The Rights of the Poor – our Common Responsibility

Combating Poverty in Sweden’s Development Cooperation

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Foreword

It is perfectly possible to eradicate poverty. According to the United Nations, 80 billion dollars a year over ten years would enable the poor people of the world to escape from poverty. That sum is the equivalent of the combined net wealth of the seven richest people in the world.

In the light of that knowledge, it is nothing short of a global scandal that a quarter of the world’s population is living in great poverty. We have enough resources and know-how to eradicate poverty in less than a generation. All we have to do, therefore, is make up our minds to do it. It was possible to abolish slavery a hundred years ago, once the decision had been made. In the same way, the global community should be able to agree to abolish poverty today.

Naturally, it is the poor countries themselves that bear the main responsibility for fighting poverty. But they need the support of the wealthy nations through such means as well-functioning development cooperation. For that reason we in Sweden need to study how we can make the fight against poverty more effective.

The primary objective of Sweden’s international development cooperation is to combat poverty, both by responding to acute emergencies and by creating opportunities for the poor to help themselves escape from poverty in the long term.

In this report to Parliament, the Government sets out its policy for combating poverty. It is the result of extensive work at the Ministry for Foreign Affairs and Sida to chart the spread and development of poverty, and to find new ways to fight it. The objective is to further strengthen the fight against poverty, thereby creating better chances of achieving a world in peace and concord, where poverty has been eliminated and international assistance is no longer necessary.

Pierre Schori
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1. The rights of the poor – our common responsibility

It is estimated that 1.3 billion people live in acute poverty today. Almost a quarter of the earth’s population are unable to satisfy their basic human needs. Women and children in the developing countries suffer most. In the next 20 years the world’s population is expected to increase from today’s figure of around 5.5 to almost 8 billion. Nine out of ten people will be born in developing countries. These people should have the same rights as anybody else to assert their rights, free themselves from poverty and take control of their own lives and their future.

Yet, although living standards in the developing countries have, on the whole, risen during the last ten years more quickly than ever before, the marginalization of many poor countries and large groups of people within such countries continues. Although more people than ever before have managed to escape from poverty, the number of poor people during this period has continued to rise. And the gap is widening. Waging war on poverty is one of the most important tasks of the international community, above all for moral reasons, since we have a common responsibility for our future and we know that it is possible to create democracy and prosperity out of poverty and oppression.

It is in the common interest of the world community to eliminate poverty. Poverty is the enemy of peace, democracy and development. Poverty contributes to political instability and conflicts, streams of refugees and migrants, and environmental degradation. Globalization – the growing need to view local and national issues in a global context – forces countries to face up to crucial issues that must be addressed collectively. Globalization also presents new challenges for development cooperation. Fighting poverty through development cooperation is an important instrument in promoting peace and global security, democracy and human rights, as well
as sustainable development in economic, social and environmental terms.

In the final analysis, development cooperation is about respecting the equal value of all human beings and about common security, understood not merely as the security of states but in the context of people’s living conditions in the broad sense. These values are manifested in the United Nations’ extensive normative work, ranging from the UN Charter, the UN Declaration of Human Rights and the Convention on Economic and Social Rights to the results of the world conferences of the 90s on the future of mankind.

Fighting poverty within the framework of development cooperation involves direct action to alleviate suffering, but the principal objective is to help the poor to rid themselves of poverty by their own efforts. The main responsibility lies with the individual countries. Their will and capacity to pursue a policy of combating poverty are crucial. The role of development cooperation is to support but also influence national anti-poverty policy in a dialogue with the partner countries. This dialogue should lay the foundation for a developing partnership between recipients and donors, based on a common view of the conditions and policy required to combat poverty. Instead of the donor countries and multilateral organizations unilaterally dictating the conditions, there should be a more equal relationship and a clear division of responsibility between the parties, according to which the partner country is responsible for coordinating aid and cooperation is based on contracts defining mutual obligations.

In the latest Budget Bills the Government has clearly declared its intention to focus more on poverty and on the long-term nature of development cooperation and to increase its support for necessary social changes that are conducive to peace, democracy and sustainable development in economic, social and ecological terms. The Swedish International Development Cooperation Agency (Sida) has carried out an in-depth study, "Promoting Sustainable Livelihoods", and against
In this background it has formulated an 'Action Programme to Promote Sustainable Livelihoods for the Poor and to Combat Poverty'. On the basis of this programme, international research and over 30 years' experience of development cooperation, the Government describes in the present report how the fight against poverty can be given a stronger, clearer profile in development cooperation, in strategic and methodological terms, both in Sweden's bilateral development cooperation and in its cooperation with the UN, the EU and the multilateral development banks.

In a separate report the Government will describe in greater detail how development cooperation can promote democratization. During the present term the Government will thus, either in special reports or Government Bills, have presented for Parliamentary approval, its policy in four key areas: environment, gender equality, the fight against poverty, and democracy.
2. What is poverty?

2.1 Definitions

Poverty, like wealth, is not a clear-cut or easily defined concept. Its causes and characteristics differ between and within countries and regions, as well as between different social groups, for example between women and men, and different age groups. There are often differences between members of one and the same household.

The term poverty contains many different dimensions, and this is clearly demonstrated when poor people describe their own poverty or that of other people. Often the picture that they present differs from the conventional picture, which equates poverty with a lack of material resources. Their definitions are more holistic, diverse, multidimensional, cross-sectoral and culture-specific. They also relate to a lack of access to and control over social, economic and political resources that people must have to satisfy their basic needs. It is a question of dependence and independence, e.g. the right to live wherever you want, to borrow money from a lender of your own choice and to sell your harvest to a buyer of your choice. It is a question of vulnerability and security, being able to rely on a secure livelihood throughout the year and to make necessary purchases and pay your bills when the need arises. It is a question of security, i.e. the safeguarding of certain rights and protection from violence and injustice regardless of economic status. And it is a question of the capacity to fulfil social obligations, to be a respected and valued member of a family and a community.
Poor people’s perception of their situation

Similar factors tend to be mentioned when poor women and men, in many different parts of the world, describe what they regard as a good life and absence of poverty. These include:

- assured access to food, land, income, accommodation, farming tools, water and health care
- decent housing
- access to social networks, support and security
- being able to give their dead an honourable burial
- being able to fulfil their social obligations
- being able to send their children to school
- not being obliged to accept degrading or low status work
- not being disabled, a widow/widower or a single parent
  or obliged to let their children work for other people.

This report takes this broader view of poverty as its starting-point. Poverty is defined in terms of three basic dimensions: security, capacity and opportunities.

Security – against unforeseen events such as sickness, accidents, natural disasters, unemployment, injustice, violence within and outside the family, and economic and political crises, as well as security in old age – is a fundamental human need. Security can be achieved, inter alia, through traditional social networks, social security systems and benefits and social, political and economic rights guaranteed under international conventions and national laws.

People can improve their capacity by developing their own resources in the form of income, assets, savings, health, knowledge and skills. Their opportunities for taking control of their lives are often determined by social conditions, for example as regards civil liberties and human rights, participation in decision-making processes, and economic policy.

Increasing people’s security, capacity and opportunities is a question of social development. Social development must in turn take place within the framework of sustainable development. Sustainable development is the main long-term objective...
of all social activity and is defined in economic, cultural, social and ecological terms.

The fight against poverty is an integral part of social development, the ultimate goal being to eradicate all poverty. It is important to stress that the fight against poverty is not so much a question of alleviating poverty by specific measures as of creating conditions, through the agency of the government, the market and civil society, that will enable the poor themselves to overcome their poverty. This is the only way to achieve long-term results.

2.2 Measuring poverty

There is obviously no easy way of measuring such a complicated and multi-dimensional condition as poverty, and it must be remembered that the measurements used are always more or less approximate.

Conventional poverty indicators are mostly based on information relating to income per capita. They are limited to the material side of poverty and even this is incompletely measured. Often the information is based on unreliable national data. For example, non-monetary income (such as production for own consumption) and income from the informal sector are often underestimated.

Poor people are frequently equated with people in poor countries, i.e. countries with low average income per capita. This is of course misleading, since the distribution of income within these countries is uneven and varies considerably between countries. One indicator that takes this into account is the number of people below a certain income level, the so-called poverty line. For example, the World Bank often sets a poverty line corresponding to an income of 1 US dollar a day.\(^1\)

One weakness connected with this indicator is that it is based on information relating to the income of households but does not take into account the distribution within households.

In order to take into account dimensions other than purely

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\(^1\) In 1985 prices, calculated on the basis of purchasing power parity to compensate for differences in living costs between different countries.
economic ones, indicators that are adjusted for various factors have been developed. The best-known is the ‘Human Development Index’ (HDI), which has been developed by the UNDP. This index consists of three indicators: GDP per capita, life expectancy and an indicator of the standard of education (a weighted average of adult literacy and participation in the education system at different levels). Since the statistics relating to social indicators are even less accurate than economic statistics, this index is far from reliable. Basically, data are only available at the national level and therefore do not take into account the distribution within countries. In order to calculate the distribution between women and men, a ‘Gender Development Index’ (GDI) has been developed with Swedish support. The basic data for this are still very limited but are being developed for certain countries. The number of countries where household surveys have been carried out has also increased considerably during recent years.

However, there is every indication that there are significant correlations between different quantitative measurements and that it is nevertheless possible to gain a fair understanding of the development and geographical distribution of poverty. The quantitative indicators must, however, be complemented by qualitative indicators and assessments which make it possible to detect more complex phenomena such as vulnerability, seasonal poverty, safety, the security of livelihoods and control over social, economic and political resources. Definitions used by the poor themselves must be integrated into methods of measuring poverty.

In response to the problem of indicators based on simplifications and generalizations as described above more sensitive and process-oriented methods have been developed, especially with a view to understanding how poor women, men and children themselves perceive and deal with their life situations. The current trend is to place greater emphasis on participatory methods. The importance of the participation of the local population – the stakeholders in development
cooperation – in planning, analyses, studies and assessments, and of monitoring and evaluation has led to a great variety of new participatory procedures. The best-known are RRA (Rapid Rural Appraisal) and PRA (Participatory Rural Appraisal). The World Bank has also carried out a large number of ‘Participatory Poverty Assessments’ (PPA) during recent years with support from Sweden and several other bilateral donors. In these PPAs the World Bank has adopted elements from previous methods and combined them with other participatory methods and more conventional social analysis. These methods make it possible for poor people to improve their understanding of living conditions and to share their experience with one another with a view to planning and action.

Despite the increasing extent to which these methods have been applied in recent years, much remains to be done before they become an integral part of development cooperation. There is also room for improvement as regards the reliability and relevance of the information and the need to link the locally specific with a more general policy perspective.

There is a great need of more detailed information, especially with regard to aspects of poverty associated with democratic development, e.g. people’s opportunities for influencing political and other decisions which affect their own living conditions, within the family, in the local community and at national and international level. Most studies relate of necessity to a country as a whole, but this is often inadequate since the important thing is to identify the poor groups within a country’s population.

2.3 Who are the poor and what are the causes of poverty?

Today 800 million people, or 20% of the population in the developing countries, suffer from starvation and malnutrition. But starvation is not the result of a global lack of food. Since the beginning of the 1980s the production of food per capita
has increased throughout the world and in all developing country regions except Africa. Today, sufficient food is produced to feed the world’s population, although it is doubtful whether food production in future will increase sufficiently to make it possible to feed the growing world population. People today are starving, not because there is a shortage of food but because they lack purchasing power, in other words they are poor.

The poor are not a homogeneous group. The poverty of a country is due to the fact that there are a large number of poor people, each of whom is poor for different reasons. However, to study the causes of each individual’s poverty is not feasible. Therefore, the best method is to try to identify the most important groups of poor people. This is the subject of the following general discussion. It must, however, be pointed out that a more precise identification is necessary for each individual country.

Most poor people live in rural areas. A frequent cause of poverty in rural areas is the low productivity of agriculture. Poverty is often greatest in remote, sparsely populated areas with low rainfall and low fertility. However, the situation in rural areas vary greatly and in most countries access to land and water plays a decisive role in determining living standards. The shortage of freehold land is one of the most common causes of poverty in rural areas.

Income distribution within households is usually uneven, both between the sexes and between different age groups. Men control the lion’s share of the resources and most of the household’s income. The consumption and food intake of women and children are often considerably lower than those of men. At the same time, women often do most of the agricultural work and all of the domestic work. The need to seek work and an income outside agriculture has caused many men to leave their families, temporarily or permanently. A large number of the households in rural areas are therefore run by single women. Often these households belong to the very poorest, as far as income is concerned. However, when women
decide how income is to be used, a larger proportion is spent on satisfying the family’s basic needs and the standard of nutrition is therefore often higher in such households.

Migration to towns and cities has led to an increase in urban poverty. Unemployment is a growing problem, and in many countries it is becoming more and more difficult for people to support themselves in the informal sector. The opportunities are still greater in the towns and cities than in the country, but those who do not succeed often become even poorer, since the social safety nets which exist in rural areas are lacking in the urban environment. Nevertheless, there are strong links between urban and rural areas. Many households in the country are dependent upon the income of relatives in the towns and cities. Urban poverty can therefore also lead to increased poverty in rural areas, just as increased poverty in rural areas increases the pressure on urban areas.

Poor children and adolescents are especially vulnerable. The parents’ poverty is the chief cause of various types of child exploitation. Poor parents have to choose between sending their children to school or to work. Usually, the girls’ education is sacrificed when children are needed for labour, whether in or outside the home. When children are deprived of the opportunity to go to school, their future prospects become bleak. Most of the children who are turned out of their homes to a life on the streets, often as child prostitutes, are children of poor parents. Most child soldiers are also recruited among children of poor parents.

Demographic factors are very significant. Rapid population growth is basically a symptom of poverty. Having a large number of children is a strategy for security and this is largely a result of the lack of equality between women and men. Poor women often have insufficient knowledge and power to be able to control the size of their family. Experience shows that the number of children falls when women’s status and standard of education improve.

Rapid population growth also contributes to the spread of poverty. The large number of children increases each family’s
burden of dependants and reduces the resources available for the children’s education. The children have to start working at an earlier age. The labour supply increases in a state of already high unemployment and a further burden is placed on the social infrastructure, which already suffers from limited resources. In time, rapid population growth leads to over-exploitation of natural resources. Poor people are both the victims and the causes of environmental degradation. The poorest countries, and the poorest people in those countries, often suffer most from the adverse effects of changes in the global environment.

During the last 25 years an average of 130 million people a year have been victims of natural disasters. The most common causes of disasters are floods and drought accompanied by famine. Natural disasters are not in themselves causes of lasting poverty, but they do reinforce the underlying causes of poverty. It is always the poorest who are hardest hit by natural disasters.

For certain groups, for example the disabled, the burden of poverty is particularly hard to bear. Ethnic minorities suffer discrimination in many countries. The poor often suffer most from war and conflicts, which make their situation even more desperate.
3. The global development of poverty

3.1 Trends in regions and countries

Seen in a historical perspective, standards of living have increased on average in all parts of the world. After the Second World War a rapid improvement took place in the social indicators for Asia, Africa and Latin America. Average life expectancy increased by one third between 1960 and 1993, participation in primary schooling increased from 48% to 77%, and the proportion of the population with access to clean water increased from 36% to nearly 70%. Real income per capita also increased by an average of 3.5% per year. These figures indicate that for many people life has improved in the last few decades.

However, the figures do not reflect the large and growing differences between different countries and regions. The differences in terms of economic growth are indicated in Table 1. Growth has been extremely high (in a historical perspective) in East Asia (including China). It has also been high in South Asia. However, in Africa GDP per capita has fallen during the 80s and 90s. In Latin America growth was negative during the 80s, although this has been followed by an upswing during the 90s. In those countries classified as developing countries in Europe and Central Asia incomes have fallen drastically during the 90s.

Studies on the scale of poverty have produced similar results. The proportion of poor people (persons with incomes below 1 US dollar per day) is estimated to have fallen between 1987 and 1993 from 28% to 26% in East Asia and from 45% to 43% in South Asia, while it increased from 38% to 39% in Africa and from 22% to 24% in Latin America. However, the number of poor people has increased in all regions except East Asia, the total increase being from 1.2 to 1.3 billion. The greatest poverty, in both absolute and relative terms, is still to be found
in South Asia, but it is increasing most rapidly in Africa, Latin America and (fastest of all) in the former Communist countries in Eastern Europe and Central Asia. There are still, however, big differences in each of these regions. Developments are particularly serious in countries hit by conflicts and mass refugee movements.

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When it comes to social indicators, the differences are smaller, but the trends are broadly the same as for economic indicators. The Human Development Index has increased constantly in all regions since 1960, with the exception of a decline in Eastern Europe and Central Asia since 1980. Apart from this, development has been slowest in sub-Saharan Africa. For certain indicators, e.g. primary school enrolment and (in certain countries) infant mortality, the trend in Africa seems to have become negative during the 80s and 90s.

The income gaps are also increasing within most countries. However, in some of the fastest growing economies, e.g. Hong Kong, Malaysia, Singapore and Taiwan, distribution of income has become more even.
3.2 Poverty in the future

Substantial, positive changes have thus taken place during the last decade. Despite this, the prognosis for the future is far from optimistic.

Most forecasts predict continued high growth in Asia and a per capita growth of 2-3% in other regions during the next ten years, i.e. considerably higher than during the last 15 years. This will result in improved social indicators and reduced poverty. But even in the most optimistic scenarios, poverty will be very widespread and the number of poor will continue to rise in sub-Saharan Africa.

South Asia and Africa, as well as countries throughout the world where there are large income disparities and insufficient political emphasis on poverty, will continue to account for a large proportion of the poor. There will be an increasing proportion of poor people in towns and cities and an increasing proportion will consist of women and children. Polarization will probably continue, with increasing marginalization of individuals, regions and whole countries as a result. The increase in employment within the formal economy will be insignificant and it will be increasingly difficult for the informal sector, social networks and social security systems to maintain living standards for those at the bottom of the ladder. Economic and social destitution, political instability, the renewal of old ethnic conflicts, soil degradation and a shortage of water will all increase the risks of new conflicts and refugee flows. The problems caused by unsustainable consumption and production that have been noted in the industrialized countries are starting to appear also in many developing countries.

The birth rate has fallen dramatically in recent decades although the equally rapid decline in the death rate has meant that the decline in population growth has been slow, but the number of children born per woman is falling, which will in time ensure a lower increase in population. However, there are great differences between countries and regions. China, which accounts for 20-25% of the world’s population, has a
substantial impact on the figures. The rate of population growth in Africa has not fallen during the 80s and 90s.

One factor which will significantly affect the demographic structure in many poor countries during the next few decades is the spread of AIDS. This is already the main cause of death in many African countries and will reduce the rate of population growth. The effects of AIDS are particularly negative since most of the victims are people of productive age. Forecasts indicate that this will have dramatic effects on life expectancy in Africa in the decades ahead. Infant mortality is also increasing substantially as a result of AIDS. In addition to this, there are the social problems due to the large number of children who lose their parents.

Even though the outlook as regards poverty may, as a whole, seem pessimistic, it should be borne in mind that these are only forecasts and the reality may be better. There is no lack of economic potential on a global scale and new technology is opening up new opportunities. Great changes have taken place in recent years; there has, for example, been a substantial increase in private foreign investment in the developing countries. Technological advances are spreading rapidly to all parts of the world. The forecast may be gloomy for many poor people, but it has never been so encouraging for such large numbers of people in the developing world. The challenge is to ensure that this development also benefits more poor people.

The democratic development that started during the 90s is also likely to continue. Poor people’s struggle for their rights is seldom without conflict. Progress towards real democracy opens greater opportunities for success while reducing the risk of violent conflicts. Although the democratization process cannot be taken for granted, respect for human rights, democratic government and the peaceful resolution of conflicts is much greater today in most countries than ever before.
4. Prerequisites for the fight against poverty

4.1 The international framework

This report focuses on development cooperation. However, as a result of globalization other aspects of policy in the industrialized countries are having an increasing impact on the poor countries’ efforts to achieve social development and fight poverty. Security policy is important as well as policies on trade, agriculture, environment and economic management. Sustainable development requires measures at the global, regional, national and local levels in both industrialized countries and developing countries.

The majority of poor countries are affected, for example, by budget deficits in Europe and international interest rates. For nearly all the countries concerned the rich countries’ markets are more important than the assistance they receive. At the same time, the developing countries’ market share of world trade is growing. Many of the so called coherence issues, i.e. consistency between different policy areas, need to be addressed not just at the national level but above all at the international level.

A strong international regulatory framework promotes economic development globally and especially in small and economically weak countries. In the long term, free trade is in everyone’s interests and the World Trade Organization (WTO) plays the leading role here. It is important in this context to draw attention to the situation of the least developed countries; for many of these, adjustment to free trade represents a difficult process which does not provide immediate benefits. Regional integration, insofar as it is an element of trade liberalization, is of great value both to industrialized countries and developing countries. The EU can play an important part here thanks to the special relationships it has with a large number of the poorest countries within the framework of the Lomé Convention.
There is a very positive connection between countries’ integration into the world economy and their rate of growth. The countries whose integration (measured in terms of foreign trade as a percentage of GDP) has been most rapid have also achieved the most rapid growth. The poorest countries, on the other hand, have become increasingly marginalized in the world economy. This is especially apparent in sub-Saharan Africa. While global foreign trade increased twice as fast as GDP between 1985 and 1994, the trend in Africa was the opposite.

This does not automatically mean that increased openness to world markets is sufficient to assure economic growth. For long-term growth, however, a country must not screen itself off and build up ineffective economic structures. Nevertheless, the lesson of East Asia also shows that an outward-looking policy is not the same as absence of government control.

Whatever the reasons, the fact is that the poorest countries are dependent on the international economy. Their lack of integration into this economy has not reduced their dependence. Most noticeable is their vulnerability to fluctuations in raw materials prices. Since their exports are usually concentrated on a small number of raw materials and the prices of these are exposed to very sudden fluctuations, the economies of these countries are vulnerable. There has for some time also been a general tendency for raw materials prices to fall in relation to the prices of processed products and therefore for the poor countries’ terms of trade to deteriorate. Another important factor is the trade barriers to which poor countries are often exposed in the industrialized countries’ markets for both agricultural and industrial goods.

A new phenomenon in the 90s is an extensive net flow of long-term capital from industrialized countries to developing countries (approx. 240 billion dollars in 1995). Most of this is private capital in the form of loans, portfolio investments and direct investments. The largest component is direct investment; 40% of all direct investment now goes to developing countries. However, so far only a very small proportion of this has gone
to the poorest countries. The flow of capital to sub-Saharan Africa (approx. 12 billion dollars in 1994) consists almost entirely of development assistance, which is also showing a tendency to diminish in real terms. However, some countries in Africa have also received substantial private capital flows during recent years.

At the same time, many of the poorest countries are still struggling under the burden of debt incurred as a result of the extensive borrowing during the 70s. In a number of countries this has been reinforced by substantial borrowing, sometimes on less concessional terms, from the development banks and the International Monetary Fund (IMF). It is now recognized that a number of poor countries have an unsustainable debt burden and an initiative to reduce the debts of the poorest countries through cooperation between multilateral bodies and bilateral creditors and donors, the ‘Debt Initiative for Heavily Indebted Poor Countries’ (known as the HIPC Initiative), is a recognition of this. A sustainable solution to the poor countries’ debt problem is a prerequisite for the long-term fight against poverty and the HIPC Initiative is welcome and merits wholehearted support. However, even if the Initiative is implemented according to plan, it will take many years before the burden of debt is eliminated in these countries.

4.2 Political and institutional aspects
Political conditions are key to success in a country’s fight against poverty. A decisive factor is whether the country’s decision-makers have the political will and capability to pursue a policy that favours the majority of the population. Often that will is lacking, because priority is given to the special interests of certain powerful groups rather than to fighting poverty. To bring about a change in policy it is therefore important that poor people should have access to political power and that those in power are regularly called to account for their policies in free and fair elections, where everybody has the same chance to
take part and vote for representatives who stand for what they
themselves believe to be in their interests.

The democratic process is based on cooperation between
people who participate in and exercise influence over society.
This cooperation must be based on democratic values such as
respect for civil liberties and human rights. Democracy is based
on the principle that everybody should have the same rights
and opportunities, irrespective of class, economic assets, ethnic
background, sex, age etc. Deficient or non-existent population
registration, complicated electoral registration procedures, poor
education, a lack of parties that represent the interests of the
poor, and media that do not reflect issues of interest to poor
people are, however, obstacles to active participation in politi-
cal life on equal terms.

Of course, it is not enough just to want to implement an
anti-poverty policy. The capacity to translate that wish into
reality is every bit as important. One factor that influences
this capacity is the stability of a country and the predictability
of the policies it pursues. An efficient public sector with clear,
precisely-defined tasks and the necessary resources and capac-
ity to execute them is another important factor for a country’s
ability to implement an anti-poverty policy. This is rendered
more difficult in the least developed countries, which often
have a centralized, inefficient and sometimes corrupt public
sector based on a mixed legacy of colonial administration and
a planned-economy development philosophy. Their adminis-
trative capacity is weak and they lack the necessary human,
institutional and economic resources. Their tax systems function
poorly and the mechanisms of redistribution are ineffective.

Poor countries generally have an ineffective legal system
due to the lack of formal legal traditions, limited resources for
the administration of justice, poor legal training, archaic
legislation and a corrupt application of the law. To gain access
to the legal system it is often necessary to pay a sum of money
and consequently the rich and powerful are the main
beneficiaries of the legal system. Another problem is that in a
number of countries the legal system is an important element of the suppression of human rights by those in power – police who use torture to extract evidence, courts that judge people who lack proper defence counsel without sufficient proof, overcrowded prisons that are full of people who have never had their cases examined and tried.

A vital and often underrated precondition for development is the level and content of what is sometimes referred to as social capital. This consists, for example, of the norms, institutions, networks, organizations, traditions and attitudes of a community. There is considerable evidence to indicate that this is one of the most important factors behind development that achieves long-term success. Physical and human capital are necessary, but if there is no social capital in the form of a viable social structure, solidarity, trust and openness, then limited progress will be made in economic, democratic and social development. The importance of social capital can be demonstrated from an institutional point of view. In Africa, for example, there is often a shortage of strong institutions due to the gap between formal and informal and modern and traditional institutions. The formal institutions have been introduced from outside, by the colonial powers and often later by donors, and they have no links with the traditional institutions and values and therefore often lack legitimacy.

4.3 Economic aspects

One of the few reliable results of all the studies that have been carried out is that there is a very significant correlation between a country’s success in reducing poverty among its population and the growth of its GDP per capita. There are no examples of countries that have been able to reduce poverty over any length of time without good economic growth.

The opposite also applies: no country can achieve long-term growth without progress in terms of social development. This is because growth in terms of human capital is essential for
economic growth and a policy geared to social development creates a more stable and thus more growth-promoting social and political environment. Economic growth and the fight against poverty are therefore not in conflict but mutually reinforcing.

A market economy is a precondition for a sustainable war on poverty. It gives people greater freedom, capacity and opportunities to create better lives for themselves and for others. The important thing today is to develop and maintain the free market and give it a social and human face. This is by no means always the result of deregulation and privatization. There is a great risk, due either to too much or too little regulation, of special interests and elite groups gaining control of markets. In time the creative potential of the market economy will tend to decline.

In the case of a social market economy a social dimension must be integrated into economic policy and there must be a policy to develop the entire institutional framework of modern society. A social market economy can thereby provide a sustainable link between economic liberalization and democratization.

Properly functioning markets are essential to enable the private sector to contribute to economic and social development. The state also has an important role in providing a framework within which this can take place, i.e. macroeconomic stability, the physical infrastructure and simple and clearly defined rules for all the players involved.

Government income and expenditure must, once the macroeconomic balance is in place, be distributed in such a way as to promote social development. Programmes designed to develop the country’s human capital have both a direct and indirect impact on poverty. Improvements in health and education directly raise the quality of life and also help increase productivity. This increases the opportunities for individuals to support themselves and enhances the country’s prospects of eradicating poverty. For educational programmes to have a
positive impact on economic development they must be of a quality and type that is appropriate to the community in question. Education which is not of any practical use is of marginal importance in terms of the country’s continued development.

Most developing countries have, since the mid-80s, pursued an economic policy of reform geared to stabilization, liberalization and institutional change. This process is at least as thoroughgoing in many countries in Asia and Latin America as in Africa. In many countries the policy has been formalized in structural adjustment programmes which aim to lay the foundations for stable growth and social development. Most countries have deregulated both domestic markets and foreign transactions. This has brought greater efficiency; costly, distorting subsidies have been eliminated and incentives created for increased production and employment. However, it is now recognized that this in itself is not sufficient to achieve sustainable economic development and reduce poverty. It has proved difficult to maintain a macroeconomic balance and especially to avoid large budget deficits. This has placed a great deal of the burden for stabilization on monetary policy, which therefore tends to be too restrictive and inhibit investment and growth. The burden of debt is also a continuing problem in many countries, despite the measures that have been taken to reduce debt. In a situation where government expenditure should decrease, an increasing proportion is spent on servicing debt, thus obliging the government to make cuts in other areas.

Most governments have, often with the support of the World Bank, sought to protect the social sectors from the effects of these cuts. The social sector’s share of government expenditure, excluding debt service, has increased during the structural adjustment process and it has also often been possible to maintain or increase these sector’s share of GDP. But when the most relevant measurement is studied, namely expenditure per capita, it is evident that this has fallen in most countries. The problem is, therefore, not that structural adjustment has
hit the social sectors more than other sectors, but that it has not had sufficient positive impact on growth.

At all events, structural adjustment programmes have in most cases been associated with a deterioration in the situation of the poor. More can and must be done to integrate the fight against poverty into these programmes. Often poverty reduction has been added to the programmes as an extra element under the heading 'social dimensions of adjustment' but without being given the same priority as the economic reform programme. In the future the effects of the programmes on the poor must be taken into account from the start.

The structural adjustment programmes have been the subject of severe criticism. It is felt that they have been forced on the countries concerned from the outside, principally by the IMF and the World Bank, as conditions for loans from these institutions. Today, however, there is widespread agreement that a necessary condition for the success of these programmes in laying the foundation for long-term growth is that they are designed and implemented by the country’s government and own institutions. This puts the focus on the legitimacy and democratic structure of national governments and institutions.

4.4 Distribution aspects

There is, thus, a clearly positive connection between growth and the reduction of poverty at the national level. However, what applies to countries as a whole does not necessarily apply to all the inhabitants of those countries. The distribution of the benefits of economic development is equally important. If this distribution is uneven, the country’s economic development will be of little (or no) help in the fight against poverty.

The distribution of income and, in particular, natural resources (land and water) is also an important factor explaining differences in countries’ economic development. It is generally accepted today (with particular reference to the American
that a reasonably equal distribution improves not only the conditions for social development but also for economic development and growth. In the long term the interaction between economic development and socially acceptable distribution creates the best conditions for combating poverty.

The nature of economic growth can vary, as can its effects on poverty. Rapid economic growth can take place at the expense of sustainable development, entailing the exhaustion of limited natural resources and various kinds of environmental degradation. It can also be concentrated on isolated sectors of the economy (the extraction of raw materials, for example) without generating any positive effects worth mentioning for the majority of the population. Therefore, the goal should be not merely growth as such but what might be called equitable growth.

Equitable growth must fulfil, among other things, the following criteria:

• it must be compatible with the sustainable use of natural resources;
• it must promote equality between men and women;
• it must be broad and diverse in the sense that it covers many different sectors;
• it must be relatively evenly distributed geographically;
• it must raise the incomes of important social groups and of the vast majority of the population;
• it must raise the level of employment.

4.5 Gender equality

The majority of the world’s poor (according to UN estimates approx. 70%) are women. Poverty has therefore become a typically female attribute and there is increasing talk of the feminization of poverty. Women’s poverty can be measured both in economic terms and in terms of their inability, due to
their economic situation, to organize their lives and take part in decisions that affect their family, their local community and the nation to which they belong.

Poor women, in both rural and urban areas, often have dual roles involving work both in and outside the home. Despite the fact that women do virtually all the housework, they are also responsible for most of the agricultural work and are over-represented in the informal sector.

In poor families with small resources girls are often forced to stay at home from school, both on account of the costs of schooling and because the girls’ work helps support the family. Moreover, poor families often discriminate against girls when it comes to food and medicine.

Although there are strong economic arguments for gender equality, they are often neglected. Greater equality between women and men improves the prospects of sustainable development. Gender equality can be crucial to the success of economic reforms. Women’s lack of access to resources in the form of capital, land, income or credits and the lack of opportunities for women to take part in decision-making fora make it difficult for them, and often for their local community, to invest in efficient production technology and to respond to market incentives.

It is therefore important in economic planning to analyse and take into consideration both women’s and men’s roles and both the productive and reproductive aspects of the economy. A deeper understanding is also required of how changes at the macroeconomic level affect the microeconomic level, especially within the family, so as to allow economic growth to take place in harmony with a more even distribution of resources that gives everybody, irrespective of their sex, economic or social position, a share in development.

Integrating the gender equality aspect into different policy areas will create a sustainable basis for political, economic, social and cultural changes in society that will help to establish greater equality between women and men and promote the
fight against poverty. Equality between women and men is a human rights issue and an essential condition for a development in which the fight against poverty has high priority.

4.6 The environment

There is a close but complex connection between the environment and poverty. Many environmental problems are caused or aggravated by poverty, for example the excessive use of pesticides, deforestation, soil erosion and degradation of the marine environment. Negative environmental effects are to be expected where there is a combination of poverty and other factors such as rapid population growth, denial of access to or use of natural resources, inadequate legislation, a short-sighted economic policy and various market failures. Insufficient knowledge and the absence of democratic influence and instruments of control are other important factors.

All these factors make it even more difficult for people to make a living and thus increase poverty. It is therefore necessary to fight poverty in order to achieve sustainable development in terms of natural resources. Conversely, efforts to improve the environment in poor countries are crucial to the fight against poverty.

Poor women are often affected even more by environmental degradation since, for example the diminishing availability of wood and clean water forces them to walk much further and use a far greater proportion of their time for these tasks, leaving less time both for farmwork and the children. Environmental degradation also causes natural disasters and exacerbates the effects of such disasters on the poor. Millions of people have been forced to leave their homes as a result of a lack of natural resources and these numbers are likely to increase substantially. It is estimated that about ten countries with a total population of over 400 million face the prospect of an acute shortage of water within the next few decades.

However, environmental problems are not always linked to
poverty. There are many examples of poor people developing a way of life in harmony with the environment while the rich, in both industrialized and developing countries, cause far more harm to the environment than the poor. Rapid economic growth and new patterns of production and consumption that result from it often cause environmental deterioration, which affects the poor in developing countries most of all, particularly in urban areas. But with today’s technologies and particularly those of tomorrow this is quite unnecessary. It is therefore important to lay down environmental rules with regard to economic development as a fundamental condition for achieving long-term sustainable development.
5. Integrating the fight against poverty into development cooperation

5.1 Development cooperation objectives and the fight against poverty

The objectives of Sweden’s development cooperation have emerged in a climate of broad political agreement. For many years the fight against poverty has been the main thrust of Sweden’s policy in this field. As far back as Government Bill 1962:100 it was stated that ‘the objective of Sweden’s development assistance is to raise the living standards of the poor’. Following the 1977 report on development cooperation policy (SOU 1977:13) Parliament adopted a similar formula: Sweden’s development cooperation should aim to ‘achieve a higher standard of living and fairer living conditions for poor people, so as to satisfy their basic needs and involve them in political decisions that govern societal development’ (UU 1978/79:1).

The main objective was broken down into the following targets:

- economic growth
- economic and social equality
- economic and political independence
- democratic development.

A fifth target:

- environmental protection

A sixth target:

- gender equality


The Government and Parliament have established that there is no prioritization between these targets (Gov. Bill 1995/96:153). They must be coordinated in order to achieve the main objective of improving the living standards of the poor. The targets are important in themselves, but they are primarily essential elements in the achievement of the main objective.

While these objectives continue to be relevant, methods and attitudes to the modalities of development have gradually been refined, not only in Sweden but also internationally. Compared with the often simplistic analyses and solutions that were previously in vogue, development is now recognized as something very complex. Perceptions of the role of the state have changed and greater importance is now attached to industry and civil society. It is now recognized that all development must be based on the recipient countries’ own will and capacity. This broader analysis has changed the focus, organization and instruments of development cooperation. However, reforms of the organization and management of aid have often been slow. Many donors’ operations in the field are still dominated by more or less uncoordinated projects that are often incompatible with the priorities and capacity of the recipient country.

This report is a contribution to the ongoing reform of Sweden’s development cooperation. Bearing in mind the fact that in each developing country international development cooperation involves a large number of donors and, multilateral and non-governmental organizations (NGOs), Sweden’s development cooperation, like that of other donors, must be coordinated with and agreed between both the cooperation
partners and the other donors. The general conditions for this are more favourable than ever before. The 1990s have witnessed far-reaching international convergence on these matters. The importance of establishing new partnerships that give developing countries greater responsibility and greater scope to fulfil this responsibility is now generally recognized. The challenge is to translate this realization into reality.

However, development cooperation is only one instrument, albeit an important one, of Sweden’s support for the development of poor countries. It is therefore important for Sweden to give priority to the fight against poverty in other policy areas too. Sweden, with its wholehearted commitment to peace, free trade and solidarity, has often been a pioneer in this field, and should continue to be so. Development cooperation must also be designed in such a way as to support other policy areas, for example by helping to build up capacity in Sweden’s development cooperation partners. Like other industrialized countries, Sweden should continuously evaluate the coherence of the policies it pursues in its efforts to contribute to international cooperation in this field.

5.2 Democracy, human rights and good governance

Development cooperation cannot by itself create democracy and respect for human rights. This must emerge from within the nation itself, but development cooperation can play an important, strategic role in promoting democratization by supporting civil commitment to such processes and the development of the institutions that are necessary for a democratic form of government.

A policy that promotes the development of democracy and respect for the human rights of the poorest citizens must above all seek to improve poor people’s opportunities for influencing their situation and that of their children by making it possible for them to take a greater part in political life and to assert
their rights. Everybody must have the opportunity to take part in elections and must be sufficiently well-informed to be able to make independent decisions. Although national elections are naturally an important matter for all citizens, local elections and local government and administration are often more important to poor people. The local level is where poor people have a real opportunity to take an active part in the decision-making process.

The UN conventions on human rights establish the principle of equal rights and value for all, irrespective of class, economic assets, ethnic background, sex etc. Generally speaking, however, in today’s world only the rich are in a position to enjoy their rights, while the political, civil, economic, cultural and social rights of the poor are violated. Poor people are often ignorant of their rights and lack the resources to assert them.

Efforts to establish democracy will not succeed unless the rule of law is also strengthened. An effective and independent legal system is both a guarantor of democracy and its institutions and a sine qua non for respect for civil and human rights.

A basic feature of our perception of democracy is that women and men should have the same opportunities to participate in democratic processes. Notwithstanding the ratification by a large number of countries of the UN Convention of 1979 on Elimination of All Forms of Discrimination against Women, considerable inequality between women and men still exists. Women in general, and poor women in particular, are often discriminated against both when it comes to participation in political life and to enjoyment of human rights. Women are subjected to various kinds of oppression, discrimination and violence. Special importance must therefore be attached to women’s participation in political processes and women’s rights.

Poor children are more vulnerable and more subject than other children to human rights abuses. Even though the Convention on the Rights of the Child has been ratified by practically all UN Member States, much remains to be done
before children’s rights are respected in all countries. The poverty of parents is, in practice, often a cause of the violation of children’s rights. Children suffer most from wars and conflicts, not least since they are often forced to take part as soldiers. Therefore, better application of the Convention on the Rights of the Child and measures to prevent the recruitment of children as soldiers will greatly benefit poor children. Efforts to ensure compliance with the UN Convention on the Rights of the Child is an important element of Sweden’s development cooperation policy, both multilaterally and bilaterally. Increasing attention is being paid to the increasing violence and the degrading treatment to which children, especially poor children, are exposed. Sweden is actively pursuing the drafting of an additional protocol to the Convention relating to children in armed conflicts, which would raise the recruitment age from 15 to 18 years, and is also committed to the fight against commercial and sexual exploitation of children.

Good governance by governments and public authorities is increasingly being stressed as an important prerequisite for development that will benefit all citizens. Democracy is crucial to good governance since governments can be held accountable for its performance at general elections. Independent media and free formation of opinion are also essential for administrative transparency. Reform of the public administration is a necessary step in many developing countries towards greater efficiency in central governments.

Corruption is an obstacle to good governance in many countries and involves a substantial waste of government resources. By supporting a reform of public administration, for example as regards recruitment principles, pay determination and promotion, development cooperation can help to reduce corruption. Donors should also address these questions in a dialogue with their partners and make it clear that corruption is not acceptable in connection with utilization of funds for development assistance.
Strengthening the anti-poverty profile of Sweden’s development cooperation in order to promote democracy, human rights and good governance involves:

• more, and more open, discussion of issues relating to democracy and respect for human rights in Sweden’s dialogue with its partners;

• prioritizing support for the development of local democracy;

• supporting reforms of public administration and focusing more on decentralization and local government;

• strengthening the rule of law, especially aspects that are important to poor people;

• within the framework of support for electoral processes, concentrating on improving poor people’s opportunities for participating in elections;

• promoting, in particular, women’s participation in democratic processes;

• urging partners to live up to the UN conventions on human rights, especially the rights of women and children and supporting them in various ways in such efforts;

• urging, in particular, measures to protect children from violence and degrading treatment;

• supporting the development of independent and pluralistic media that deal with poverty-related issues and/or issues of interest to poor people;

• making clear in the dialogue with its partners that corruption is not acceptable in connection with utilization of funds for development assistance.
5.3 Conflicts and disasters

Poverty and armed conflicts often coincide. The social and economic structures of over half of the world’s 45 poorest countries have been further eroded over the last decade by war and other acts of violence.

Although most social conflicts can, to some extent, be attributed to poverty, the causal connection between them is complicated and far from automatic: poverty does not lead to conflict as a matter of course, but on the other hand conflicts do nearly always lead to even greater poverty.

It is a natural human instinct to strive for as much security as possible for themselves and their families. Where the distribution of resources is inequitable and discrimination and marginalization of certain groups occurs, these groups are naturally desirous to bring about a change in the situation. In the absence of structures for solving such conflicts by peaceful means, there is a great risk that people will try instead to solve them by using violence. Armed conflict becomes a fact of life.

There is an alarming tendency for war to become a livelihood for certain groups. Conflicts are not always about political goals, but about control of resources and lucrative illicit trade. Development cooperation that is committed to combating poverty and resolving conflicts must therefore concentrate on creating and stimulating opportunities for earning a civilian livelihood, both in urban and rural areas.

A necessary condition for development is peaceful coexistence and respect for cultural differences. Not all development necessarily promotes peace. Peace-promoting social development aims at the elimination of social injustices and economic or political marginalization and protection of the rights of minority groups. These groups are often caught up in conflicts that are not directly caused by ethnic or cultural differences. The real cause of community disputes that degenerate into violent conflicts is often to be sought in political incapacity or unwillingness to address the marginalization of certain groups in the community. Development cooperation
with an anti-poverty profile must therefore attach special importance to social injustices and imbalances when it comes to the utilization and distribution of scarce resources.

Conflict awareness should be an element of all development cooperation. Just as environmental impact assessments are now an integral part of development cooperation policy, conflict analysis should also be integrated into the planning process. Appropriate methods for this need to be developed.

Both humanitarian aid (disaster relief and refugee aid, as well as aid for reconstruction) and long-term development cooperation should be based on conflict awareness. Long-term development cooperation can affect local conflicts in ways that cannot be foreseen. The dramatic developments in Rwanda, one of the countries that is most dependent on development assistance, are an example of how important it is to take the risk of conflict into account. Despite substantial assistance delivered over many years, with a certain measure of success, donors’ efforts in Rwanda have failed to prevent the ongoing conflict.

The internal conflicts of the 1990s, which have been so difficult to resolve, are a reminder of the need to integrate conflict resolution and conflict prevention into development cooperation policy, both on the ground and in Sweden’s policy in multilateral organizations.

There is a complex pattern of linkages between conflicts, poverty and acute disasters. A disaster is often seen as a basically temporary and isolated situation, but this is not in fact the case. It is almost always the poor who are affected by conflicts and disasters, which make them even poorer. Of course, natural disasters also occur in developed and politically stable countries, but these countries have the preparedness and capacity to repair damage that has occurred, even where it is extensive.

In terms of the effects on people’s living conditions, natural disasters are not in fact caused so much by nature as by poverty and the environment. Acute famine is not the result of a global
shortage of food. Often food is available within a relatively short distance from the place where the famine is occurring. Moreover, natural disasters are not always sporadic. Certain groups in certain areas suffer, for example, more or less regularly from droughts.

A large proportion of development assistance is spent on humanitarian aid, i.e. assistance to the victims of conflicts and disasters. This proportion has increased substantially during recent years. Greater attention must be paid in connection with humanitarian aid to the complex causes of disasters.

Mitigating the social effects of a conflict must include efforts to put a lasting end to human suffering. The various instruments of development cooperation – humanitarian aid, the establishment of a legal system and democratic governance, as well as social and economic assistance – are closely interlinked. This also means that the assistance provided in connection with conflicts must be linked to political initiatives for peace and security in vulnerable areas.

There is no clear borderline between humanitarian aid and development cooperation. Humanitarian aid must take into account the long-term causes of disasters as well as the long-term effects of the assistance given. Disasters relief often has negative effects; for example, food aid disrupts local production. Often, assistance is directed at the immediate symptoms, but disregards the overall situation of the victims. The main purpose of assistance in the case of drought is to relieve acute hunger, while less attention is paid to the long-term effects, for example the loss of livestock. In the future there must be closer collaboration between different types of aid, the goal being to create lasting improvements and prevent disasters. A broad approach must be adopted, which focuses not only on the acute emergency but also on concepts such as food security that reflect the overall situation of the victims.
Strengthening the anti-poverty profile of Sweden’s development cooperation involves, in connection with conflicts and disasters:

• establishing conflict analysis methods in the planning process;

• integrating conflict resolution and conflict prevention into general development cooperation policy;

• linking the provision of aid in connection with conflicts to political initiatives for peace and security in vulnerable areas;

• taking into account the complex causes of disasters and the overall situation of the victims when planning the delivery of humanitarian aid;

• coordinating humanitarian aid in connection with disasters and development cooperation, the goal being to achieve lasting improvements and prevent future disasters.

5.4 Equitable growth

The main purpose of substantial elements of development cooperation is to promote economic growth in the recipient country, for example by supporting structural adjustment, capacity-building and physical infrastructure. But the interaction between economic growth and social and human development makes it almost impossible to distinguish between assistance that is designed to eradicate poverty and assistance that promotes growth. However, the nature of this growth is of crucial importance. The aim of development cooperation should be to strengthen the positive interaction between economic and social development, i.e. to contribute to equitable growth.

The distribution of income and resources is of vital importance. Appropriate development is likely to be achieved more easily in a country where resources are distributed fairly.
It is difficult in the short term to change the basic pattern of distribution. Development cooperation in itself plays a small part in this process, but the profile of the development assistance can nevertheless play an important role in the long term.

National redistribution strategies can be difficult to implement in practice. Most developing countries have underdeveloped institutions and insufficient administrative capacity. Tax systems function poorly and the mechanisms of redistribution are ineffective. The more prosperous and developed regions often benefit while there is a risk of increasing marginalization in the poorer, often more remote regions. Resources are not provided for the investments that are necessary to break this vicious circle. Often, disproportionate amounts of development resources that are transferred to central government are spent on the larger urban areas. In such cases it may be necessary to consider decentralizing assistance. Assistance that is channelled directly through local authorities, institutions and groups may be the most effective in the fight against poverty.

Thanks to the economic reforms carried out during the last ten years, the possibility of achieving equitable growth have increased. As a result of deregulation, prices now better reflect actual shortages, i.e. capital is costly and labour cheap, which should lead to more labour-intensive investments and increased employment. The reforms of the agricultural sector have made it easier for small farmers to sell their products, thanks to better prices and a wider choice of outlets and processors. Deregulation has also improved the climate for small private companies which were previously hampered by burdensome regulations and bureaucracy. There are many examples that show that deregulation has actually led to increased income opportunities for the poorer sections of the population. But the positive effects do not come about automatically.

One important reason for this is the fact that many structural obstacles to equitable growth remain even after the economy
has achieved a basic macroeconomic balance and the basic conditions for an efficient market economy have been created. In agriculture, unequal distribution of land is often the greatest obstacle, especially in Latin America and Southern Africa. Some form of redistribution of agricultural land is necessary in these countries, but experience shows that drastic land reforms are difficult to implement. Increased taxation of large and extensively farmed lands and the creation of an efficient market for the purchase and sale of land may be an alternative in some countries. However, all land reforms must guarantee small farmers secure land use rights. It is especially important for women to be given equal access to land use, for example in connection with inheritance.

Lack of access to credits, seed, fertilizer and farming tools are some of the basic problems facing small farmers. Efforts to increase access to inputs and to provide better opportunities for small farmers to sell their products will contribute to equitable growth. But even successful programmes for small farmers rarely reach the poorest sectors of the rural population, for example farmers in remote areas or farm labourers who have no land of their own. Farming programmes also tend to be geared to men and often disregard the situation of women. Programmes that cater specifically for remote areas, landless farmers and women are necessary for equitable growth.

Research and training with a view to increasing agricultural production should be undertaken in a manner that promotes ecologically sustainable food production. It is therefore important to support locally adapted research and training adapted for local conditions focusing, in particular, on low-potential areas.

Special measures must be taken both in urban and rural areas to make it possible for small businesses to take advantage of the improved situation created by the economic reforms, especially the provision of credits and training adapted to local needs. Of particular importance from the point of view of poverty are micro-enterprises (with fewer than 10 employees).
These represent a large proportion of the corporate sector, especially as regards employment. They are often run by women and often operate in rural areas. Increased employment is essential for growth. The reform process, like development assistance, must give priority to labour-intensive growth, and women and men must be guaranteed the same working conditions in this process.

The physical infrastructure is of crucial importance to equitable growth, both as a prerequisite for major investment and to enable people to make the most of their resources and satisfy their needs. Investment in large-scale infrastructure is necessary but often very expensive and creates a limited number of job opportunities. In most countries such investment can be financed with private capital. Development cooperation with an anti-poverty profile should therefore primarily be geared to small-scale, labour-intensive projects. Special importance should be attached to the management and maintenance of such investments. The poor themselves should take part in planning and implementation and be given the chief responsibility for management.

Priority should also be given to local solutions when it comes to financing investment. The formal financial system has often proved to be inappropriate for the financing of small-scale projects in rural areas, even though these can be very profitable. Locally based financial institutions (the best-known is Grameen Bank in Bangladesh) can also be very successful in mobilizing resources for the poor. For women, who often lack access to conventional credits, micro-credits may prove an effective means of escaping from poverty and making a livelihood of their own.

Certain infrastructure investments (e.g. wells) can also be financed by charging users, provided that the proceeds are retained by the project and that the local population has a say in the administration. Increased private sector responsibility must be accompanied by measures by central and, in particular, local authorities to increase their revenue, for example by broadening the tax base and tightening up tax collection.
Strengthening the anti-poverty profile of Sweden’s development cooperation in order to promote equitable growth involves:

- integrating the fight against poverty into structural adjustment programmes and concentrating on the impact on poor people, inter alia by placing greater emphasis in the national budget on a distribution of resources that is more favourable to the poor;

- working directly with local authorities, institutions and groups, especially where there is a risk of weaker regions or groups being unfairly treated;

- helping to improve central and local authorities’ capacity for mobilizing revenue;

- supporting a gradual redistribution of agricultural land in countries with very inequitable land distribution;

- supporting agricultural programmes designed specifically for remote areas, landless farmers and women;

- supporting research and training adapted to local needs and related to methods of increasing productivity in the agricultural sector, focusing in particular on low-potential areas;

- supporting reforms aimed at labour-intensive growth and reforms designed to guarantee women and men equal conditions;

- promoting small-scale, labour-intensive projects in which the poor themselves take part in planning and implementation and have the chief responsibility for management;

- prioritizing local solutions, such as locally based financial institutions, when it comes to mobilizing resources for poor women.
5.5 Improving human capacity and opportunities

People are the most important resource in all societies. Failure to utilize and develop this resource is a waste. But social development is not merely a matter of developing human resources, it consists above all in increasing the options for the individual in a society where such options are available to all on equal terms. Equality in this respect is essential, so that everybody can take part in the social development process.

The lack of opportunities to earn a living is a fundamental cause of poverty. Improving opportunities means providing access to health care and training. Poor people also usually lack opportunities to influence and improve their situation. They have no control over productive resources and no political influence. These problems must be dealt with at the macro level in order to create a social development policy.

Ill-health and inadequate education are important causes and effects of poverty and underdevelopment. Investing in improved health services and education, thus ensuring that the population is healthier and better educated, is therefore important for economic, social and democratic development. Support for these sectors is nowadays usually associated with structural reforms. The purpose of these is to create an effective health administration, to achieve a more equal distribution of health and medical services and more value for money in this sector, to decentralize with a view to increasing people’s influence and to design better methods for setting priorities. The reforms also aim at providing basic education for all, raising the quality of education and involving neglected groups.

Before taking measures specifically designed to combat poverty (irrespective of whether they are financed by assistance or by domestic resources) target groups must be accurately defined. The measures must also correspond to the needs of the target groups and address the specific causes of poverty in each group in order to improve people’s capacity to influence and improve their situation themselves by their own efforts.
and to provide new opportunities. Experience shows that programmes and projects designed and implemented with the participation of the target group have a better chance of success.

For certain groups the best method of increasing opportunities may consist in initiatives relating to social infrastructure, such as new forms of care for the elderly, investments in physical infrastructure or improved access to capital. Public employment programmes may be a feasible way of involving the poorest groups, for whom any work, even with low pay, represents an improvement. Supporting people (especially women and young people) who wish to start their own business is another. For groups with little prospect of obtaining employment or supporting themselves by other means, it may be necessary to provide allowances.

The education of women has a considerable impact on their standard of living and that of their family and children. However, much more radical changes are often necessary to improve the status of women in the family and the community. For women to be able to get a job after training, men’s attitudes towards work in the home will have to change and society will have to help by taking measures to remove women’s double workloads for example by providing new forms of care for family members and support for female members of political assemblies and decision-making bodies.

Women with adequate education and work have fewer children, and their children enjoy better health and education. In countries where the elderly and unemployed are not dependent on their children population growth appears to be lower. Where children have a better chance of survival, the birth rate is lower. All in all, this means that fewer people will be born into poverty in the future.

The first years are crucial to a person’s development in terms of intelligence, personality and social behaviour. Improving children’s living conditions is not only an obvious priority but also an investment in a nation’s future. Measures such as compulsory schooling and a ban on child labour help in the long term to improve their living standards.
The very poorest, who live on the very margins of survival, have the smallest prospects of a better life. They also risk being marginalized even further as development gathers momentum. They have no resources to set aside for investment in higher future consumption and must be content with a meagre but secure livelihood rather than a potentially better but uncertain one. They are thus often forced to utilize ineffective production methods and stagnation. Measures in the form of small low-interest loans can help start a development process for such groups and measures offering protection against famine in the event of crises can help to spread the risks.

It is important for the measures to be perceived as feasible alternatives by the individuals themselves. At the same time, they must also be consistent with national policies. For example, loans for investments in land improvement are not likely to have the desired effect in the absence of clear and transparent rules on land tenure. Nor will loans for business starts be of any use if the necessary infrastructure for selling the goods produced is lacking.
Strengthening the anti-poverty profile of Sweden’s development cooperation in order to enhance human capacity and opportunities involves:

- increasing poor people’s opportunities, e.g. by improving education and health services, providing the necessary social or physical infrastructure and access to capital, implementing employment programmes and providing loans for new businesses;
- designing projects and programmes in collaboration with the poor themselves and giving them the responsibility for implementation and follow-up;
- supporting the education of women;
- taking measures to reduce women’s double workload, e.g. by providing new forms of care for family members;
- supporting female participation in political assemblies and decision-making bodies;
- supporting compulsory schooling and a ban on child labour.

5.6 Personal security

When poor people themselves describe their poverty they often mention the difficulty of obtaining a secure livelihood, not only under normal conditions but also in connection with unforeseen events such as sickness, unemployment, accidents, natural disasters and political and economic crises. They also mention the difficulty of providing for themselves in foreseeable situations such as old age.

Various strategies have traditionally been used to overcome crises and to survive in the event of a disaster. Informal networks cover the need of care and provision when, for some reason, a
person has been incapacitated. They are often based on family
ties in the broad sense. In many cultures children play an
important role in providing for their parents in unforeseen
situations and during old age.

Development and modernization lead to specialization,
differentiation and increased mobility, which can help increase
productivity levels and material standards. However, in certain
respects modernization also make individuals more vulnerable.
Modernization contributes to the breakdown of traditional
safety nets. Poor countries often lack the resources to provide
new alternatives. The result is that more and more old people
have no means of support or care. Therefore, alternative
solutions, which are not based on traditional family ties, must
be found.

In the developing countries there is often a lack of formal
insurance systems that guarantee support in unforeseen
situations where individuals no longer have the means to sup-
port themselves. State pension systems, private pension
insurance and other long-term saving arrangements are entirely
lacking or are so unreliable that savings have to be made in
some other way. Supporting reliable systems which allow
people to save during their working years can therefore make
a significant contribution to combating poverty.

However, formal solutions can only replace informal ones
if they are perceived as attractive and credible. Credibility is
intimately associated with the financial sustainability of the
systems, the legitimacy of the political leadership, the
competence and integrity of the administration in the short
and, above all, the long term. This credibility can only be built
up from within by governments and their representatives. It
can only marginally be substituted by foreign organizations,
although they can assist with support.
Strengthening the anti-poverty profile of Sweden’s development cooperation in order to ensure individual security for the poorest and most vulnerable groups involves:

- supporting alternative care solutions in order to reduce the vulnerability of individuals;
- supporting saving schemes during working years in the form of a reliable pensions and insurance systems etc.

5.7 Civil society and NGOs

The emergence of various types of popular movements has played a significant part in the development of Swedish society. The trade union movement, the women’s movement, the churches, the Red Cross, the cooperative movement, the environmental movement and the political parties, to mention just a few, have played a major part in the development of a more democratic, equal and just society in Sweden, not least by safeguarding the interests and rights of the poor and making their voices heard. The emergence of civil society is equally fundamental to the evolution of the developing countries. Sweden’s development cooperation policy seeks to support this development in different ways, and the commitment and work of Swedish NGOs play an important part in this context. Their popular movement base and the Swedish tradition of popular education gives them a position which can be used to support the development of NGOs in the developing countries and to strengthen the institutions of civil society.

The work of the individual Swedish NGOs in Africa, Latin America and Asia started long before official development assistance. They have had a key role development cooperation, both as independent players and as partners within the framework of government financed aid. Just as their roles in Swe-
dish society vary, they are also engaged in many different international activities. However, these activities can broadly be divided into three areas: political influence in normative issues, the development of organizations and skills, and direct support to special target groups, which often include poor and vulnerable men and women. But all the work done by the NGOs and directed at for example schools and hospitals, is not per definition oriented towards combating poverty.

There has been a general shift in the activities of the Swedish NGOs in recent years from direct support and project implementation to normative work and support for the development of national and local organizations. This trend is consistent with the trend in the Government’s development cooperation policy and is a consequence of the realization that only the developing countries themselves and their own citizens that can solve their problems. Ensuring that normative work and organization-building have a clear anti-poverty profile is a major challenge for the NGOs. At the same time, there is no doubt that the NGOs have, together with their partners, developed contacts and networks that are a source of specialist knowledge which, if used wisely, can give them a unique role in the fight against poverty.

A few years ago Sida carried out a study of the effects of the aid provided by NGOs. The study reported two main conclusions. First, the organizations are succeeding in achieving the immediate declared objectives. The second conclusion is that this in itself does not mean that their efforts have led to long-term, sustainable development. The work of the NGOs tends to have greater impact where there is a supporting infrastructure, i.e. where the state has a presence. Conversely, the NGOs tend to be least effective when they are most needed: when there is no-one else there and when it is most difficult and costly to work. In such situations they have usually just managed to alleviate the effects of acute poverty in the short term, but not to bring about sustainable development. This requires interaction between many different factors, including
a relatively dynamic economy. One conclusion that may be drawn from this is that supporting development that raises the living standards of the poor is not a matter for governments or NGOs alone. Both are needed, and neither can assume the role of the other party.

NGOs have also come to play a decisive role in the international community’s response to complex disasters and they are often the first on the spot with humanitarian aid to the victims. Besides mobilizing their own resources, they function as channels for government assistance and as partners for the various UN agencies working in the disaster areas. Since the organizations often work out in the field, close to the people, they are frequently better placed than the multilateral system to detect potential disasters. They also fulfil an increasingly important function by informing the world about forgotten or still ‘undiscovered’ disasters.

5.8 The role of the private sector

Government-to-government aid was the predominant method of transferring resources to the poor countries during the 60s, 70s and 80s. In a small number of countries these resources have represented the greater part of their total revenue. This situation appears to have changed during the 90s, however.

To start with, private flows to developing countries have increased substantially. Net flows increased fivefold between 1990 and 1995. At the same time, official development assistance (ODA) flows have dropped. In many countries, moreover, mobilization of domestic private capital is now clearly on the increase. This emphasizes the need to reexamine and redefine the role of development assistance. It must be regarded as a complement to private international flows and domestic (private and government) mobilization of resources. Ideally, development assistance should act as a catalyst for other resources.

This argument also applies to resources for combating
poverty. The purpose of the fight against poverty is to enable the poor to escape from poverty by their own efforts. This is often best achieved through an effective private sector, for example by providing a good climate for small businesses. The private sector is also useful as an effective provider of goods and services for the poor. Finally, the private sector (households and companies) can help to finance both privately and publicly implemented measures to combat poverty.

From the point of view of development cooperation, this means that the emphasis should be on complementing and stimulating private involvement in the fight against poverty. Most of this assistance will probably continue to be channelled into the public sector to support a policy which promotes the fight against poverty. However, more importance should be attached to the role of the private sector. For one thing, the improved macroeconomic environment has made many developing countries commercially attractive. The role of Swedish assistance here should be to help Swedish companies, by providing information and contacts, to take advantage of the opportunities this offers. Second, assistance can help mobilize private capital for development through various subsidized credit systems and guarantee systems.

Swedish industry has been involved in individual projects in poor countries for many years. A dialogue between representatives of industry in Sweden and in the countries for Swedish development cooperation should be encouraged by inviting employers’ organizations, trade unions, trade associations and private companies to collaborate in the struggle against poverty. Contacts can also be established between, for example, Swedish authorities and municipalities and their counterparts in the partner countries. Cooperation between the private and public sectors in the dialogue will help make it more effective.
5.9 Partnerships against poverty

A necessary condition for success in the fight against poverty is for the poor themselves to feel responsible for and involved in the process. The target group must have ownership in development cooperation.

The government of an industrialized country rarely has direct relations with the poor who are the target group for the fight against poverty. It is therefore important for all relationships in development cooperation to be such as to strengthen the target group’s ownership of the development process. Consequently, all relationships must be based on a genuine partnership.

There is currently widespread agreement among donors that partnerships must be established instead of the traditional donor-recipient relationship. This has been most clearly expressed in the document ‘Shaping the 21st Century; The Contribution of Development Cooperation’, which was adopted by the OECD’s Development Assistance Committee (DAC) at its high-level meeting in 1996. The basic philosophy of partnerships is to move away from the view that the rich countries should do something for the poor. Rather, the starting point is to cooperate with the poor and support them in their own development efforts.

It is important to emphasize that the indicator of a successful anti-poverty policy is not the number of special projects for the poor, nor has it to do with channelling assistance to sectors (e.g. health care and education) which are considered especially important to the poor. Naturally, a large proportion of the resources should go to these sectors, but the anti-poverty approach adopted in Sweden’s development cooperation has much more to do with the guiding principles for a number of choices made by the Government and by Sida.

Four choices are especially important:

1. The choice of partner countries. Sweden currently has some
form of development cooperation with practically all the developing countries. Its bilateral development cooperation efforts concentrate on a limited number of countries, primarily the so-called programme countries. In the other countries the development cooperation takes place chiefly via Swedish NGOs or via Sweden’s contribution to the multilateral institutions.

Given the priority assigned to anti-poverty measures the choice of partner countries should be governed by two criteria:

- the needs of the countries, i.e. the degree of poverty,
- the countries’ will and capacity to implement an anti-poverty policy and achieving sustainable development in economic, social and environmental terms.

Priority should be given to cooperation with countries that demonstrate a strong will and capacity to fight poverty. A declaration of intent to this effect by the government is not sufficient; it would also have to engage in an open dialogue with civil society in order to establish real nationwide ownership.

2. The choice of cooperation partners and channels. Suitable cooperation partners and channels for cooperation must be selected in each country. Normally, development cooperation has been, and will continue to be, based on a relationship with the government in the country concerned. Often this has been complemented by relationships with (primarily Swedish) experts, consultants, companies and institutions in connection with specific projects or processes. Within the framework of multilateral cooperation a direct relationship is established with the multilateral agencies. Sweden also establishes relationships with other donors through cofinancing arrangements or donor coordination. A significant proportion of Swedish development
cooperation is also delivered via Swedish NGOs or through a direct relationship with local NGOs.

The choice of cooperation partners and channels will vary depending on the situation in each individual country. There is no given formula for how poverty-oriented development cooperation should be organized. However, increased flexibility and preparedness for new relationships are necessary. The new relationships could, for example, mean direct support to local authorities involving local NGOs and private companies. Support will still have to be provided, for example by Swedish experts and companies, but the aim should be to build up capacity that will survive the discontinuation of assistance, not to deliver resources in order to "help". The key difference will be the ownership of the direct beneficiaries of the assistance.

3. Choice of forms and methods. Most studies of the effectiveness of development assistance show that individual projects often generate tangible effects but that it is more difficult to identify positive results at the macro level. An important reason for this paradox – effectiveness at the micro level and ineffectiveness at the macro level – is that development cooperation has for a long time focused on individual projects. However, it must be emphasized that evaluations of development projects relate mostly to technical effectiveness and to a surprisingly small extent to attainment of the anti-poverty objective.

Focusing on the project often causes the project itself to be seen as the objective of the aid. Planning and evaluation usually concentrate on limited project objectives. The recipient country’s systems and structures can sometimes be an obstacle to the achievement of rapid results and it is common for donors to build up their own structures to channel their resources direct to the project and thus bypass existing structures. This can yield good results in a narrow sense, but it does not help to make the project sustainable when assistance is discontinued.

The project focus has also tended to cause donors to
disregard the fact that the macroeconomic environment is of vital importance for the effectiveness of the project assistance. Support for agriculture in a country where the price structure does not give farmers any incentives to increase production, for example, is doomed to failure. Major social sector support programmes, part-financed by development assistance, must also take place within the macroeconomic framework in order to be sustainable. There are many examples, chiefly in Africa, of how a social infrastructure has been built up only to collapse later as a result of the lack of funds and incentives for operation and maintenance.

Individual efforts should aim to strengthen processes with the participation of the poor themselves. The aim should be to create socially sustainable processes, networks and institutions at the local level. However, isolated projects whose sole aim is to deliver resources should be avoided, since this tends to encourage adaptation in the recipient country and reinforces aid dependency. An example of this is food aid, which can weaken the incentives for local production. Likewise, programmes which only aim to deliver important goods, such as medicines or school books, can have a negative impact by taking the place of domestic resources.

During the 80s and 90s donors have arrived at a partial understanding of the problems associated with the focus on projects, although projects are still often operated in relative isolation from overall policy assessments. One result of this has been the emergence of new forms of aid, often under the collective name programme assistance. One of the aims of these is to minimize interference in the country’s own systems and priorities. Instead, the recipient country is given overall responsibility for designing a programme to which different donors can contribute. The programme can embrace the entire national budget or the budget for a specific sector, or it can relate to a specific area.

Programme assistance, even if it relates to a specific sector or to a large programme, must be based on an agreed framework for macroeconomic policy and prioritization, both with
regard to the national budget as a whole and to that for the sector concerned. Otherwise there is a substantial risk that the aid will only create opportunities for other expenditure or create imbalances in the budget. There must also be better coordination of different donors’ support under the leadership of the recipient country. There is a marked tendency for all donors to concentrate on the same areas and institutions, not least when it comes to fighting poverty, which is a high priority for most development agencies. It is also important for donors to be prepared to harmonize their procedures so as to simplify the recipient country’s administration.

In conclusion, a development cooperation policy with an anti-poverty profile should have a two-pronged approach: firstly, efforts should be made to replace traditional donor-dominated aid arrangements by programme assistance based on partner’s own priorities and under its leadership and coordination; secondly, there should be individual programmes involving the people and aiming to create sustainable processes at the local level.

4. Formulation of contracts. Each relationship in development cooperation is regulated in some form of contract. All these contracts should be formulated in partnership with the country concerned and should be based, in particular, on recognition of the target group’s responsibility and leadership.

A partnership implies a measure of equality between the parties when the contract is entered into. This can, of course, be difficult when only one of the parties contributes finance. It is therefore a sound principle that the cooperation partner commits itself to a financial obligation from the beginning.

In a partnership both parties must have an interest in cooperation. Even if the cooperation objectives are expressed in terms of the other party’s direct interests (e.g. combating poverty), this does not mean that the first party has no interests of its own in the cooperation. This report has, to start with, repeatedly emphasized the common interest in peace
and sustainable development. Furthermore, the objectives of Sweden’s development cooperation policy were adopted within the framework of a national political process and Sweden naturally has a legitimate interest in monitoring the attainment of these objectives in the field. Thirdly, Swedish development cooperation partners, for example companies and NGOs, are obviously keen to safeguard their interests in this context.

It is important to emphasize that interests that are not consistent with the other party’s special interests need not present an obstacle to development cooperation. However, where cooperation is based on a partnership, these interests must be disclosed to all parties when a contract is signed. All too often this is not the case.

Finally, both parties must naturally comply with the terms of the contracts. This may sound obvious, but it has not always been the case in the context of development cooperation. The question of how to deal with the situation when one of the parties does not fulfil its obligations must also be clarified.

**Partnership: the example of Tanzania**

An example of an attempt to establish a genuine partnership is the dialogue between the Nordic countries and Tanzania. In September, 1996 a meeting was arranged between the Governments of Tanzania, Denmark, Finland, Norway and Sweden in Dar es Salaam to discuss new cooperation relations.

The agreement reached is based on a political vision formulated by Tanzania. It includes commitments to democratization, decentralization, the fight against corruption and a sustainable economic policy. The new cooperation relations will be based on the following:

- Tanzania will assume leadership and have sole ownership of the programmes with regard to planning, design, implementation and evaluation.
- Tanzania will have full responsibility for the programmes and resources. The parties will conduct an open dialogue on all aspects of the programmes.
- All activities will be agreed on the basis of shared financing, the Tanzanian portion to increase over time. The date of expiry will be agreed at the start.
• The Nordic parties will have to be prepared to make long-term financial commitments.
• The Nordic parties undertake to go over to programme assistance as soon as Tanzanian policies are defined for various sectors. Development cooperation will only relate to activities to which Tanzania gives priority. Cooperation will be driven by demand and not by the external parties. The intention is that the cooperation should lead to broader relations based on long-term common interests. Special efforts will be made to integrate gender aspects into this cooperation.

The Tanzanian example suggests avenues that are worth exploring, but also gives examples of a number of problems that may occur when a partnership is established:

• The general commitments can be seen as a unilateral conditionality on the part of the donor. Greater clarity is needed here. On the one hand, there must be agreement between the parties over certain basic points, for example macroeconomic balance, dialogue with civil society and willingness to fight poverty. On the other hand, the donors cannot impose a number of detailed conditions over and above this framework.

• The whole discussion was conducted between governments. But it is of central importance that the poor themselves are able to express their interests and to the government via civil society. It may sometimes be necessary for foreign partners to react directly to needs expressed by civil society, even where they are not a government priority.

• The new relationship will demand greater flexibility of the Nordic governments and development agencies, and this will necessitate changes in regulations and routines. In fact, partnership will compel the donor organizations to make radical changes in many respects. Experience of donor-led aid coordination is not encouraging and the need to adapt will be even greater if the partner countries elect to assume responsibility for this coordination. Sweden may well be one of the most flexible donors, but for us too, a transition to programme assistance will present problems. It will no longer be possible to identify individual Swedish actions and Tanzania’s follow-up procedures may not satisfy Swedish accounting and auditing requirements.

• A partnership will require considerable patience on the part of the ‘donors’. The ‘recipients’ often have insufficient capacity to handle this new relationship. There is therefore a great risk of a relapse into the old relationship.
Strengthening the anti-poverty profile of Sweden’s development cooperation through new cooperation relations involves:

• focusing development cooperation on supporting processes in which the poor themselves are responsible and feel involved;

• a complete shift from a strict donor-recipient relationship to a broad partnership at various levels of the community; development cooperation must be based on an open dialogue with the government in the country concerned;

• selecting partner countries on the basis of the countries’ poverty and their willingness and capacity to combat poverty;

• showing greater flexibility in the choice of cooperation partners and channels for development cooperation;

• development cooperation with a two-pronged approach: programme assistance with active development coordination under the management of the recipient country and individual measures involving the people and aiming to create sustainable processes at the local level;

• requiring the government in the partner country to be more open to a dialogue with civil society;

• replacing conditionality with a joint approach and commitments that are clearly defined in a contract between the parties;

• efforts by the Swedish NGOs to ensure that normative work and organizational development have a more pronounced anti-poverty profile;

• encouragement of a dialogue between representatives of industry in Sweden and in the partner countries with a view to cooperation on the task of combating poverty.
6. The fight against poverty in the organizations through which Sweden's development cooperation is channelled

6.1 Sida

In April, 1996 Sida published a final report entitled "Promoting Sustainable Livelihoods", based on a wide-ranging study of ways and means of handling poverty issues in Sweden's development cooperation. Using this report as its point of departure, Sida submitted an 'Action Programme to Promote Sustainable Livelihoods for the Poor and Combat Poverty' to the Government in November, 1996. The Government concurs with the views and ambitions expressed in the programme. Sida's work has been an important starting-point for the present report. The programme emphasizes that the fight against poverty requires extensive additional measures within the framework of the six development cooperation policy objectives in order to promote development that is sustainable in political, economic, social and environmental terms. It is not enough to raise poor people's incomes, it is also necessary to guarantee the poor, especially women and children, human rights and freedoms, increase their options, improve the environment, enhance security and make it possible for poor women and men to be take part in the development process. Above all, it is necessary to enable them to overcome their poverty.

To achieve this will require commitment from the governments of poor countries and a stable framework for development, consisting of peace and security, economic growth, good governance, strong institutions and continuous development of human capacity. Sida notes that Sweden's development cooperation has so far been directed at the poorest countries and argues that this policy should be retained,
although there should be more concentration on the countries that are already pursuing a development policy that will reduce poverty.

In 1996 Sida also prepared an action programme for sustainable development, democracy, human rights and equality. These factors are closely linked to the creation of living conditions that will improve the conditions of the poor. Sida’s Poverty Programme, which consists of three parts, a policy review, a report on past experience and an action plan, represents a framework for all Sida’s operations and also discusses specific policies, programmes and projects that focus on poverty.

The basic principle is that the main responsibility for combating poverty lies with the governments of the developing countries. Sida emphasizes that political will is crucial and that Sweden’s support should be adapted to the countries' own efforts to reduce poverty. Sida will actively help to strengthen the dialogue with governments, especially democratically elected governments, in order to help create or develop an effective policy for combating poverty. For this Sida will have to place a highly qualified field representation in the major partner countries.

The programme identifies four levels of development cooperation with an anti-poverty profile:

- direct support to the poor through projects and sectoral support geared to target groups;
- support for measures involving the poor, as well as other groups in the community. In connection with such measures Sida’s assessment, monitoring and evaluation should include an analysis of expected effects on the poor;
- support for policy and institutions in order to create a solid base for the fight against poverty;
- efforts that indirectly affect poverty, e.g. the creation of
conditions that lead to growth of resources and employment opportunities while preserving natural resources. The anticipated effects on poverty should be included in the basic decision data and in the evaluation of the result.

The type or degree of concentration on poverty chosen for a particular measure will be decided in accordance with the assessments made in the country strategy for the country concerned, which must be based on in-depth poverty studies. These country strategies will, together with regional studies and strategies, be important instruments in determining the anti-poverty thrust of Sweden’s development cooperation.

Sida will pay special attention to certain groups of poor people:
- households run by women,
- mothers and children,
- households in areas that have not benefited from economic development,
- ethnic groups threatened by marginalization,
- people with physical or mental handicaps.

Sida’s knowledge of poverty issues should be obtained, inter alia, from the partner countries’ research and investigation structures. Sida will also support countries where necessary to prepare data and analyses relating to poverty aspects. Poverty issues and appropriate anti-poverty policies should be the main focus of the dialogue with governments and other donors.

NGOs should be invited on a more regular basis to cooperate strategically in the task of reducing poverty. When NGOs are financed by Sida the same anti-poverty perspective will apply to them as to Sida’s own activities. This also applies to disaster relief.

A review of Sida’s evaluations during the period 1988–94 shows that the effects of development cooperation on poverty have rarely been studied. There are several explanations for this, including the assumption that Sweden’s development
cooperation automatically helps to reduce poverty through its choice of countries and sectors. It is also difficult to identify and measure the effects of development cooperation. Poverty is affected by the recipient countries’ efforts, which can be supported but never replaced by development cooperation. Studies of the connections between ends and means have, on the whole, been inadequate and should therefore be tightened up in future evaluations.

The action plan describes general methods for combating poverty and also the departments’ anti-poverty activities and priorities. As Sida points out, the presentation should have been broken down into problem and policy areas. This will be done in future revisions of the programme, which the Government looks forward to studying.

A permanent Task Force on Poverty will be set up at Sida for long-term treatment of poverty issues, including method development and follow-up of the action plan. The group should monitor and refine Sida’s anti-poverty policy and analyse the results. It should also follow up and analyse the country strategies, inter alia by preparing an anti-poverty profile as a starting-point for the strategies’ poverty studies. All Sida’s senior officers and administrators will receive training in poverty and gender equality issues. Special attention will be given to evaluation; for example, Sida will in future take into account the impact on poverty in all its evaluations.
Strengthening the anti-poverty profile of development cooperation delivered through Sida involves:

- implementation, monitoring and revision by Sida of its ‘Action Programme to Promote Sustainable Livelihoods for the Poor and to Combat Poverty’;
- establishing a permanent Task Force on Poverty at Sida;
- continuing to concentrate on the poorest countries, in particular countries that pursue an active anti-poverty policy;
- basing country strategies on in-depth poverty analysis;
- taking into account the impact on poverty in all future Sida evaluations;
- Sida having a highly qualified field representation in important cooperating countries;
- all Sida’s senior officers and administrators receiving training in issues relating to poverty, environment and equality.

6.2 The UN system

The fight against poverty has been a central theme in the UN’s development debates for several decades. Sweden has consistently urged that the UN’s activities in the field of economic and social development should concentrate on the poorest countries and the poorest groups within those countries.

The issue of poverty was one of the main themes of the six world conferences of the 1990s on environment and sustainable development, human rights, population and development, social integration, women, and human settlement. Recommendations on the creation of better living conditions for the people of the world, in particular the most vulnerable
groups, were adopted at these conferences. The conferences stressed that poverty should be reduced and extreme poverty eradicated.

The UN has an important role both when it comes to implementing the results of the conferences and ensuring effective monitoring and evaluation. Special working parties have been set up to coordinate and monitor the latter task. One of these has an explicit anti-poverty mandate.

Poverty was one of the main topics at the UN Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. The Conference adopted, inter alia, the Rio Declaration and the action programme Agenda 21. The Declaration confirms that sustainable development is the international community’s main long-term objective. Sustainable development places people centre-stage and will help to reduce the differences in living conditions, meet the needs of the majority of the world’s population more effectively and eliminate all poverty.

Eliminating poverty was one of the main themes of the UN Social Summit in Copenhagen in March, 1996. Poverty was defined in broader terms than purely economic ones in order to include lack of education and health care, lack of participation in community life etc. The Summit emphasized, inter alia, the need to combat the structural causes of poverty and the importance of meeting basic needs and eliminating hunger. The Final Document stresses that people living in poverty should be given access to productive resources in the form of credits and land, for example. It also emphasizes that the needs of the poor should be taken into account in national budgets and national policy. Another prominent theme at the Summit was the complex causes of poverty and the linkages between the fight against poverty, peace and sustainable development.

The Fourth UN Conference on Women in Beijing in 1995 drew attention to the disproportionate effects of poverty on women. The Platform for Action adopted in Beijing states that
many women are the victims of poverty, social disintegration and marginalization. The Platform stresses the importance of greater participation for women in decision-making processes which affect their own lives, inter alia activities calculated to combat poverty. A recurring theme of the Platform for Action is that gender equality is both a question of rights and democracy and of laying the foundation for more effective development. Mainstreaming, i.e. the integration of a gender perspective into all policy areas and social activity and analysis in this context of the effects of decisions on women and men, has a central role in this process. The Platform encourages donors to organize development cooperation in such a way as to improve women’s conditions; among other things, it stresses the importance of designing macroeconomic reforms so as to take into account the situation of women. The Platform, which in many respects represents a guideline for Sida’s activities, also stresses the importance of redistributing public resources with a view to better fulfilment of women’s needs and of building up social security systems that benefit women to a greater degree. Governments are encouraged to carry out reforms, including legislative reforms, in order to increase women’s access to land, credit, technology and education.

At the UN Social Summit in Copenhagen in March, 1995 it was decided to proclaim 1996 the International Year for the Eradication of Poverty (IYEP) and the period 1997–2006 the UN Decade on this theme. The themes for 1997, the first year of the Anti-Poverty Decade, are poverty, environment and development, while the theme for 1998 is human rights and development. The purpose of the IYEP is to draw attention to the world’s poor and to involve the entire international community in the fight against poverty through long-term measures and strategies focusing on women and on specific social and ethnic groups, the emphasis being on measures designed to strengthen the self-reliance of the poor. Special importance is attached to the need of social services and participation and measures geared to the most needy, including
people with functional disorders. Individual states are encouraged to make accurate estimates of the number of people living in absolute poverty, attack the structural causes of poverty and identify possible local, national, regional and international measures. The Decade highlights the UN’s anti-poverty measures, including its Africa Initiative and the need to prioritize the poorest countries.

The eradication of poverty was a prominent theme of the meeting of the UN Economic and Social Committee (ECOSOC) in the summer of 1996, where special emphasis was placed on three areas: mobilization of resources for anti-poverty measures, a more pronounced gender equality profile and the need to coordinate the UN’s measures.

The food security summit in Rome at the end of 1996, which was not strictly a world conference but was an important complement to the world conferences, discussed among other things, the central role of food supply in the fight against poverty. The conference adopted an action programme which outlines the complex causes of poverty and the holistic approach that must be applied in order to reduce poverty and increase food security. The plan addresses many of the central issues relating to the fight against poverty, such as gender equality, democracy, research and education, as well as the importance of increasing sustainable food production.

The priorities and thrust of anti-poverty policies vary in different parts of the UN system. The United Nations Children’s Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Fund for Population Activities (UNFPA), the World Food Programme (WFP) etc. have adopted anti-poverty policies and take into account, for example, GDP per capita in the distribution of resources. Other parts of the UN system do not concentrate on the poor as such, although most of their operations relate to the poorest countries. There is as yet no explicit or coordinated strategy, although efforts are being made within the framework of the UN Poverty Decade to define the UN’s role in combating poverty.
Formally, the UN's department for policy coordination and sustainable development has a coordinating role within the UN system when it comes to anti-poverty programmes. There is a group within the UN system consisting of representatives of the various specialized agencies which can, on request, help individual countries to implement anti-poverty measures. In the recipient countries the UNDP is often responsible, together with the recipient countries, for coordination between the different UN agencies and, on a case-to-case basis, for coordination with other donors. As a step towards improvement of the country-level coordination of the UN's operational activities which have often suffered from fragmentation, a new system of integrated country strategies is now operating in a limited number of countries.

Although its input is often small, the UN system can assist individual countries by helping to measure and analyse the scale and structure of poverty for the purpose of providing basic data for anti-poverty programmes, by building up capacity and by delivering development cooperation in the form of basic social services and measures adapted to the needs of the poor. The last-mentioned form of development cooperation includes measures relating to education, health care, reproductive health, clean drinking water, nutrition etc., principally through UNICEF, UNDP, WFP and UNFPA. The UN system also promotes income-generating activities by providing credit, education and technological know-how and by financing public works, through the UNDP, WFP, the International Fund for Agricultural Development (IFAD), the United Nations Industrial Development Organization (UNIDO) and other agencies. Special efforts are also made to help poor women, through UNICEF, UNDP, UNFPA and IFAD etc.

The UN is now in the progress of upgrading its analytical capacity and developing methods with a view to increase the effectiveness of its anti-poverty programmes. The UN system has also selected six test countries for in-depth programmes relating mainly to employment, social services and sustainable development.
Some of the UN’s operational activities merit special attention. The UNDP has a clearly defined anti-poverty policy and allocates approx. 40% of its resources to the poor. According to its declared objective, 90% of its basic budget resources go to countries with a GDP that is less than 750 dollars per capita. The UNDP, whose main role is to help build up the capacity of poor countries, assists countries, inter alia, by developing national definitions and indicators that measure the extent of poverty, objectives involving time frames for and methods of combating poverty, and methods of measuring and monitoring development. Given the UNDP’s central role in the UN system, it is vital that these activities should have an explicit anti-poverty profile.

UNICEF often concentrates on very poor groups for the purpose of eliminating high infant mortality, undernourishment among children and low education among women, which are both causes and results of poverty. UNICEF collaborates with the World Bank, the UNDP and other organizations in its efforts to help countries to quantify the prevalence and distribution of poverty as a preliminary to concrete measures.

The WFP endeavours to help the poorest of the poor. It invests about 30% of its resources in development projects and 70% in disaster relief. The development projects focus on ‘food for work’, i.e. poor people receive food in return for working, on water supply projects, for example.

The IFAD’s role is to fight hunger and poverty in rural areas in the poorest developing countries by helping the rural population with soft loans and technical assistance for the production and distribution of food. The IFAD observes the principle that the poor must themselves contribute to project organization. Sweden will seek to help the organization develop its role as a pioneer by supporting small-scale projects, often with innovative features. The IFAD’s role as a source and disseminator of knowledge is expected to become increasingly important. The UNFPA focuses on the poorest groups in the poorest countries. Its operations include the education of
women and development and restructuring of health services so as to improve access to, and the quality of, reproductive health services. Sweden has urged the UNFPA to strengthen its anti-poverty policy, for example with respect to the distribution of resources between countries: 67-70% of resources should be allocated to countries with a GDP under 750 dollars per capita.

UNAIDS has an explicit anti-poverty profile. Its operations, which include support for the drafting of national AIDS programmes, concentrate on the most vulnerable groups, which usually belong to the poorest sectors of the population. Poverty is one of the fundamental causes of the spread of AIDS, e.g. through social exclusion, drug abuse and prostitution.

The United Nations Drug Control Programme (UNDCP) operates mainly in developing countries where the production and consumption of drugs are closely associated with poverty. Cultivation of narcotic plants occurs mostly in areas where the government’s authority is weakest – poor regions where there are no alternative sources of income. Drug abuse is greatest among poor, marginalized groups, for example in slum areas in large towns and cities. Since the drug problem in developing countries is intimately associated with marginalization, the UNDCP has a very strong anti-poverty profile.

Parts of the UN that are not primarily concerned with combating poverty, such as the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Educational, Scientific and Cultural Organization (UNESCO), have also carried out studies on poor groups’ involvement in and response to developments within their respective areas of responsibility. The International Labour Organization (ILO), one of whose tasks is to promote the right of association, also studies the relationship between poverty and unemployment, while the Food and Agriculture of the United Nations Organization (FAO) combats poverty chiefly within the framework of its food security activities.

Sweden is committed to strengthening the UN’s fight against
poverty in the field of both normative and operational
development cooperation.

The UN system as a whole must clearly define its tasks if its
limited resources are to be used more effectively. The UN’s
development cooperation policies should adopt an explicit anti-
poverty profile. Priority should be given to programmes in low-
icome countries. It is important that operations should be
linked to fulfilment of the commitments made at the world
conferences.

The new system involving integrated country strategies and
UN poverty teams should help to strengthen the UN’s work at
the country level. The present fragmented organization should
be brought together within a single framework; it should have
a common programme and be led by a UN representative.

At headquarters level too, operations need to be consolidated
and made more efficient. The division of responsibilities
between different bodies should be clearly defined. Roles and
mandates should be formulated in close collaboration between
the agencies on the basis of the proposals presented by
ECOSOC in the summer of 1996. Cooperation between the
UN system and the development banks must be improved.

Secure financing and sufficient resources for the UN’s ope-
rations in this field must be assured by new methods and sources
of finance and a fair distribution of the burden between the
donors.

Sweden seeks to intensify the efforts made within the UN
system to strengthen the fight against poverty. One concrete
initiative that might be considered would be to make ‘thematic’
contributions for one or more budget years, i.e. earmarking
resources for the UN system’s fight against poverty. The
resources could be distributed among various UN agencies,
funds and programmes which adopt (possibly concerted)
measures designed to combat poverty. The possibility of such
contributions should be investigated in more detail.
Strengthening the anti-poverty profile of development cooperation delivered through the UN system involves efforts by Sweden with a view to:

- adoption of a stronger anti-poverty profile in the UN’s development cooperation in accordance with the recommendations in this report;
- priority for operations in low-income countries;
- linking operations to fulfilment of the commitments made at the world conferences;
- strengthening the UN’s activities at country level under the new system of integrated country strategies and UN poverty teams.

6.3 The development banks

The development banks – the World Bank and the Latin American, Asian and African banks – are the most important financial channels for international development cooperation. Every year about 40 billion dollars is channelled via these institutions.

Thanks to the banks’ large funds for providing soft loans to the poorest countries and their capacity for qualified policy dialogue, advice, analysis and research, they are well-placed to play an active part in the fight against poverty. The banks also grant loans on a large scale at market rates to middle-income countries and some low-income countries, including countries in Eastern Europe and Central Asia.

The banks are now adapting their roles to the increase in private capital flows to developing countries during recent years. The more expansive developing countries, chiefly in Latin America and Asia, now have greater access to private financing. In time, this is expected to result in the development banks...
concentrating their lending on the poor countries. A shift is also taking place between different sectors. The banks, which in the past mostly financed infrastructure projects, now increasingly focus on broad development issues, poverty issues in particular. Policy-based lending still accounts for a large proportion of their operations although the focus has shifted from general structural adjustment loans to loans for sectoral investments.

The World Bank group is the most important of the international financial institutions. It is also the biggest financier of development assistance programmes for the social sectors in developing countries. The World Bank group consists of the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

In many developing countries the regional development banks, such as the Asian Development Bank (AsDB), the Inter-American Development Bank (IDB) and the African Development Bank (AfDB), account for most of the finance for loans and aid. Common features of these institutions are that they all have a regional base and well-established relations with the borrowing countries. The borrowers often have considerable influence over the bank’s operations. To a large extent, the differences between the regional development banks can be attributed to specific development problems in the respective regions.

The fight against poverty has long been one of the banks’ main objectives, and it has been strengthened in recent years. The banks have started to develop strategies for poverty work, while at the same time expanding their capacity for monitoring, evaluation and analysis.

A coherent strategy for the World Bank’s fight against poverty was formulated for the first time in the World Development Report of 1990. This focused on three issues:
• How can the Bank best help poor people to learn about economic growth?
• What is the Bank’s contribution to development of human capital in the poorest countries?
• How can the Bank help provide social security systems for vulnerable groups?

The ‘Poverty Assessments’ carried out by the World Bank in over 60 countries (several of which were supported by Sweden) have made a significant contribution to research on poverty. They represent a substantial improvement of methods, including a more systematic use of qualitative methods.

The lesson to be drawn from a number of World Bank studies in recent years is that the growth pattern is crucial to the effects of economic growth on poverty. Greater importance is now attached to distribution policies. The World Bank more frequently recommends labour-intensive growth within the framework of an increasingly deregulated market economy. For growth to benefit poor people, production and productivity must increase, and there must be guarantees of access to markets and means of production such as land and capital. More and more of the Bank’s resources are being channelled into investments in poor people’s education and health in order to improve their chances of participating in economic development as productive members of society. Thus, the highest priority is given to children’s health, education and development. The education of girls in particular is considered a good investment, and one which has positive effects in many other areas.

The progress made by the regional development banks in formulating anti-poverty strategies varies. By and large, however, policy development in the regional development banks has been on the same lines as that of the World Bank. They emphasize that economic growth is a necessary but not sufficient condition for reducing poverty. Targeted support must be provided for sectors that employ large numbers of poor
people, e.g. agriculture, construction and small companies. In addition to this, special measures must be taken on behalf of disadvantaged groups and measures to improve the status of women, as well as investments in education, health care, water supply, environment, etc.

The African Development Bank was the first to present a poverty strategy in 1992. The Inter-American Development Bank is currently preparing a strategy, while the Asian Development Bank has yet to present proposals in this area.

All the development banks are in the process of integrating poverty concerns into their operations. They are establishing priorities for their lending and technical advice. Some of them (AfDB and IDB) have, for example, set targets for the proportion of lending that should go to social projects. In addition to this, the banks are now increasingly exploring new avenues, e.g. country strategy processes and policy dialogue with borrowers.

For the last few years AfDB has been in the throes of a deep financial, institutional and operational crisis. Following extensive reforms the tide has now turned and AfDB is well-placed to assume an important role in the future as a regional cooperation partner in Africa with an enhanced anti-poverty profile.

Together with the other Nordic countries, Sweden has been a driving force for many years behind efforts to strengthen the development banks’ anti-poverty profile. These efforts have been possible mainly thanks to the Nordic countries’ long-standing experience of bilateral development cooperation with poor countries. Their efforts have led to substantial improvements, but much remains to be done. The banks should pay particular attention in future policy development to the following areas:

- Gender equality and environment: there is a tendency to treat these issues as a separate sector rather than regarding them as an important and integral part of the fight against poverty. Sweden is urging the banks to integrate gender equality and
environmental perspectives into all their activities, including analysis, implementation and monitoring and evaluation.

- **People’s participation in social development:** Sweden is urging the banks to link the fight against poverty to a democratization process. The fight against poverty will only yield lasting results if there is broad support for the process. The banks have successfully introduced the concept of ‘good governance’. However, the concept needs to be refined in the light of the democratization taking place in most borrower countries.

- **Reconstruction:** the development banks’ expertise and resources have given them a larger role in the reconstruction of countries devastated by war, e.g. Bosnia and Guatemala. This work must be combined more explicitly with efforts to combat poverty.

- **Social security systems:** this is the least developed aspect of the banks’ poverty strategies. The World Bank has admitted that it could and should have done more in this respect.

- **Ownership:** Lack of ownership in the borrower countries is one important reason for the unsatisfactory results achieved by adjustment loans. The partner country’s obligations and the extent to which programmes are consistent with local traditions and institutions will therefore be given increased priority during the years to come.

In many areas the banks have formulated anti-poverty policies, but they have yet to be translated into concrete action. This will require capacity-building and experience, extensive training and recruitment of staff who are qualified to implement successful anti-poverty programmes, for example in the social sectors. It is especially important to upgrade the banks’ country offices, given the importance of their prospective role in implementation of the bank’s projects.
The success of the fight against poverty often depends upon the effectiveness of donor coordination and the extent to which the country itself actively participates in and – preferably – leads this process. The role of the development banks and the division of responsibilities between the various multilateral and bilateral donors need to be discussed in detail. Sweden has in this connection strongly recommended that NGOs should also be involved in different ways in the coordination process.

Another important issue is that of an appropriate strategy that would allow the development banks to influence the political decision-making process through their policy dialogue. It is not entirely uncontroversial for a development bank to pursue politically sensitive concerns such as poverty, which are not always a priority by the borrower countries. Anti-poverty profiles and other studies have been very useful in the process of integrating these issues into the country strategies.

Private capital is a vital component of long-term development. The banks can play an important supporting role during a transitional period by cofinancing certain projects. However, it is important that they do not compete with private investors or lenders.

In recent years the development banks have shown an increasing interest in and supported lending arrangements (micro-credits) for the very poorest groups. Micro-credits are small, but they are often the only option for a poor person who wants to start a business that will generate an income. Micro-credits are usually granted to small groups of borrowers who assume mutual responsibility for repayment. Experience of these credits is good and they are expected to become increasingly important. Sweden has recently joined the ‘Consultative Group for Assistance to the Poorest’ (CGAP), a cooperation organization for micro-credits.

In the long term, the question of financing is crucial. In their efforts to combat poverty the banks are dependent on regular contributions from the donors. Consequently, there is now intense discussion of ways and means of meeting the lack of funds, for example by resources generated internally by the
banks and cofinancing with bilateral and private donors. Sweden is actively committed to these issues which are so important for the future.

**Strengthening the anti-poverty profile of development cooperation delivered through the development banks involves efforts by Sweden to ensure that:**

- the banks pay special attention to gender equality, environment, people’s involvement in social development, combating poverty in conjunction with reconstruction, social security systems, and ownership;

- policy can be translated into concrete action, i.e. capacity-building and experience, extensive training, recruitment of qualified staff, for example, in the field of social development, who will be needed for successful anti-poverty programmes, and upgraded country offices;

- the division of roles between development banks and multilateral and bilateral donors is clearly defined and that NGOs are involved in the dialogue in various ways.

### 6.4 Poverty concerns in the EU’s development cooperation

The European Commission is the world’s fifth largest donor. Together with the Member States’ bilateral development cooperation, the EU accounts for at least half of the world’s total development assistance. The Commission’s development assistance is mostly given in the form of grants primarily through two channels: the Community’s regular budget and the European Development Fund (EDF). The budget-financed assistance has, for a long time, chiefly gone to Asia and Latin America. Since the beginning of the 90s, however, an
increasingly large proportion has been given to the non-EU Mediterranean countries. Food aid, humanitarian aid and assistance channelled through NGOs represent other large items of budget-financed assistance. Humanitarian aid increased fourfold between 1991 and 1995 and is now at least 10% of total aid expenditure.

The EDF finances the assistance given to the APC states (71 countries in Africa, the Caribbean and the Pacific) within the framework of the Lomé Convention which, apart from aid, also provides for preferential trade relations. The African countries, which account for 95% of the inhabitants of the APC states, receive 75% of EDF aid. These countries also receive aid via the Commission’s regular budget, in particular for humanitarian purposes. Despite a decreasing share, sub-Saharan Africa is still by far the largest recipient of assistance from the EU.

Combating poverty is the main objective of the EU’s development cooperation. Article 130u of the EC Treaty lays down that the Union’s development cooperation policy should promote the fight against poverty in the developing countries. The Community’s policy in this area should also foster sustainable economic and social development and contribute to the gradual integration of the developing countries into the world economy.

In the Council Resolution on combating poverty (adopted in 1993) poverty is stated to be both a serious obstacle to development and a potential source of instability and conflict. The fight against poverty should not be seen as just one of many areas where measures should be taken within the framework of development cooperation but as a fundamental element of the development process, and should therefore be integrated into the planning and implementation of all development cooperation. In the organization of specific programmes and projects, priority should be given to the least developed countries and to the most vulnerable groups. Considerable importance should be attached to strengthening civil society.
The guidelines for combating poverty draw attention, inter alia, to debt problems and the importance of raw materials prices for poor countries. They also stress the need for political will and a national consensus on a fair distribution of resources in poor countries. Democratization, establishment of the rule of law, good governance and popular participation in decision-making are declared to be the most important conditions for progress in the fight against poverty. This should not be regarded as a complement to development policy, but rather the driving force behind it. Thus, as a preliminary to each development activity its effects on poverty should be declared, and this should result in the formulation of sectoral policies that benefit the poor. The EU’s role is to support the governments of the partner countries in the development and implementation of their own strategies for combating poverty: the governments rather than the donors should be in the driver’s seat.

The poverty analysis is elaborated in The Council Resolution on human and social development (adopted in 1996), which emphasizes the need for good governance and a creative economic environment that is conducive to increased employment and productivity. The Council Resolution of 1995 on equality should also be seen as a complement to the resolution on poverty.

Like many other donors, the Commission attaches great importance in the fight against poverty to the development of policy and strategy rather than ad hoc projects. It considers agriculture, employment, health and education as the most important areas in the fight against poverty.

Closer operational coordination between all Member States has been introduced, under EU management in Ghana, Mozambique, Ethiopia, Mali, Bangladesh, Nicaragua and Peru. The strategy includes special coordination between the Commission and the Member States, and also a poverty-related analysis of each of the pilot countries or, where appropriate, a summary of the studies that have already been carried out. The work has been delayed due to the importance attached to
local ownership and the lack of capacity both in the partner countries and at the Commission.

In 1996 the Commission produced country strategies for all the APC states that are involved in development cooperation. The treatment of poverty issues varies. Sweden took the initiative in demanding poverty related analysis.

Evaluation and long-term development of anti-poverty policy need not necessarily take place within the EU institutions. Instead, the Commission should, where possible, make use of the expertise that has developed bilaterally and in multilateral organizations.

The objective of Sweden’s efforts within the EU framework is to ensure that the Treaty’s main anti-poverty objectives determine the organization of programmes and projects and have a practical effect.

At the policy level, poverty studies and gender equality issues are considered highly relevant to the fight against poverty. Often, however, insufficient attention is paid to poverty in the EU’s country strategies. Sweden has repeatedly mentioned the Commission’s lack of capacity in this area and is pressing for the recruitment of more staff with knowledge and experience of fighting poverty.

The Commission delivers a vast amount of food aid. Sweden therefore seeks to draw the EU’s attention to the risk of food aid disrupting local production, especially where it is not delivered as disaster relief.

A Green Paper on the future relations between the APC states and the EU was presented in the autumn of 1996. It provides a basis for discussion of the nature of these relations following expiry of the Lomé Convention in the year 2000. In the Green Paper the Commission stresses that cooperation must focus on two main themes: integration of the poorest countries into the international economy and integration of the poorest sectors of the population into the national economy. However, the issue of poverty receives only summary treatment. The informal discussions in progress in Council committees indicate
that there is broad agreement that combating poverty should be the main objective of cooperation in the future. Sweden is urging that the poorest countries should be given top priority.

**Strengthening the anti-poverty profile of the EU’s development cooperation involves efforts by Sweden to ensure that:**

- the main anti-poverty objectives laid down in the Treaty determine the design of programmes and projects and to have a practical effect;
- the fight against poverty is adopted as the main objective of future cooperation;
- priority is given to the poorest countries;
- evaluation and long-term development of anti-poverty policy need not necessarily take place within EU institutions; instead the Commission should draw on the expertise developed bilaterally and in multilateral organizations;
- the quality of poverty and gender studies is improved;
- priority is given to recruiting staff with knowledge and experience of combating poverty.
7. Conclusions – a new partnership against poverty

Never before have so many people managed to free themselves from poverty. Yet the number of poor people continues to rise. To reverse this trend, poor people must themselves take control of their lives. Achieving this is also a common challenge and duty for both poor and rich countries. The principle at stake here is that of equal rights and opportunities for all.

Globalization is creating ever greater mutual dependencies. Solidarity means assuming joint responsibility in the face of common challenges. The living conditions of the poor are linked to ours through the increasingly integrated world economy, the global environment and our common natural resources. Globalization is the great opportunity and the great threat of our time. Cooperation, exchange and integration are in the interests of all. For the poorest people and the poorest countries, however, there is a risk that globalization will cause further strain and increased marginalization. Combating poverty is crucial to the maintenance of peace, democracy and sustainable development, which according to the Rio Declaration of 1992 is the top priority for the world community. Sustainable human development can only be achieved by reducing the differences in living conditions and, in time, meeting the needs of the majority of the earth’s population.

Poverty is not simply a question of a lack of material resources. It also involves a lack of rights, knowledge and influence over one’s own life. The fight against poverty must be waged by the poor countries themselves. Their willingness to pursue a policy that helps those at the bottom of the economic and social ladder and mobilizes their own resources for the struggle is crucial.

Development cooperation can make an important contribution by supporting poor people and poor countries to rid themselves of poverty and become a part of the international system of trade and integration. For development
cooperation to provide effective support in the fight against poverty. Changes must be made on all sides, in particular in the relationship between donors - both bilateral and multilateral - and the partner countries. A partnership must be established to fight poverty, based on self-reliance and acceptance of responsibility by the partner countries rather than on unilateral terms dictated by the donors. There must be agreement on effective methods of fighting poverty. Such a partnership must be based on respect for varying conditions and priorities prevailing in the partner countries. UN, development banks, bilateral donors and NGOs must also be prepared to work together under the leadership of the partner country and not to pursue special interests that would make an effective fight against poverty impossible. A more equal relationship based on mutually agreed objectives and commitments, as well as explicit provisions concerning expiry and cancellation, must be set forth in a contract. This in its turn will require investment in capacity-building to enable the partner countries to formulate an anti-poverty policy and be recognized as equal partners. There is plenty of scope here for development cooperation to make a worthwhile contribution.

Poverty concerns were a prominent theme of the world conferences of the 90s, especially the Social Summit in Copenhagen in 1995. The countries of the world have adopted common recommendations and committed themselves to fighting poverty. However, there is no simple answer to the question of what constitutes an effective policy against poverty. The success of the fight against poverty depends on the will and capacity of individual countries to pursue a policy that, given the specific, political, economic, social, cultural and institutional context, will promote equitable growth and social development and enhance security, capacity and opportunities.

Development cooperation makes a substantial contribution to lasting improvements for poor people by supporting economic, democratic and social reforms. The principles
formulated in 1962 in Government Bill 1962:100 on the role of development cooperation in ‘expanding trade, alleviating suffering, transferring knowledge and providing capital’ are still relevant to the task of designing a modern and effective development cooperation system for the 21st century. The main objective is still to combat poverty. This Government report proposes, in particular in sections 5 and 6, ways of strengthening the anti-poverty profile of Sweden’s development cooperation, in terms of strategy and methods, through different channels and at different levels.

More than 30 years’ experience of development cooperation have taught us that the fight against poverty necessitates an integrated approach based on interaction between political, economic, environmental and social development. There is no standard formula for development cooperation in the form of a specific menu of measures that automatically help to reduce poverty. The approach must be to help to create the conditions for and promote interaction between economic, democratic, social and human development and to strengthen these processes with the participation of the poor themselves. It is not a question of building up isolated islands of social services or physical infrastructure that are dependent on continuous external financing.

Various forms of development cooperation, such as support for democratization or economic reforms, can provide effective support for the fight against poverty. Debt relief can release resources for education and health care. Micro-credits can create employment and opportunities for children to go to school. However, irrespective of the specific measure, the poverty aspect must always be taken into account in assessments and analyses. Is the government prepared to distribute the resources thus released in such a way as to benefit the poor? Are local conditions conducive to credible credit systems and a market where the poor can sell their products and services? These are the kinds of questions that need to be answered.
Poverty is a multidimensional phenomenon which must be fought in many ways and at different levels. Poverty is neither homogeneous nor static and its attributes vary from region to region and from country to country, and also between different social groups and even between members of the same households. Supporting the fight against poverty requires great knowledge, expertise and flexibility. It also requires an understanding of the interrelation between issues of a local, national and global nature – the interrelation between ‘macro’ and ‘micro’. It requires support for greater involvement by the population in different forms and at different levels, including involvement in analysis, implementation, monitoring and evaluation by those who are immediately concerned.

The effects of development cooperation on poor women, men and children must also be evaluated. Anticipated effects must be identified and studied before decisions about support are taken on the basis of various indicators – both quantitative and qualitative, poor people’s perception of their poverty, and national studies, which should be carried out to a greater extent by the countries themselves.

Poverty has different causes and effects for women and men and they experience poverty differently. Policy and programme development must be based on gender analysis with special reference to needs, roles, the division of responsibilities and access to and control over resources and influence. Structural obstacles to women’s participation in political life or their right to inherit or acquire land, a lack of gender-specific statistics and ignorance of how legislation and economic reforms affect women and men are examples of areas where development cooperation can contribute to greater equality and improve the prospect of fighting poverty.

Knowledge is power. Investment in education is therefore crucial to making knowledge available to marginalized groups, promoting the growth of a democratic culture and facilitating the integration of the poor into the economy. The education of women has a considerable impact on their standard of living.
and that of their family and not least their children. Improving children's opportunities, especially by making it possible for them to complete a school education, is the most important investment in a nation's future.

Development cooperation can make a significant contribution by working, in both multilateral and bilateral fora, for compliance with the UN Convention on the Rights of the Child, by enforcing binding commitments concerning children in armed conflicts and by banning the commercial and sexual exploitation of children.

Ill-health, which prevents poor people from using their productive resources, is an important cause of poverty and a factor that impedes growth and development. Supporting health reforms in order to build up adequate health services that are available to the poor therefore represents an important investment in capacity enhancement.

There is a close but complex connection between environment and poverty. Many environmental problems are caused or exacerbated by poverty. Fighting poverty is therefore necessary to achieve development that is sustainable from the point of view of natural resources, while measures to improve the environment are crucial to reducing poverty.

Sustainability and stability are key concepts in all aspects of the fight against poverty. Development cooperation must take this into account when it comes to supporting poor countries and the poor themselves, locally, nationally and in international collaboration.

The local level

The best way of fighting poverty is to support conditions which will enable the poor themselves to overcome their poverty. This means strengthening personal security by offering the prospect of a secure livelihood, enhancing capacity by providing health services, education and other skills, and enabling people to gain control over resources and participate in
decision-making processes. The point of departure has to be poor people’s own perception of poverty and a good life and their own opinion of how to overcome poverty.

At the local level this means creating opportunities for gainful employment, for example by providing access to land, water and tools, as well as by providing support for small businesses and micro-credits - particularly to women in rural areas - and for small-scale infrastructure. It also means improving opportunities for the local community to invest in human resources by providing health care and schools. It also means enabling poor women and men to influence their situation by offering them better opportunities to participate in political life and to assert their rights. This can be achieved, for example, by supporting local organizations, local government, local democracy and a decentralized legal system with a view to encouraging processes which will in time change the local balance of power. A strong anti-poverty profile will encourage new partnerships that directly support local authorities with the assistance of local NGOs and private companies.

The national level

The main responsibility for combating poverty lies with the government and people in the partner countries. Development cooperation can contribute to the fight against poverty by supporting domestic processes. The chances of success vary from country to country. The most promising candidates are countries which pursue an anti-poverty policy and policies conducive to sustainable development in economical, social and environmental terms.

The goal should be equitable growth that satisfies the following criteria:

* it must be consistent with a long-term sustainable utilization of natural resources,
• it must integrate a gender equality perspective;

• it must be broad and diversified in the sense that it covers many different sectors;

• it must be relatively evenly distributed geographically;

• it must have a positive impact on the incomes of important social groups and of the majority of the population,

• it must lead to increased employment.

Another necessary condition is that growth is used to strengthen government and make it more efficient by supporting institutions, building capacity and skills, implementing a reform of public administration, including delegation of authority to local government. This should enable for the public sector, industry and a dynamic civil society to help in the fight against poverty.

Civil society plays a key role. Swedish NGOs must make better use of their contacts, knowledge and networks to support the growth of a strong and pluralistic civil society that can represent the interests of the poor and help development cooperation to build a distinct and sustainable anti-poverty profile.

Cooperation with individual countries should be based on a broad partnership which goes beyond the conventional donor-recipient relationship. Within the framework of this partnership there should be a dialogue involving central government, NGOs and the private sector, both in the donor and partner countries. The partnership contract should establish a joint commitment to fighting poverty and provide for poverty analysis on the basis of consultation processes and popular agreement.

Long-term bilateral development cooperation should concentrate on poor countries whose governments have the political will and capacity to pursue a successful anti-poverty policy and where partnership and policy dialogue can contribute
to this process. In other countries Sweden can support measures designed to give the poor a better life, for example pilot projects supported by the local population, which can serve as examples of participation, acceptance of responsibility and resource mobilization.

**The international level**

Globalization and marginalization have not reduced the dependence of poor countries on the international economy. For practically all developing countries the rich countries’ markets mean more than development assistance. National and transboundary environmental problems hit the poor especially hard.

Combating poverty within the framework of development cooperation demands greater coherence with other areas such as security, trade, agriculture and the environment. Consequently, Sweden must make greater efforts to promote the dismantling of trade barriers that block imports from poor countries and the opening of global agricultural markets, the EU in particular, for their exports. It also means greater efforts to settle conflicts by peaceful means within the framework of security policy.

Internationally, Sweden should continue to urge the adoption of a more explicit anti-poverty profile in the UN’s development cooperation, in the development banks’ lending and policy dialogue and the EU’s development cooperation. This would involve strengthening the anti-poverty profile of the country strategies adopted together with the partner countries and ensuring that objectives and policies also have a practical effect. It would also require greater knowledge about and capacity for work on poverty issues in the multilateral organizations and upgrading of country operations. In both bilateral and multilateral development cooperation Sweden should seek to replace traditional donor-dominated by programme assistance agreed with the partner countries on
the basis of their priorities. A transition to programme assistance within the framework of a partnership might improve the prospect of a successful fight against poverty.

Sweden should also seek to introduce a conflict management perspective into both humanitarian aid and long-term development cooperation. In international fora Sweden will also continue to urge respect for human rights in both rich and poor countries.

An essential condition for reducing poverty is a sustainable solution to the debt problems of low-income countries. Sweden should continue to work for a final solution to the debt problems of the poorest countries, inter alia by supporting and developing initiatives such as HIPC.

Strengthening the anti-poverty profile of development cooperation will make it necessary for both bilateral donors, multilateral organizations and other players, including NGOs, to adopt new methods. A holistic and long-term perspective is necessary to achieve sustainable results. Better coordination is essential. A partnership against poverty imposes considerable demands, particularly in terms of the approach and methods applied by the donors. It will also take time and patience for the new relationship to grow strong and stable.

It is possible to combat poverty. It will require a great deal of effort by poor people and poor countries. It will also require a great deal from us. In an increasingly globalized world the fight against poverty is a common interest and a common duty. Only on the basis of solidarity can we create a world which respects the equal rights and value of all its people.