of action in the public realm. There has previously been an emphasis on the economic role of the state, but increasingly assistance is being provided to institutions responsible for the administration of justice and the protection of human rights.

Some attention is also being paid to the civic public realm, i.e. non-statal organisations such as political parties, trade unions, professional associations and the independent media.

The main components of the present programme of administrative development for core institutions comprise the following five main areas:

1) *Public sector development planning and finance.* Support in this area includes capacity development in relation to national planning, budgeting and accounting, tax administration and central banking, economic analysis,

public sector auditing, civil service reform, national statistics and public procurement.

2) *Organisation and management of state institutions*: Support in this area aims at overall improvement of the efficiency and effectiveness of core state institutions, through organisational development, staff training, and development of personnel administration. This kind of support is also common within sector programmes in the fields of agriculture, health, and education. In a few cases more wide-reaching support is provided to major civil service reforms.

3) *Support to systems of legislation and justice*: Strategies of support to these areas are still being developed. There is a need for technical support to the legislative process and legal drafting within the new democratic order. The system of justice needs assistance as it is rebuilt as an entity separate and independent from the executive arm of government. This includes reforming court procedures and making them accessible to the public, training of judges and other legal personnel in the application of the new constitutional principles of the law and of human rights. Of particular importance for the broad public, and especially the poor, is reform and retraining within the systems of law enforcement and prisons.

4) *Support to local government and decentralisation*: Support in this area goes to helping bring government nearer to the people and make it more open to their participation. Activities include structuring organs of local government, training of representatives and functionaries at the local level, developing local councils and their interest associations.

The support to programmes of institutional development has been oriented both towards policy-making and policy implementation. In the context of accelerated change, the content of the policy and the procedures of policy-making cannot be separated from the question of the efficiency with which public bodies implement the policies. Apart from strategic support aimed at the core agencies of government which make the rules for the public realm, many other programmes of sector support have also included a component of administrative support, often in the form of institutional development, as an important prerequisite for the activities of the programme to be implemented efficiently and its objectives attained.

5) *Democracy and human rights*: In the past, the principal channels of support for the promotion of democracy and the enforcement of human rights have been non-governmental organisations. Programmes were largely carried out through the medium of Swedish, international and third-world NGOs working to safeguard human rights and resolve intra-statal conflict. A major recipient of Swedish assistance of this kind was the

South African NGO community, who were supported over decades through Swedish and other NGOs in their efforts to oppose racial discrimination, defend political prisoners and care for their families, create alternatives for the social victims of apartheid and counteract its objectives and effects.

As the process of democratisation advanced, support was increasingly given to the organising and holding of elections. Now an increasing amount of support is beginning to be provided in the form of government-to-government cooperation in securing the foundations of democratic development. Support continues also to be given to the building of networks and civil rights organisations to pressure the implementation and respecting of the rule of law. Among the human rights issues, gender equality is particularly being stressed and supported, inter alia through assisting in the reform of discriminatory legislation.

Public administration, democracy, and poverty reduction

In the light of the on-going process of political, economic and social change, it has become important to re-evaluate the focus of public administration and democracy programmes from the perspective of raising the standard of living of the poor. Three questions need to be asked:

- Which areas of policy and administration are of particular importance for the poor?
- How can assistance be provided to institutions to ensure that their activities in these areas are responsive to the needs of the poor and the disadvantaged?
- How can development cooperation assist in improving the interplay between institutions (both private and public) in the public realm?

From the perspective of poverty reduction and protection of the most disadvantaged groups in society, the following areas need further attention and development:

1) *Taxation*: Taxation policies are an important component of any economic policy. The manner in which they are directed and applied has immediate implications for the poor.

For the public sector to be able to operate, i.e. to be able to provide social services for all, it is evident that simple and fair tax systems must be introduced and enforced. Differentials in taxation should neither be so high that producers refuse to produce or attempt to circumvent the system, nor so low that the poor end up paying as much as the rich for public goods.

Tax policy reforms have become part of IMF/World Bank structural adjustment programmes, usually with a

view to increasing state revenue, extending system coverage and reducing corruption. As Harvey (1995:17) describes the policies: "The tendency has been to lower the highest tax rates in both direct and indirect taxation, to reduce the number of tax rates as part of a general simplification of tax systems, to replace sales taxes with VAT and to try to strengthen the administration of taxation, if necessary by setting up new institutions."

Such reforms have both a policy and an institutional dimension. The policy of simplification of rate structure and lowering of rates can end up having negative effects on the poor, for instance a single VAT (Value Added Tax) rate can put a lot of pressure on the poor as regards basic food prices. It is important to follow up whether the impact of taxation on the poor is unfair or damaging.

On the institutional side, no reform in tax policy is going to work, or work fairly, unless its administration actually implements it properly. If tax intake disappears into private pockets, social services will suffer and the poor with them. Sweden can provide competent assistance in this field, from its long experience both with tax administration and taxation policy.

2) *Public procurement*: It has been estimated that weak management in import operations results in losses of up to 20 per cent of the total import bill for some countries. Calculations have also shown that a 5 per cent reduction in import costs (handling, storage and distribution) would correspond to an increase in GDP of about 1 per cent in those countries where imports constitute 20-25 per cent of GNP. Moreover, in many countries the private sector is also not particularly good at competitive procurement and goods management.

These figures, even within large margins of error, underline the importance to poor countries of efficient procurement procedures and operations. Procurement handled with due competence and skill could result in lower consumer prices and increased economic growth, thus providing greater possibilities for poor people to find work, as well as to get access to goods in general and imported goods in particular.

Sweden's activities in this area have been reoriented from carrying out procurement of goods purchased with aid, to developing capacity in recipient countries through systems development and training. Follow-up has been carried out to ensure that these programmes are yielding the intended results. However, more could be done in this area.

3) *Statistics*: A good national statistical database is extremely important to the making, implementation and management of policies that concern poverty reduction and gender equality. As is pointed out elsewhere in this study, there is a generally low quality of information on the conditions of poor people and on the

distribution of power and resources between women and men at all levels. Statistical surveys have their limitations and they need to be supported by qualitative data obtained through consultation with the poor. Nonetheless, they can provide essential information for poverty reduction efforts. In particular, the coverage of gender-disaggregated statistics and of household surveys needs to be extended and improved.

Sweden has a long tradition of cooperation in this area, inter alia as regards the developing and strengthening of statistics offices and the collecting and analysis of gender-relevant statistics. Still more support could be given to developing this function, as well as to developing the methods of collecting and analysing data and compiling relevant indicators.

4) *Auditing*: The work of auditors is seldom accessible to the poor, unless the government auditor were to decide to do a performance audit on the attainment of the government's poverty-oriented goals. This approach could indeed be encouraged!

However, the national audit function, if carried out properly, has an extremely important effect on seeing to it that public monies are used in the right way, in accordance with the law. At the level of financial audit, misuse and misallocation of funds can be identified, as well as various forms of corruption, fraud and theft. Performance auditing is an excellent follow-up technique for investigating the quality of services, i.e. relating the expenditures made to the attainment of the goals intended.

In both cases, it is evident that the indirect impact of audit activities on the poor can be very positive. In the long run, it is the poor who suffer most from the results and effects of corruption, and also the poor who end up suffering most from the ineffective and misdirected use of public monies. It is in addition so that the misuse of funds by government always has negative effects on the broad economy and that corruption has insidious negative effects on the moral fibre of society as a whole.

Sweden has provided considerable assistance to countries in Southern Africa in the field of developing audit institutions, as regards both financial and performance auditing. Demands for regular auditing of activities financed by Swedish aid has been sharpened. The area remains an important one for future support.

5) *Democracy and human rights*: A working group has recently been set up within Sida to develop policy and a plan of action in this expanding area of development cooperation. Without pre-empting the outcome of the group's analyses, two areas already stand out as strongly related to poverty reduction.

First, an impartial and accessible legal system is one of the cornerstones of a democratic society. As has been

related, support is beginning to be given to restructuring various subsystems related to the reforming, practice and administration of the law. In some cases the reforms aim at improving the functioning of the economy, such as removing hindrances from the market and the informal sector. These can have positive effects on the access of the poor to the market, in particular poor women, both as regards the chance to improve their incomes from their production, and as regards the possibility that open competition will do away with black markets and bring down the prices of consumer goods. However (see also Chapter 8) it should be noted that attention needs to be given by the public sector to market failures in the context of poverty and shortages of basic necessities.

Other legal reforms aim at protecting human rights and ensuring the fair administration of a legal code which respects human rights and freedoms and gives equal treatment to all, in public life in general and before the courts in particular. Among the efforts to be made are those of ensuring that poor people feel confident to go to court and defend their rights, and that the courts and the police treat them with impartiality and understanding. In this regard, the simplification of legal procedures, the publishing of the content of the law in understandable terms, the application of gender sensitivity in the proceedings and decisions of the courts, the use of people's own mother tongue in court cases, the introduction of layman assessors into proceedings and other similar measures can make justice accessible in reality to poor people.

Equally important for the standard of living of poor people is their ability to have some influence in making and carrying out the decisions which most directly affect their lives. In this sense, an important aspect of democratisation is making the public sector accessible to the community, through structured forms of consultation and through decentralisation of the organs and struc-

tures of government to the nearest point possible to the community. Work on building transparent, participatory and accountable local government thus features high in the priorities for support. For similar reasons, supporting the formation of democratic organisations in the civic public sector can have a positive impact on improving the lives of poor people.

In the field of human rights and governance, the issue of gender equality needs to feature at all levels. While many efforts are going into improving the law in this regard, and to some extent the improvement of the gender balance is being built into the objectives for institutional reform and development work, more attention needs to be given to this area. The inclusion of reforms in the text of the law is hardly effective if no parallel measures for implementation of the law at the local level are taken.

The fact that most of the world's governments have endorsed the conclusions of the 1995 Beijing Conference is a big step towards lifting the issues of gender in governance higher up on the agenda, both as regards improving the sensitivity of government in its dealings with women and men (especially poor ones) and as regards achieving better gender balance within government itself.

Most programmes of public administration development are in the form of institution-building activities which have little immediate impact on poor people. Nonetheless, well-functioning institutions of government are a necessary condition for the achievement of lasting improvements for poor women and men. Given the primary goal of Swedish development cooperation, it is important in any case that the possible effect of such programmes on the poor is carefully analysed, and that actions to reduce possible negative impacts and to increase positive impacts be built into the programmes.

NON-GOVERNMENTAL ORGANISATIONS

This chapter focuses on the poverty reduction impact of projects supported by Swedish non-governmental organisations (NGOs). It builds on an evaluation conducted by a team from the Overseas Development Institute in London (Riddell 1995; Riddell et al. 1995), as well as subsequent discussions with Swedish NGOs. The evaluation consisted of case studies carried out in four countries: Kenya, Zimbabwe, India and Bolivia.

The Swedish government provides counterpart funding on a 4:1 ratio to Swedish NGOs which raise funds to carry out work in developing countries, on condition that their activities correspond to the official aims of Swedish development cooperation. In Swedish history, the formation and development of popular movements was intrinsically linked to the development of a more democratic and equitable society. The subsequent work of these movements in developing countries is a reflection of their commitment to these ideals in the Swedish context. Their activities are mainly in three broad fields: i) normative work within their sphere of interest; ii) organisational and competence development; iii) direct support to specific target groups, which at times include poor and vulnerable women and men. Interest is also increasingly being focused on the empowerment of women.

Generally, Swedish NGOs have shifted towards more normative work and towards the organisational and competence development of their southern NGO partners. This has to some extent been done at the expense of direct support to the poor. This reflects a general difficulty in all development work; how to give targeted support to the poor and at the same time ensure that these efforts result in sustainable livelihoods for poor women and men. There is a need for the popular movements and the NGOs to further discuss these strategic issues from the perspective of poverty reduction. Nevertheless, in their cooperation with partner organisations abroad, they have established contacts and developed networks which potentially give them a unique role in a strategy for poverty reduction.

It has frequently been taken for granted that NGOs, by definition, work with poor - even the poorest - women and men, and that their ability to reach and affect them is superior to government agencies. Experience has shown, however, that their problems are similar to those of Swedish bilateral cooperation, as are their strategies. This was also the main conclusion of the 1995 evaluation. Many of the problems taken up in the following should not exclusively be associated with the NGOs, therefore, but rather seen as problems having general validity for all organised efforts to work effectively and sustainably with poverty reduction.

In previous chapters discussing multi-sectoral and sectoral approaches to social development, the conclusions have frequently included recommendations to work more closely with or through NGOs. It is thus important to understand the problems NGOs face and to discuss ways for them to reach their full potential for reducing poverty.

NGO assistance and poverty: The context

The impact of a project is likely to be enhanced when the beneficiaries have been involved in all the different stages of the project cycle, from pre-project appraisal through execution to the withdrawal of the donor. The extent to which the project aims at addressing issues of major importance to the beneficiaries is also essential for their commitment. It is therefore important to assess NGO poverty-focused interventions in relation to these two issues.

Recent research suggests a fairly strong correlation between the time period envisaged for the project to make an impact and the sustainability of that impact. We should therefore not expect major poverty reduction to occur from rapid interventions and learn to withstand criticism of long-term funding.

Projects aimed at enhancing the livelihoods of poor people will only rarely be conflict-free. For instance, raising the living standard of the poor, even if not at the

cost of the incomes of the more wealthy, may well alter the relative status of individuals and groups within or across communities and thus create conflict and meet resistance.

On top of this, quite often otherwise well-planned projects fail because of the incidence of unexpected external factors. Swedish NGOs also work in a difficult environment and their successes and failures need to be understood in this context.

Three of the evaluation's four country studies (Kenya, Zimbabwe and India) suggested that NGO projects often did not reach the poorest, and not even necessarily the very poor. At least a contributory factor was the absence of any initial baseline studies in order to identify and target the poor. It was quite common for the NGOs simply to assume that they were working with the very poor.

In some cases – such as the trade union projects – the absence of a poverty focus arose because the natural partners were not organisations that usually represent the very poorest; trade unions by definition being organisations of those in formal employment. The Zimbabwe case study concluded that only a third of the projects reviewed reached the poorest, and as in Kenya, some of the most effective in this regard were those working with disabled people.

However, some caveats need to be added before such statements are used out of context to criticise NGOs. First, it is by no means an easy task to identify the very poorest even if one wishes to do so. Second, it is often even more difficult to find a way of working with them once they are identified. The very poorest frequently lack the resources, as well as the individual and group security, to allow them to participate in project activities. Attending meetings and participatory rural appraisal exercises is often an unaffordable luxury for the very poorest.

Additionally, in some service provision programmes there may be sound reasons for working with both the poor and the relatively more well-off.

Equally, there may be some tension between having an orientation towards the poorest in projects and working to achieve other objectives, such as being innovative and experimental; it is common for the poorest not to be able to afford experimentation. Even if an NGO explicitly wants to focus on the issue of poverty, working effectively with the very poorest is often not an easy task.

Poverty impact and economics

One of the principal ways in which Swedish NGO-supported programmes can have an impact on poverty would be through helping to raise the incomes of poor

women and men. This can be done through improving returns on existing economic activities; for instance by improving product quality, accessing new higher-value markets, or expanding output by removing economic constraints to production (such as providing credit). It can also be done by generating employment opportunities for the poor through the creation of new jobs, or by enhancing their competitiveness in labour markets (for instance through training).

All the case studies came to a similar conclusion in this regard – that there is little evidence to suggest that the work of Swedish NGOs has had much impact on raising the incomes of the poor.

Three things are striking:

One, there are very few Swedish NGO projects that seek to promote poverty reduction. Projects are dominantly service delivery and training projects which only very indirectly attempt to address poverty.

Two, many projects do not begin with an analysis of poverty; what it is, what its causes are, or how to address it. This closes off opportunities for poverty reduction. Interestingly, the most conceptualisation of poverty has been in projects with disabled people.

Three, the impact of those few projects that do aim at enhancing incomes and employment is very limited, and sometimes totally dependent on continued funding by the Swedish NGO. However, one must be cautious about too readily seeing this as a criticism, since there can be sound reasons for supporting such projects in any case.

On the one hand, this state of affairs reflects a situation common not only among Swedish NGOs but elsewhere too. Quite simply, the staffing and experience of the NGOs do not equip them well enough, nor predispose them, to analyse income and employment generation or the market.

On the other hand, neither are the resources available to individual NGO projects generally sufficient to make the investments necessary for effective impact, such as starting up a capital fund for a reasonably sized rural credit programme. The challenge of generating income and employment in stagnant economies where markets are weak or absent surpasses the resources and capacities of many NGOs.

Poverty impact, power and advocacy

Political and power relationships that marginalise poor people are both a consequence and a cause of poverty. Swedish NGOs, as foreign institutions operating in another country, have difficulties in addressing the political dimension of poverty and some therefore refrain from this.

Yet it is equally clear from the case-study evidence,

that those Swedish NGOs which have engaged in or supported relevant political work have had an impact on poverty, or have enhanced the capacity of the poor to make such impact.

In the former case, they have addressed the power relationships that cause poverty; in the latter instance, they have strengthened poor people's abilities to claim their rights. There are examples from Bolivia of such projects strikingly succeeding in making an impact. The Pentecostal Church Interlife worked to demarcate, petition for and gain a Presidential decree to recognise the traditional territory of an indigenous group, the Weenhayek, whose land had been progressively occupied by outsiders.

In other cases, rather than do advocacy on behalf of or alongside the poor, the Swedish NGO has supported popular education, leadership training and legal aid work that aim at enhancing the capacity of the poor to organise and to assert their rights, and of local NGOs to support the poor in these actions. Examples from the case studies would include much of Diakonia's work in India and Bolivia, and study circle work in Kenya and Zimbabwe supported by the LO-TCO Council of International Trade Unions. The impact of these initiatives is indirect and thus difficult to specify. Nonetheless, the principle underlying the work is coherent: that building organisational and political capacity will contribute to increasing ability to question dominant power relationships.

There was little sign among the case studies of community-based planning or a prioritisation of local needs taking place in advance of project conception and design. There was more evidence of consultation with primary stakeholders prior to the commencement of already designed projects. The UBV (Training for Development Assistance) organisation in Bolivia is one of the few NGOs that have decided to work only with community and membership organisations; these community organisations plan the project that UBV then supports. The evidence collected from this sample of projects otherwise suggests that pre-project participation in church or mission projects was particularly weak.

Weak participation at the stage of conception and design is a critical failing, and can lead to problems deriving from a poor fit between project goals and local priorities. However, this can be partly righted when there is on-going participation in the monitoring of projects, allowing feedback and adaptive planning. Some evidence of this type of participation was found. In several cases, this on-going participation resulted in considerable improvement of projects which were initially very prescriptive and top-down.

It should be noted, too, that it is not as a direct result of the nature and work procedures of Swedish NGOs that participation was limited in the projects examined. In many instances, this was a result of the culture and style of the organisation with which the Swedish NGO was working. Some of these – for instance some of the unions in Kenya and Zimbabwe – appear to have a somewhat authoritarian management style.

In other cases, as noted in the India case study, local partnership organisations work on the basis that poor people "need educating." Likewise, in some instances, the counterpart can have a rigid internal structure which does not allow its staff or component divisions to participate in programme management. In other words, it is often more appropriate to understand the inner workings of the relationship between the northern and local NGO than it is to "blame" the northern NGO for failure in terms of participation.

Findings indicated that Swedish NGOs have not been strong in fostering activities which question gender relationships and enhance the capacity of women to do so. A number of projects examined claim to be gender-sensitive because they meet women's needs (for instance in maternal and child health service provision). But in many regards, these are activities that address the symptoms far more than the causes of gender-linked poverty. The case studies did identify a few cases where gender relations were questioned. Thus, the Diakonia-supported Indian NGO, SIRD, has begun to address issues of dowries, female infanticide and domestic violence, and has worked for the establishment of credit and income-generation programmes based on women's groups. It has also been training paralegal workers and providing legal aid.

In other cases, activities which at one level may appear to endorse stereotypical gender roles can nonetheless help create new spaces for organised women's self-management, with a significant empowering and symbolic effect in the communities where they operate. This seems to have happened in Kenya, in the Poshu Mill project supported by the Swedish Mission Council through the YWCA. This also applies to some of the women's groups supported via Forum South and Future Forest, as well as to the work of the aid organisation PAS in highland Bolivia.

Poverty will only be reduced if structural changes occur in local economies and social relationships. In areas such as parts of highland Bolivia, where local markets are weak or absent, and where there is little dynamism in the economy, it is difficult for any NGO to make much of an impact. If a multi-million dollar rural development programme such as the European Union-supported programme for peasant self-development in

Potosi is unable to make significant impact, then we should not expect too much of small, isolated NGO projects.

NGO impact tends to be greater where there is a supportive infrastructure, and this often means where there is a strong state. Conversely, NGO impact tends to be lower where NGOs are needed most but where it is most difficult and most costly to succeed – in isolated communities ill-served by either state structures or official donor projects.

This usually means that when NGOs work in areas of economic decline and stagnation, their work is likely to be focused mainly on alleviating poverty and easing some of the pains of economic transition. Their work is only likely to have sustained development impact in areas where the economy is relatively dynamic.

The nature of the commitment to poverty: methods and approaches

Most NGOs concerned with poverty are broadly committed to improving the lives of the poor. However, the concrete forms in which their efforts are channelled, and their relationships with intermediaries, are crucial to their success.

This raises several questions about such projects. Is the concern for the poor direct or indirect? If direct, is it a concern mainly to provide immediate assistance or does it also include trying to ensure improvements in long-term well-being? What is the time period of this commitment? Is the purpose to have a long-term relationship with one particular group of people, such that if one form of engagement fails another is tried, or when one project has been completed a different project is started again? Or, is the purpose to help one group of people for a short time and then move on to a completely different group of people?

Most Swedish NGOs do not execute the projects they fund; rather, they fund projects of intermediaries, whom many refer to as their partners. As a result they are only involved in assisting poor people in a rather indirect way.

This suggests that the commitment of Swedish NGOs to particular groups of people is likely to be less than if their involvement was more face-to-face, and this makes it even more important for the implementing NGO (in the South) to engage with the primary beneficiaries in order to identify their needs. Ensuring the direct transfer of funding and resources from the Swedish NGO to the poor is of less importance than ensuring that the engagement on the local level operates as smoothly and effectively as possible. This is likely to shift the focus of attention to ways of strengthening the capacity of the southern partner to improve the effectiveness of the engagement.

This relationship between the Swedish NGO and the southern partner may be purely functional. That is, the sole aim would be to team up with the southern partner in order to further the poverty-reducing agenda more efficiently and effectively. In this case, when the specific target group becomes less poor, assistance will be shifted over to other groups. On the other hand, the northern and southern NGO may be bound by something other, and often deeper, than their mutual concern with poverty. They may share a common faith, ideology or function. In this case the poverty issue is not the main reason for the linkage or partnership. Even if the specific poverty objectives have been achieved, the relationship will continue: other ways of relating (and spending money) will be found.

Because such often profound differences exist between different Swedish NGOs, it will not be possible for Sida to draw up general poverty criteria and expect NGO-funded projects to apply them.

Comparative and/or absolute advantages

For those NGOs for whom addressing the problems of poverty in developing countries is a major *raison d'être*, the first question they need to ask is not: How can we help?, but: What is the best way in which these people can be assisted to raise their living standards? By putting questions in this way, NGOs immediately raise a series of secondary questions: Why are these people poor? Are there ways in which people external to their lives can make an input? What should that input be – direct assistance or indirect assistance or a bit of both?

The answers to these first-round questions are likely, first, to expose the NGO to other agents and agencies which are involved directly and indirectly with the primary stakeholders and second, to reveal unmet needs of the poor. The second could well guide the NGO as to how to direct its resources to specific areas in order to fill gaps required to reduce or alleviate poverty effectively. Asking these sorts of question should lead to a new series of questions concerning the selection and design of the intervention and the assessment of its impact. There appear, however, to be enormous pressures on NGOs to become quickly and actively involved in projects, well before these basic questions have been adequately phrased and sufficiently answered.

Concluding remarks: Improving poverty impact

Swedish NGOs should have great potential to reach poor women and men with development assistance. However, their activities need to be reassessed as re-

gards their ability to achieve sustainability. They need to provide support that empowers local partner organisations, so that once the support is concluded, the latter can continue the work on their own. Sida's support via popular movements and NGOs should thus be further developed with special emphasis on North-South coordination and long-term sustainable poverty reduction efforts. From the point of view of a Swedish NGO this includes, *inter alia*, greater attention to:

- Defining the problem together with its partner and ensuring that the same aims are being pursued before any project or program is implemented.
- Discussing thoroughly with its partner the modalities of the intervention.
- Ensuring that a functioning dialogue is established between the Swedish NGO and its part-

ner, leading to improved training and capacity building.

- Making sure before a project is executed that the intermediary has the capacity to carry out the tasks defined.
- Making sure that its own targets match those of the local NGO. Evidently, this consideration will set limits as to the programs which are feasible for cooperation and the projects or programs feasible for joint efforts.

Sida itself will need to improve its monitoring of NGO projects. It will always be difficult to measure the impact of the work carried out by Swedish NGOs in the South. However, the more open the relationship, and the more reciprocal the stream of information and knowledge between the local partner and the Swedish NGO, the bigger the effect will be.

DISASTER PREVENTION AND EMERGENCY ASSISTANCE

Complex emergency situations

Only a few decades ago, disasters were most often looked upon as straightforward, one-dimensional emergency situations caused by the sudden occurrence of such uncontrollable phenomena as drought, floods, earthquakes, epidemics and the like. Emergency relief was seen as involving the swift mobilisation of short-term assistance consisting of food, shelter and blankets to rescue starving or displaced groups of people. The expectation was that after a limited period of time, life would automatically go back to normal again.

In recent years, however, the world has witnessed a series of very important changes with regard to the characteristics of emergency situations. Above all, disasters have become more and more complex, exhibiting a web of interacting, mutually reinforcing variables of different kinds, both "natural" (droughts, floods, deforestation, insect invasions, famines) as well as social (ethnic hostilities, wars, economic and political oppression, migration, etc.).

Emergencies have also tended to become more prolonged, sometimes turning into permanent situations, as has been the case with refugees in various parts of the world (e.g. the Horn of Africa). Certain forms of disaster also tend to recur continually, for instance where droughts or floods repeatedly trigger off chain reactions in environmentally vulnerable, low-potential areas.

The rapid increase in different complex forms of disaster has led to an ever greater demand for emergency funds and assistance from development cooperation agencies. In Sida, emergency assistance rose to 20.5 per cent of the total aid budget in 1994/95.

With foresight, many types of disasters can be predicted and actions taken to prevent human calamities. It is fairly well known today when and where typhoons will strike or volcanoes become active. It is also possible to foresee where conflicts may result in violence and to do something about it. Both for natural and social disasters,

what is needed in many cases are different kinds of "early-warning-systems". Developing such systems should be made a high priority.

Emergency assistance interventions targeting women and men deprived of their livelihoods should be designed in such a way as not only to support rehabilitation and reconstruction, but also to contribute towards preventing future catastrophes by improving disaster preparedness among the population and local, regional and national authorities.

The primary aim of disaster prevention and relief is seldom seen as the direct reduction of poverty among the population in question. Nevertheless, the developmental and poverty-related impact of the measures must be taken into account already at the planning stage, if they are to be successful also in a longer-term perspective. There are many examples of short-term relief interventions which have actually had negative effects on local production and pricing mechanisms, as well as making large groups heavily dependent on hand-outs, thus increasing vulnerability (see Chapter 7). A minimum requirement must be to ensure that what is done does not increase the poverty, vulnerability and dependency of the target population.

Inputs, channels and target groups

While one-fifth of Sida's total budget went to emergency assistance in 1994/95, for 1995/96 a level of about 13 per cent is anticipated. Up to now, the largest share of this kind of assistance has been directed towards alleviating the consequences of war and conflict (70 per cent in 1993/94; 68 per cent in 1994/95).

Next in importance are reconstruction programmes (13 per cent and 20 per cent respectively), followed by assistance to alleviating the consequences of natural disasters (8 per cent and 3 per cent respectively). The proportion of assistance allocated to preventive measures has hitherto been small (4 and 2 per cent).

Swedish emergency assistance is increasingly being channelled through the UN system; in 1990/91 the proportion was about 28 per cent, while in 1993/94 it had risen to 44 per cent. The proportion of emergency assistance channelled through NGOs decreased from 69 per cent in 1990/91 to 45 per cent in 1993/94.

There are two primary target groups for Swedish emergency assistance: refugees, i.e. women, men and children who have been forced to leave their home countries and cross international borders, and internally displaced persons. The latter group being the larger. A third category of beneficiaries consists of women and men who have remained in their home regions during wars, conflicts or natural catastrophes such as drought.

Careful targeting is essential in all emergency assistance programmes in order to ensure that the most distressed receive assistance first, so that their survival is assured. In addition, targeting is needed to see to it that different groups of people receive appropriate assistance for their specific situations. This means that target group analysis, far from being a superfluous luxury in emergency assistance work, is actually a prerequisite for efficiency and effectiveness. Such analysis should include gender relations and be part of the study of the political, economic and social context within which emergency assistance is provided.

In emergency situations, women tend to carry particularly heavy burdens, as the men are often away from their families. This fact is not always recognised by relief personnel who commonly put most emphasis on small children, the elderly and pregnant women. However, it is especially important to realise that women, not least those who are heads of household, may need extra support in emergency situations, because their opportunities to cope are restricted. This applies to their limited access to land and to other ways of supporting themselves and their families, as well as of taking part in social life outside the household.

The context of emergency assistance does not automatically offer women any assured protection from exploitation and violence, such as maltreatment, sexual harassment or rape, rather the opposite; women may be even more vulnerable than usual in these situations. Their special needs connected with e.g. reproductive health may also easily be neglected. Hence, gender awareness in emergency situations is important for providing women some protection and safety. Nevertheless, it is also vital not to view women entirely as victims, but to draw on their potential for contributing to planning and management, something which also is often overlooked.

Poverty impact

Not every crisis need develop into a disaster situation, and not everyone is affected in the same way by catastrophe. People will suffer differently according to their degree of vulnerability. Obviously, poor people will usually be harder hit than the more affluent. However, even among poorer groups, where well-functioning social safety networks exist, people are often less vulnerable. What is needed are thus analyses which pay attention to coping capacities as well as to different degrees of vulnerability.

Experience shows that where people's own capacity for coping with emergencies has been recognised, the impact has generally been positive. It is important to realise that the victims are themselves mobilised by the disaster. It is they, for instance, who usually carry out the earliest rescue operations. Ignoring this capacity for coping may result in the disempowerment of local populations and give rise to many negative effects of various kinds.

As was discussed in Chapter 7, people often employ a wide range of survival or coping strategies when faced with emergency situations. While some of the traditional strategies may no longer be as effective as they used to be, others have considerable potential for development and adaptation to new circumstances.

Rather than automatically replacing existing coping strategies with external assistance, relief organisations should learn from the people about local strategies and identify ways in which indigenous capacity can be used and further enhanced.

Lately, four evaluations of Sida-supported emergency assistance interventions have been carried out. They concern: i) The occurrence of widespread drought in southern Africa, in 1992 (Rundin et al. 1994); ii) Emergency operations in Ethiopia, Eritrea, Sudan, Somalia and Djibouti, 1991-93 (Apthorpe et al. 1995); iii) Interventions in former Yugoslavia, 1991-1994 (Mossberg et al. 1994); iv) Emergency aid to Cambodia, 1989-94 (Bernander et al. 1995).

A first observation is that it is difficult to judge the poverty impact of the interventions from these evaluations, since the target groups have seldom been specified. Nonetheless, some general points can still be made.

The review of assistance to former Yugoslavia, for example, reveals a pattern which also appears to be common elsewhere, namely that there are important differences between people in a war situation, based on the variation of resources they command. Thus, individuals with access to material and social resources were able to leave early and plan their escape carefully. As a result, their prospects for the future were vastly better

than was the case for their poorer neighbours, who had no such chance to control their situation.

This implies that the most vulnerable people with the greatest needs may be those left behind, although they may not be as visible as those who leave early and are defined as proper "refugees". It also points to the necessity for relief organisations to adapt their inputs to a variety of needs.

The evaluation of emergency aid to drought-stricken areas in sub-Saharan Africa emphasizes aspects of food assistance which are highly relevant for the issue of poverty impact. For instance, it was found that while the assistance did help people to survive in a desperate situation, it was least successful in reaching those categories of people who were most threatened by starvation.

The reason for this was that the traditional allocation of food within the family discriminated against some members, something which had not been sufficiently researched before operations started. The evaluation also uncovered the fact that food-for-work projects often increased women's work burden. Overall, the studies highlight the need to apply a socio-cultural perspective if emergency assistance is to be successful and its results sustainable.

The review of the extensive emergency operations in the Horn of Africa underlines that emergency assistance always takes place within a specific context encompassing particular socio-cultural, political and economic dimensions. Relief is rarely a question of "survival-only" issues, therefore. Also in this case, it was revealed that the most vulnerable and needy categories of people were the most difficult to reach.

All in all, the four evaluations illustrate the need to include an analysis of a wide range of social, cultural and

economic aspects in assessments of vulnerability and pay attention to internal differentiation and stratification. Analyses should include e. g. the food security of different types of households; differentiation of sources of livelihood and income, and how these are combined within households or in networks of cooperating family groups; systems of social relations and forms of reciprocity; political structures and tensions, etc. All these factors may provide indications of the variable ability of households to cope with disruptions caused by complex emergencies (Wood et al. 1995).

Vulnerability assessments can provide a basis for planning and practical work aimed at the prevention of disasters, for instance through implementing early warning systems, as well as enhancing preparedness by installing coping mechanisms. This is particularly important with regard to the most vulnerable categories of the population.

What is Sida doing?

i. Prevention. Reducing poverty is clearly an important part of the measures that can be taken to prevent the occurrence and prolongation of emergency situations.

Poverty, once a disaster has occurred, worsens the consequences for the victims. It is well known that in situations of famine, for instance, food may actually be available, but unaffordable to the poor. Poverty is also increased by recurrent disasters and by subsequent processes which intensify social differentiation. Interacting with poverty may be political factors such as ethnic tensions and/or climatic and other environmental problems.

Consequently, several of the multi-sectoral and sectoral approaches to social and economic development discussed in previous chapters represent areas which

Rural development in Ethiopia

In Ethiopia, Sida's long-term strategy on rural development is to support sustainable agricultural production through soil conservation, more effective extension systems, and research to improve farming systems in fragile environments, with emphasis on the crops of special importance to small-scale and subsistence farmers in semi-arid and arid areas.

Since apart from political instability the region is plagued by recurrent famines caused by drought and grasshoppers, special efforts are being made to solve the serious problem of lack of food security for millions of people. Hence, in 1994, Sida established a cross-sectoral, thematic team to develop methods for the coordination of both long-term preventive and short-term strategic interventions. In practical terms, this means the development of an early warning system as well as improving facilities for transportation and storage. Also included is the enhancement of capacity for coordinating both Swedish and other international emergency assistance and disaster prevention measures.

indirectly and in a long-term perspective contribute to the prevention of disasters. Among such areas are the improvement of food security, economic diversification, improvement of infrastructure, rehabilitation of traditional safety nets and survival strategies, and support to the empowerment of poor women and men. Some preventive measures span over large areas, such as rural development, the creation of employment and promotion of labour-intensive job opportunities, support to the urban informal economy, and improvement of legal frameworks and institutional capacity.

When engaging in this work, Sida has adopted the view that it is necessary to combine long-term development programmes with short-term, strategic actions, designed for example to prevent open conflicts by solving problems at an early stage.

Another example of preventive action in which Sida is involved concerns efforts to avoid future conflicts stemming from the scarcity of water.

In several regions of the world, notably West and South East Asia and North and sub-Saharan Africa, access to water is becoming a central problem which has been judged to constitute a serious threat to future political stability, requiring something to be done to ameliorate the situation and bring about agreement between the concerned parties. This problem affects many of Sida's programme countries.

One way of trying to prevent future conflicts is to support efforts to ensure poor rural people of access to water. Sida is involved in such activities in Tanzania (the HESAWA programme) and Ethiopia (CADU). The local populations participate in both projects, and tech-

nical training is provided to women.

Another example is that of the Okavango river which borders Namibia, Botswana and Angola. Here, the emphasis is on creating a legal, regulatory framework within the regional cooperation of SADC to specify the rights of the various countries to use the water of the river. As part of the process, an international River Basin Authority is being created.

ii. Relief. Emergency assistance should address the underlying structural causes of disasters and counteract their recurrence and prolongation.

Another example of how emergency assistance interventions can integrate more long-term, developmental aspects is provided by Sida's involvement in a programme concerning house-construction in Bosnia. Here, the objective was to build houses for about 1,000 refugees. It was decided that production should take place in Bosnia and all work be carried out by Bosnians, using local materials.

In this way, more than 100 job opportunities were created, contributing to stability in a region where the problem of unemployment loomed large. By using local materials and methods, the results of the project were deemed to be sustainable, since the houses would be used in the future and not only during the period of crisis.

Recommendations for the future

- Relief activities should be multi-sectoral and coordinated with political actions to prevent prolongation or further spread of disasters. They should be characterised by a high degree of flexibility in order to be adaptable to changing circumstances in unstable situations.

Swedish assistance to Cambodia

Swedish assistance to Cambodia, from the beginning, has been concerned with the need to counteract the forces creating ever new streams of refugees. Therefore, it was viewed as important to support UNICEF efforts to reach internally displaced persons and try to resettle them in order to prevent them ending up in the camps along the Thai border.

The approximately 300 000 people who were confined to the seven large refugee camps, some for as long as 10 years, have now returned to Cambodia and the camps are emptied. However, due to continued fighting, new groups of displaced persons are still being created. At present, Sida supports UNDP's programme for area development, CARERE, which is aimed at resettlement and reintegration.

Up until now, Swedish support to Cambodia has been labelled emergency assistance. It has created a base for the regular, long-term assistance being planned at present. This has rural development as an important objective, including the improvement of infrastructure, livelihood opportunities and employment, primary education and basic health; and it will build on the experiences gained during the "relief" period.

- Reconstruction should be rooted in local social and economic contexts in order to be sustainable. Support should be well targeted and differentiated according to the characteristics, needs and capacities of the various categories of beneficiaries.

- There should be a strategic balance between long- and short-term objectives. Urgent and immediate needs for food and shelter should be consistently linked to the improvement of opportunities for permanent and sustainable livelihoods for the victims of disaster and conflict.

- It is important to intensify discussions with NGOs, UN agencies and other bilateral development cooperation organisations on targeting, on analyses of vulnerability and of socio-cultural and gender relations, as well

as on the poverty impact of emergency assistance interventions. The choice of channels for emergency assistance should to a greater extent be based on the proven capacity of different organisations to carry out social analyses and actually reach specified categories of poor and vulnerable people.

- In emergencies, as in all development cooperation, it is vital for sustainability to use local competence and enhance existing institutional capacity. This includes emergency situations of prolonged duration, where the resources available amongst the refugee populations should always be utilised first and foremost. This includes local products and merchandise, which should be preferred in order to promote and sustain production and skills in the long run.

EVALUATIONS: PROJECT EFFECTS ON POVERTY

As previously related, in the 1980s and up to 1995, among the Swedish aid agencies SIDA administered a little over half of the total Swedish aid budget and directed the largest proportion of its resources (also a little more than half) to the poorest countries and the poorer strata of the population.

Over the years SIDA developed a culture of evaluation, probably one of the strongest such of all the Swedish state agencies. Routinely every year the agency commissioned over 30 evaluations and published around 10 externally. Some of them were fully-independent external evaluations of the sum of outcomes of a project; and some of them comparative or thematic external evaluations seeking to draw broader conclusions from the experiences obtained through categories of aid or project. Most of them were less ambitious project-internal evaluations carried out by smaller teams with one or two external evaluators, usually done to follow up project output and success, as a basis for decision on the forms of continuation or phasing out of the project in question.

In 1992 the coalition government decided in the light of the strong critique of aid being transmitted through the media that an external evaluation body should be created, and set up the Secretariat for Analysis and Study of Development Activities (SASDA). This organ carried out inter alia four major evaluation studies at the SIDA programme country level, looking into the broader impacts and effects of aid, before being closed down in 1995.

As part of the poverty study, author Krister Eduards was assigned to review a total of 70 evaluative reports contracted by SIDA, and 4 carried out by SASDA (plus support reports, SIDA's replies and a synthesis report) over the period 1986 - 1994.

These 80 documents represented SIDA's and SASDA's externally published evaluation output over this period, and largely excluded the "project-internal" evaluations described above. The task given was to see whether the evaluators had been requested to look into the effects of the evaluated activity on reducing poverty,

and to what extent the evaluations actually managed to address the issue and draw conclusions on the poverty reduction impact of the activities. The review studied the Terms of Reference for each evaluation and examined each report to see both whether the Terms of Reference had been complied with and if the evaluators had looked into poverty impacts independent of the instructions in the Terms of Reference.

A numbered list of the reports and documents studied is included in Part II of the Bibliography.

Reports that did not examine poverty issues

Of the 80 reports examined, 37 were classified as not having been requested to look into poverty issues and not having addressed poverty issues in any respect. Table 18.1 on page 128 indicates the areas within which these evaluations were carried out.

In none of the above cases were the evaluators asked by SIDA in their terms of reference to examine the poverty issue. In many cases the evaluation was directed to look into the internal workings of a project or a supported organisation, rather than into its impact on the outside world. In cases 1-8 above (21 reports), where the areas of activity seem naturally to have direct relevance for poverty reduction, it is disturbing that the question of poverty was not raised, asked or answered.

Even in the remaining cases, 9-13, where the link to poverty issues was more indirect, it is still relevant to ask whether the relationship of the activity to SIDA's principal aim was not worth studying. The main reason for these reports not to address the impact of interventions in social or economic terms is that this was not part of their assignment. Of the 77 Terms of References made available, only 25 ask either specifically for a poverty discussion or for a discussion of performance in terms of overall Swedish goals for development cooperation.

It should be noted that Table 18.1 does not necessarily indicate to what extent the activities themselves

were planned to make, or actually made, impacts on reducing poverty; it refers to the fact that the evaluators of the projects were not asked to and did not examine their impact in terms of poverty. It is probably the case that many of these projects were selected under the rationale of having an indirect impact on poverty, without this being stated in their objectives or targeted for follow-up within the evaluations. SIDA's choice of sector and choice of project area within a sector are often based on their relevance to poverty reduction.

Poverty has also been a leading criterion for the selection of which countries to cooperate with, and supporting a government that accords high priority to fighting poverty has been seen as at least indirectly addressing poverty. Thus, for different reasons, the role of poverty as a rationale for SIDA interventions can be assumed to be considerably more important than is documented by this report.

However, it is clear that the extent to which an agency requests such analyses of the attainment of its primary goals, will provide an indicator of the importance at-

tached by the agency to those goals; and the extent to which it is confronted with such analyses, will over time exert a steering effect on how it plans and orientates its programmes. The findings thus give indirect grounds for suspecting that SIDA often in practice did not use the poverty reduction objective as an operative goal; and that quite a lot of SIDA's aid activities were not primarily directed at poverty reduction.

Reports that examined impacts on poverty

In the Terms of Reference for the study, "looking into the impacts on poverty" was categorised in the following way:

1. Analysis of the attainment of the poverty objective through the evaluated activities;
2. Analysis of the impact of the assistance on the recipient government's policies on poverty and social development;
3. Identification of links between the activities and poverty reduction effects;
4. Attention to the concepts "poor", "vulnerable"

Table 18.1. EVALUATIONS WITHOUT A POVERTY ANALYSIS

Subject	Countries	No
1. Country programme	SWA	1
2. Forest industry	MOC, BAN	2
3. Environment & natural resources	COS, E Africa	3
4. Agriculture sector	MOC	1
5. Water and sanitation	TAN	1
6. Health sector issues	TAN, KEN, IND, ANG	6
7. Education sector issues	GUB, TAN, SRI	3
8. Labour & vocational training	Africa, General, SRI	4
9. Industry, construction, energy	SRI, TAN	6
10. Public administration	ZIM, LES, TAN, PALOP	7
11. Improve your business	KEN, ZAM	1
12. Foreign exchange	ZAM	1
13. Technical assistance personnel	KEN/TAN/ZAM	1
Total		37

COUNTRY ABBREVIATIONS USED (Tables 18.1 and 18.2)

ANG	Angola	MAL	Malawi
BAN	Bangladesh	MOC	Mozambique
BOT	Botswana	NIC	Nicaragua
CAM	Cambodia	PALOP	Lusophone African countries
COS	Costa Rica	SRI	Sri Lanka
E Afr	East Africa	SWA	Swaziland
ETI	Ethiopia	TAN	Tanzania
GUB	Guinea-Bissau	VIE	Vietnam
IND	India	ZAM	Zambia
KEN	Kenya	ZIM	Zimbabwe
LES	Lesotho		

and "disadvantaged" in terms of gender and categories of poor people;

5. Discussion of country-specific poverty trends;
6. Description of obstacles to aid being effective in reducing poverty;
7. Discussion of procedural or organisational changes to enable integration of poverty con-

cerns in the programming, planning and appraisal of aid activities.

The extent to which the remaining 43 reports looked at poverty from any of these seven perspectives is included in Table 18.2. The table groups the reports by theme and indicates the number of each report in Part II of the Bibliography.

Table 18.2. POVERTY REPORTING IN SIDA EVALUATIONS

Report no./theme	Country/Region	Poverty in ToR	Poverty issue addressed:						
			1	2	3	4	5	6	7
a) Macroeconomics									
48. Import support	MOC	no	x	0	x	0	x	x	0
49. Import support	NIC	n/a	0	0	0	0	x	x	0
52. Import support	VIE	yes	x	0	x	0	x	0	0
69. Import support	TAN	yes	x	0	x	x	x	x	x
67. Import support	4 countries	n/a	x	x	0	0	0	0	0
65. Country program	LES	no	x	x	x	0	0	0	0
53* Dev. cooperation	NIC	yes	x	0	0	x	x	0	0
a SIDA reply	*		x	0	0	0	x	0	0
54* Dev. cooperation	TAN	yes	x	0	x	0	x	0	0
a SIDA reply	*		x	0	0	0	0	x	0
55* Dev. cooperation	GUB	yes	x	0	x	0	x	0	0
a* Aid & macroeconomics	*	n/a	0	0	0	0	x	0	0
b SIDA reply	*		0	0	0	x	0	0	0
56* Dev. cooperation	ZAM	yes	x	0	x	0	x	x	0
a* Aid & macroeconomics	*	n/a	0	0	0	0	x	0	0
57* Macroeconomics of aid	4 countries	yes	x	0	0	0	x	0	0
b) Public administration									
1. Statistics	TAN/ZIM	no	0	x	0	0	0	0	0
47. Physical planning	LES	no	x	0	0	0	0	0	0
66. Local government	BOT	no	x	0	0	0	0	0	0
c) Education									
9. Education sector	BOT	yes	x	0	x	x	x	x	0
21. Education sector	ZAM	yes	0	0	x	x	0	0	0
74. Education sector	ZIM	yes	0	0	0	x	x	0	0
d) Health & water									
14. Health sector	ZAM	n/a	0	0	0	x	0	0	0
15. Nutrition centre	TAN	n/a	x	0	0	0	0	0	0
51. Nutrition centre	TAN	no	0	0	0	x	x	0	0
62. Health sector	VIE	no	0	0	0	x	x	0	0
12. Village water	BOT	yes	x	0	0	x	x	x	0
18. Dodota water supply	ETI	no	x	0	0	0	0	0	0
75. Water & sanitation	C America	yes	x	x	0	x	x	x	0
e) Disaster relief									
6. Disaster relief	MOC	yes	x	0	x	0	0	x	x
70. Disaster relief	CAMB	yes	x	0	x	x	0	x	0
71. Disaster relief	Horn Africa	yes	x	0	0	x	0	x	x
f) Agriculture & forestry									
25. Agric market coop	NIC	n/a	x	0	0	0	0	0	0
60. Agric market coop	NIC	yes	x	0	x	0	0	x	0
58. Regional coops	C America	yes	x	0	0	0	x	x	0
37. Agric marketing enterprise	MOC	yes	x	0	0	0	0	0	0
26. Fish farming	MAL/ZAM/ZIM	no	0	0	0	x	0	0	0
17. Forestry for the poor	IND	yes	x	0	x	0	x	x	0
29. Forestry workers	VIE	yes	x	0	0	x	x	0	x
39. Bihar social forestry	IND	yes	x	0	x	x	0	x	x
g) Employment									
27. Rural employment program	BAN	yes	x	x	x	x	0	x	x
50. SATEP employmt program	Sthn Africa	yes	x	x	0	x	0	0	0
h) NGOs									
68. Support to NGOs	BAN	yes	x	x	x	0	0	x	0
Totals	43	y25	30	7	16	17	20	16	6

* SASDA reports

The evaluation teams that were requested in their Terms of Reference to address poverty issues did follow that instruction, at least to some degree. The level of ambition displayed in this respect by evaluation teams is a response to that of their clients.

There is no compelling logic or typical report structure in terms of addressing poverty issues. Although most reports that discuss impact in terms of poverty also define a target group, some reports comment on impact without talking of target groups. Discussing poverty in the country does not necessarily mean that project links to poverty are raised, or vice versa. Issues such as influencing the recipient government's priorities in terms of poverty, or improving procedures or organization in order to strengthen poverty impact, are discussed in only a few reports.

Reporting on poverty impact

Thirty of the evaluation reports do address poverty objectives or poverty impact explicitly. These reports fall into two main groups, those investigating interventions which have indirect links with poverty, and those dealing with activities which have direct impact on poverty.

The former perspective on poverty reduction is the classical one, viz. that the best way to reduce poverty is to increase growth, an indirect approach to poverty reduction. The ten reports in this category cover import support, balance of payments support and country programmes. The authors argue that contributing currency support for imports, for the balance of payments, for providing debt relief, or for other purposes is the most adequate way of contributing to economic growth (provided the right policies are followed), and thereby achieving poverty reduction. The discussion and ensuing recommendations of the teams focus on how to render these interventions more effective, mainly concluding in terms of recipient government action and donor conditionality, without closer analysis of the impact on poverty.

Nine of these reports present the most common case classical growth argument. The four SASDA country programme evaluation reports all argue that growth is the prime avenue to the reduction of poverty, and that Swedish aid in this regard has not had much effect. But they dedicate surprisingly little space to a discussion of poverty and distribution of wealth. Of the five import support evaluations, however, the one on Tanzania concludes that import support to that country worsens the distribution of incomes and should be revised in support of primary education.

None of the evaluations of import support or country programmes that apply the indirect perspective on poverty reduction, presents a discussion on how this effect is or may be produced. A symbolic effort is made

in the SASDA report on Tanzania. The underlying perspective seems to be that the effects of economic growth will sooner or later trickle down also to the poorer sections of society. It seems as if the rather extensive international dispute on growth and poverty had not reached the evaluators. Particularly in the case of the four SASDA evaluations, which were explicitly asked in their Terms of References to "focus on the effects of growth and distribution in general", a more analytical discussion could have been expected. The only exception to this pattern is the import support evaluation on Tanzania indicated above, which refers to several studies of relevance for the discussion of the impact of growth oriented interventions on poverty.

The second group of evaluations, taking the position that poverty should be addressed directly if results are to be expected, covers more or less specifically target-group oriented programmes. The evaluators take as their point of departure the ambition to reach poorer groups directly, and do not tend fundamentally to question the approach. They centre around the impact produced, the reasons for success or shortcomings, and improving the effectiveness of the interventions, often ending up with specific recommendations on how to develop the project or programme in question further.

Ten reports apply an explicit gender perspective in their analysis of poverty objectives or impact. Eleven reports link interventions directly to poor target groups; three of these are disaster relief evaluations. Three evaluations in Central America report considerable benefits to the target groups, through water and sanitation in slum areas and through support to producers' cooperative movement. Two social forestry projects in India and a rural employment programme in Bangladesh are reported as having had mixed impact on their target groups, the most positive outcomes being employment and income generating activities. SIDA's funding of local NGOs in Bangladesh is seen by the evaluators to reflect the priority accorded to the poorest sections of society; although it remains debatable whether the very poorest groups were reached. The evaluators of disaster relief programmes report a positive impact on the respective target groups; in such cases, of course, reaching the poorest often happens automatically. These evaluations also have an easy task reporting on the numbers of survivors, but considerable difficulties in assessing impact on the short term, usually also in conditions of emergency. They also note that most reports from implementing actors tend to focus on inputs and outputs of operations, leaving the more difficult reporting on the impact and its sustainability to a later occasion.

Of the fourteen evaluations of target-group oriented

programmes, ten cover interventions in Asia or Latin America. The attention paid to poverty impact in African programmes is considerably lower, which is rather surprising; it may be related to an initial lack of adequate socio-economic analysis in project planning.

Amongst the different sectors, the impact discussion is clearly more present in evaluations of forestry and rural development, disaster relief and NGOs, while evaluations in industry, education, health and public administration generally lack a poverty impact approach.

In the cases of primary education, primary health and immunization, this may partly be explained by an implicit target group rationale, that such interventions aim at creating a basic level of services, which in particular will benefit those who are at present below that level, i.e. the very poor. In the cases of industry and public administration, it can be assumed that both the evaluators and the drafters of their Terms of References, if they are concerned with the issue, take an indirect approach to poverty, i.e. that the intervention will lead to other activities which in their turn should result in poverty reduction.

The evaluations of target group oriented programmes demonstrate a substantially higher level of ambition as regards how the poverty objective is being addressed. Their analyses of how and to what extent an impact is produced on poverty are central to the reports, poor groups are defined and disaggregated, and conclusions and recommendations are formulated as regards the possibilities to enhance the poverty effects of aid.

Impact of aid on government policy on poverty

Only a few evaluation teams concluded that the priority accorded to poverty reduction by the recipient government had been influenced by the project evaluated, and only two, unfortunately, in an affirmative or more definite way. A few more reports concluded that efforts at influencing the government's priorities were necessary; either the recipient government's priorities were an obstacle to desired development and should therefore be influenced, or the efforts at influencing them had so far not produced much result, and needed to be continued. Several other reports identified government structures, attitudes and priorities as an obstacle without, however, being specific about measures to be undertaken to change them.

The poverty effects of different modes of assistance

There is no clear relation made in the reports between the attainment of the poverty objective and whether the intervention evaluated was a project, a sector support

programme or a country programme. Rather, the analyses made depart from the degree of target group orientation of the intervention in question. Where SIDA had designed a given intervention specifically to reach poor or disadvantaged groups, it was consequently interested in following up the results in that respect, and thus either it asked for this issue to be covered by the evaluation in question, or the evaluators identified this orientation. Non-targeted interventions, on the other hand, were generally expected to make any impact they might have on poverty indirectly, either by benefitting broad groups including the poor, or by changing social and economic frame factors in such a way that the poor would eventually also benefit from the improvements.

Some debate is to be found on the vector effect arising from indirect interventions, such as import support in the context of structural adjustment. One argument for supporting structural adjustment has been that "getting the prices right" will benefit the rural areas. A team examining Tanzania concluded that the drop in the quality in primary services was reducing the capacity of the poor to participate in growth and that money going into import support should thus be reallocated to primary education instead. On the other hand, another report on Tanzania argued that "distributional ambitions which are not backed by a sound economy, are untenable"; while a report on Zambia argued that untargeted programme support was a support form to be preferred, because targeting "opens the door to various forms of corruption and inefficiency".

Target group definition

In the evaluations, poverty and poor groups are defined in numbers of different ways. The definitions vary according to time and locality, project and circumstances, and normally centre around assets or resources. The inherent weakness in most of the definitions used is that they can hardly be used for evaluative purposes in the project in question, or even for planning purposes for that matter. In defining poverty a consistent chain of thinking is required, starting with a theory and analysis of poverty in the society or community in question, followed by a discussion and a definition of the target group(s) and other stakeholders, and an analysis of the links between the proposed intervention and the different stakeholders, and ending with a statement on the quantifiable characteristics of the defined target group that should change as a result of the intervention. But it is difficult for an evaluation team to construct the structure required for targeting a programme if this has not been done as a part of the original programme design, as seems all too often to have been the case.

Gender aspects are discussed, sometimes as a more or

less forced item, and in practice more in terms of women than in terms of gender. Women are seen as a disadvantaged group, but usually not in relation to poverty concerns. Gender is not seen as or identified as a social construct, the gender definitions used being even more vague than those of poverty and relating exclusively to women. Gender is not mentioned as a cross-cutting issue by evaluators and the discussions about women lack depth and precision.

Because the definitions of women as a target group, or as a part of one, lack both precision and quantification, follow-up becomes very difficult. But as just stated above, this critique is even more valid for the original project and programme documents that formed the basis for the evaluations.

Country-specific poverty trends

Where they have taken up the issue, most evaluation teams reported that poverty was on the increase, both in rural and in urban areas. Most evaluators are led to the counterfactual case, that is, not that the country under consideration has obviously become less poor nor that the living conditions of the poorest have improved through aid, but that without aid things would have been even worse. No team was asked to discuss the concept of, much less present a theory on poverty in general, and no team does this or makes a rigorous analysis of poverty in the community or society under study. Such an analysis requires considerable knowledge and country-specific understanding, which seem only rarely to have been available in the evaluation teams. Nonetheless, some reports illustrate that explicit requirements in the Terms of References for a discussion on poverty can yield some quite interesting results.

Obstacles to the poverty impact of aid

Various evaluation teams had suggestions on making poverty oriented aid more effective, or less adverse for the target group. The suggestions circle around six themes: activities to finance, sectors to prioritise, institutional measures to take, approaches to adopt, ensuring basic preconditions for success, and forms of monitoring to apply.

To give some examples: as regards suggested activities, channelling credit to the poor is proposed, in order to create income opportunities, eliminate exploitation by others, facilitate savings, and bring the poor together for self-help and mutual support. Relief aid is proposed to be followed-up by supplying irrigation, high yielding seeds, credit and other inputs that will increase agricultural productivity, diversification and resettlement. The social sectors are suggested as a (more) suitable area for poverty reduction efforts. Institutional measures are

suggested in some cases, e.g. that the organisation around a project should be tightened up. This is linked in some cases to recommendations on more participatory approaches, including the integration of women in project planning and implementation, which is not only seen as a question of ideology and equity, but also as an issue of efficiency. As regards the basic preconditions for poverty impact, evaluators emphasise the need for political commitment on the recipient side, and note that the lack of resources of the poorest is a serious impediment for reaching them with aid. As regards monitoring project effects and socio-economic development within the programme, both socio-economic monitoring systems and baseline studies are recommended as a way of ensuring that the projects are getting results.

Only a few evaluation teams formulate proposals on how to integrate poverty concerns better into programme and project work. Improved reporting is suggested, as well as studies on poverty and poverty trends at the local level.

Conclusions

Although the present documentation does not allow any general conclusions as to which types of project or intervention, or what kinds of conditionality or approach are the most efficient ones for the attainment of poverty objectives in development cooperation, some conclusions offered by evaluation teams and observations resulting from the present study, can be of interest both for future evaluations and for the future planning and implementation of aid.

The attention paid in the international discourse to the issue of poverty was high during the 1970s, and fell drastically during the 1980s when structural adjustment started to sweep the world. Poverty was then put back onto the agenda of international development cooperation around 1990. The changes in interest for poverty reduction contribute to explaining the variations both in the space accorded to this objective in project planning, in the Terms of Reference, and in the ambition and performance of evaluators.

The poverty objective leads Sweden to concentrate its development assistance on the poorest countries, which are those where it is most difficult to run projects and programmes effectively. Simultaneously, the equity objective is stressed by Sweden in different ways in different countries, often depending on factors other than the poverty level of the country, such as the nature of existing socio-economic differences, the prevailing economic and political structures and forces, and the policies adopted by the government. Thus Swedish interest in equity is high in Bangladesh and India, and low in Vietnam and Nicaragua. As noted above, it is

generally lower in African programmes than in Asian and Latin American ones. How poverty is emphasised in SIDA's planning also varies between sectors, actors, and points in time.

Perhaps the two most important factors obstructing the design of effective programmes to assist disadvantaged groups are (i) *the lack of a theory of the roots of poverty*; and (ii) *the lack of knowledge on the status, constraints and potentials of the target group*. A micro-level understanding of what generates or sustains the poverty of the individual household, family or person is needed.

The need to analyse poverty and its causes properly is equally relevant for disaster relief operations. Poverty is normally at the origin of an emergency, and its analysis is thus both important for understanding the emergency, and a necessary criterion for the design of support to rehabilitation and reconstruction.

A serious deficiency in project preparation, illustrated by the evaluation reports representing the indirect poverty approach, is the lack of a critical analysis of the preconditions required for the intervention ever to result in poverty reduction. Examples are the right kind of policies being adopted and implemented by the recipient government, other kinds of political support being enlisted, the right kind and quantity of staff and other project inputs being provided from the recipient side, and, not least, the absence of or active measures being taken against "killing factors", i.e. adverse phenomena such as corruption, exploitation, political turmoil, wars, etc. The evaluation reports convey the impression that in a number of project preparations, the critical appraisal of what would really be required for an intervention to produce the expected result was replaced by credulity and wishful thinking.

A lot of good poverty oriented or poverty motivated development assistance is not reported in evaluations. This silence has to be analysed. Further, evaluation teams can do more if requested. The drafters of Terms of Reference and composers of evaluation teams need themselves to be more clear and explicit if poverty is to become a priority issue. The reader is also recommended not to draw too far-reaching conclusions from the documentation studied here. The optimal poverty-oriented intervention, if it exists, may not even have been mentioned.

With that reservation, certain conclusions of relevance for the future planning and implementation of aid can be discussed.

Successes are reported by evaluators of target group oriented projects, particularly in water supply, basic education and health services, employment creation, labour-intensive works, income-generating projects, and credit supply. The collective discourse of the 80 documents

studied in the present report effort also conveys the impression that formulating specifically targeted interventions in favour of particularly poor or vulnerable groups, specially investing in human capital, or working at the institutional network of adverse rules and practices that generate or sustain poverty, should also be a promising approach. However, as 37 evaluation reports do not discuss poverty impact at all, no really conclusive discussion can be based on the documentation studied here.

One clear conclusion that emerges from the collective discussion in the evaluations, although not formulated explicitly by them, relates to policy formulation. The precise reasons for the differences in poverty emphasis between different regions and countries, between different sectors and types of intervention, and between different actors and points in time cannot be distilled from the present material. But there seems to exist considerable room for increased clarity and specificity as regards the objectives both for Swedish development assistance to an individual country, and for the particular intervention in question. If poverty reduction is the objective for the development effort, it should not only be stated specifically at these two levels of planning, but the links between the intended intervention and the expected impact on poverty should also be presented, together with parameters for its measurement in terms both of poverty and of other dimensions, such as gender. The preconditions for achieving success should also be explicitly analysed.

Several teams have pointed to the need for more information on and a better understanding of poverty. Two important efforts are evidently needed. Country level data collection and research offer a valuable option for donors, who could join resources and engage in-country capacities to chart and dissect the local poverty structure. In this context, the need for terminological clarity must be emphasised.

Secondly, a more profound discussion on the links between different interventions and their impact on poverty is needed, especially at the planning stage. Evaluation teams should also be instructed to step up their ambitions in this regard. Another measure could be to invite the other development banks to continue the effort initiated by the Inter-American Development Bank on the poverty impact of investment in different sectors. As knowledge in this field is both limited and diffuse, an intensified exchange of experiences with other donors, possibly through the Development Assistance Committee, could also be of interest. Reporting on implementation should be more ambitious as regards its impact – and not only in terms of poverty.

From the 80 evaluative reports and documents studied, one general impression remains strong, viz. that

only a few have satisfactorily addressed the impact of Swedish aid on poverty. At least 70 of them could have done better; but they would have to be requested to do so. The link between Terms of Reference and reports is clear. As a rule, teams required to discuss poverty, do so.

Some teams do it without being requested, a few do not although they are requested to do so. But the ultimate responsibility for having poverty impacts evaluated remains with the drafters of Terms of Reference and the composers of evaluation teams: that they insist upon it.

RECOMMENDATIONS ON A STRATEGY FOR POVERTY REDUCTION

Analysis, evaluation and planning

While poverty reduction has long been a primary goal of Swedish development cooperation and important achievements have been made, effectiveness in reaching that goal could be significantly enhanced by a more systematic and gender-sensitive approach. This report has discussed the various, but interrelated, ways in which the objective of reducing poverty ought to be incorporated into problem analysis as well as into programme and project design.

The key to successful poverty reduction is first of all an adequate understanding of the problem and its causes. This requires rigorous analysis of the different dimensions of poverty, as these are expressed in relation to social, cultural, economic and environmental variables such as gender, age, ethnicity, class, employment and livelihoods, regional characteristics, environmental degradation, etc. And above all, as consistently argued in this report, it demands closer attention in all analytical and practical work to the experience, needs and priorities of poor women and men themselves, through the application of participatory methods.

The Poverty Profiles prepared for 21 Swedish programme countries demonstrate how poverty analysis could be used as a basic instrument for the preparation of sound country strategies.

The more in-depth poverty studies commissioned by the Task Force combine a variety of approaches, linking macro- and micro-level phenomena, and incorporating the perspectives of women and men at local, village or neighbourhood, levels. These investigations see poverty as a multi-dimensional problem, the study of which requires the combined efforts of a team of professionals with complementary skills.

Such studies should continue to be carried out by Sida and the methods further refined, in order to promote a better understanding of how different variables interact in processes of change. The goal should be the creation of a firm basis for improving the design of both policies and projects aimed at reducing poverty.

Poverty analyses like these would bring much benefit

to the planning processes of the countries concerned. Special efforts should therefore be made to involve ministries of planning, other relevant national authorities, research institutes, and local people - both women and men - in this work. Country-specific poverty analyses would be of use for both national and local strategies to combat poverty. Swedish support to this process might well constitute a specific development cooperation programme, as was in fact the case with the Namibian Poverty Analysis.

It is well-known that the *evaluations* carried out by development cooperation agencies, in general, tend to focus more on the technical aspects and short-term achievements of programmes and projects than on their long-term development objectives or sustainability. This is true also of evaluations carried out by or for Sida.

The majority of Sida support activities have clearly been motivated by concern for the well-being of poor people. However, poverty reduction is seldom a clearly stated objective. Consequently, it does not figure prominently in the terms of reference for evaluations.

Sida should make a priority of ensuring that evaluations of programmes and projects intended to improve the living conditions of poor women and men always examine their poverty impact. Furthermore, support to activities which are not seen as directly related to poverty reduction should nevertheless include an assessment of their possible positive or negative effects as perceived by poor people themselves.

Their outcomes for different target groups as well as for women and men should be examined. Thematic reviews should be undertaken of all such evaluation studies to assess the need for further reform of the planning and evaluation system.

Poverty-sensitive evaluations should be carried out in close collaboration with national and local authorities and research institutes. They should ideally constitute an integral part of country-specific programme cycles and development strategies.

Country strategies should analyse how Swedish development assistance could best address the poverty problems

in each country. They should be based on carefully constructed poverty profiles and poverty analyses. If Swedish aid is to target particular groups or regions, this should be justified and explained in the country strategy. Sida guidelines should be reflected in problem analysis and in the definitions of objectives in project and programme design.

Such definitions do not flow automatically from using a Logical Framework Approach, nor are they possible to copy from one country to another. Sida's regional departments will have to ensure that country programmes are explicitly related to the strategic framework. This requirement applies to all projects and programmes, including those which have no direct relationship to the objective of reducing poverty. A carefully assessed positive overall impact towards ensuring sustainable livelihoods for poor women and men should be a basic criterion.

Poverty assessments and international coordination

Sweden cooperates with the World Bank and other agencies in conducting poverty assessments. A central objective of these assessments should be to enable governments to develop poverty reduction strategies which can be supported by the donors.

Intellectual and financial resources should be utilised to augment the building of competence and capacity, reinforce consultation processes, develop participatory methods, and ensure that overall analytical quality is improved.

Sweden should define its role in donor coordination groups as specifically related to the need to protect and uplift poor women and men. This commitment should be reflected at the highest political level - as has indeed been the case in official government declarations - as well as in operational work at the sector, programme and project levels. Where there is room for separate Swedish action at the policy level, Sweden should advocate and support policies aiming at the provision of basic services and secure livelihoods for the poor.

Sweden should assist recipient country governments to develop independent assessments of the options with regard to policies affecting the poor. Particular attention should be paid to revenue policies (taxation, user charges, tariffs, levies), to public expenditure related to social services, and to policies promoting the choice of labour-intensive rather than capital-intensive forms of production.

Foreign aid has significant effects on poverty not only at project level, but also through its influence on policy. Donors cooperate with the World Bank and the International Monetary Fund to provide financial support (in

the form of balance-of-payment support, debt relief or budget support) to economic policy reforms. These reforms affect the general social and economic conditions for sustainable livelihoods of poor women and men, including the incidence of revenues and expenditures in the public sector.

The general criterion that Swedish support should always have a positive overall impact on the poor should be binding also for policy level support.

Donors have different interests and objectives. Distributional measures may lose out to political and commercial interests in donor coordination contexts. Sweden should continue to work systematically with other bilateral donors, and in relation to the World Bank, IMF, DAC and the European Commission, to build networks which support poverty-oriented development strategies. Such efforts will require joint field studies and policy reviews with other agencies, as well as the general strengthening of the capacity of relevant research institutions in programme countries. It entails, for instance, continued work within the World Bank Special Programme for Africa, to form donor coalitions to support reform programmes which protect the poor and give primacy to their interests.

In order to strengthen the links between poverty reduction and donor support, Sweden should promote the following objectives in collaboration with other donors:

- World Bank country strategies and Policy Framework Papers should include action-oriented commitments for poverty reduction on the part of donors and governments.
- Allocations of assistance to governments should reflect the extent of the particular government's demonstrated commitment to poverty reduction policies and actions.
- World Bank Country Group meetings should discuss Poverty Assessments, and donors should establish closer collaboration through these meetings with the aim of ensuring consistency between their support and poverty-reduction strategies.
- Donors should provide support to enable representatives of civil society entities to participate in the preparation of Poverty Assessments.

Concluding remarks

The agenda for poverty reduction outlined in this document is demanding both for developing countries and donors.

It calls for continued and intensified efforts to understand the dynamics of poverty and vulnerability and how to break the evil circle of deprivation. It also calls for a close dialogue with development planners and deci-

sion-makers in the countries concerned, as well as an understanding of the realities of women and men living in poverty, their experiences and priorities. Such dialogue and contact with reality can only be secured through long-term, professional Swedish representation in programme countries.

Swedish development assistance can play an important role for poverty reduction in terms of policy formulation and advocacy, as well as in the form of programme and project support. In the various tasks, it is necessary to concentrate on certain key areas in order to maximise the impact of a small donor country such as Sweden.

The World Bank, UNICEF and other multilateral agencies usually play the roles of lead agencies in relation to policy issues at the international level. Nevertheless, a bilateral agency can obtain a similar position with regard to certain key areas. Sida, in fact, already plays a leading role internationally as regards reproductive health, including sexual and reproductive rights and fertility regulation. Such a role is demanding and requires both a high degree of professional competence and intensive policy dialogues, at country levels as well as in different international fora. Given the Swedish national political and social context, it is nonetheless quite conceivable that Swedish development cooperation could strengthen its role in relation to poverty reduction in order to contribute even more effectively towards the promotion of sustainable livelihoods for all.

Continuous efforts are needed to ensure the effectiveness of Swedish aid in poverty reduction and the promotion of sustainable livelihoods. This calls for securing the necessary multi-disciplinary professional skills both at headquarters and in field offices.

The key to success in any poverty impact endeavour

is an intensified dialogue and cooperation within the aid organisation as well as with other donors and responsible ministries and agencies in developing countries.

The main arena for this policy dialogue must be the national and local fora for development planning. Governments – who are responsible for development policies and plans in general – should be the lead agents for aid-supported policies, programmes and projects. And in this context, Sweden has an important role to play in supporting and promoting political and professional involvement in, and responsibility for, poverty reduction strategies.

The following areas, viewed from a poverty reduction perspective, should thus be of particular relevance for Sida support in the future:

- Good governance, democracy and human rights.
- Gender-sensitive strategies to combat poverty.
- Sustainable and equity-oriented systems for financing public services such as health care and education, with special attention given to tax policy reforms.
- Strategies for labour-intensive development and the building of sustainable livelihoods.
- Health development in general and gender-specific strategies to reduce social inequities in health in particular.
- Institutional capacity-building and competence development related to the promotion of sustainable livelihoods.
- The integration of environmental policies and strategies to reduce poverty.
- Prevention of disability and promotion of sustainable livelihoods for the disabled.

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THE PRINCIPAL REASON FOR SWEDISH development cooperation has always been to express solidarity with the world's poor and underprivileged people. This was clearly stated in the overriding goal set by Parliament in 1962: "To raise the standard of living of poor peoples".

AFTER THE ECONOMIC AND POLITICAL upheavals of the 1980s, it was strongly felt that an analysis needed to be made of the achievements and setbacks registered in Swedish-supported poverty reduction efforts. On that basis, effective ways to continue fighting poverty into the future within the new global conjuncture would be identified.

A TASK FORCE ON POVERTY REDUCTION was thus formed in 1994. This report documents some of the process of analysis and investigation of the Task Force. A number of difficult problems and disturbing trends are identified, but positive events, methodological advances and successful outcomes are also highlighted.

Sida's PRIME TASK IN THE FUTURE IS TO SEE to it that Swedish resources are used well to promote sustainable livelihoods for the poor. This report gives some ideas about how that can best be done.



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