

Capacity-Building for Poverty Eradication Analysis of, and Lessons from, Evaluations of UN System Support to Countries' Efforts

CONTENTS

Preface

Introduction by Roger Maconick	2
Part 1 The evaluation syntheses and analysis of their findings	13
Chapter 1. The evaluations of the work of the UN system in capacity building and poverty eradication, by Peter Morgan	14
Chapter 2. Capacity building for poverty reduction: reflexions on evaluations of UN system efforts, by Mary Hilderbrand	38
Chapter 3. Poverty reduction and the UN systems; A Synthesis of Six Country Studies, by Dharam Ghai	65
Chapter 4. On fighting income poverty; Reflexions on Six Country Evaluations, by Eugene Smolensky	103
Part 2 The Evaluations. The executive summaries of the six evaluations are chapters 5-10. The complete reports are on line at http://www.un.org/esa/coordination/full_report.htm	128
Chapter 5. Un-doing the Web of Poverty? The Impact of the United Nations System support to Capacity Building and Poverty Reduction in Madagascar 1985-1997, by Taghi Farvar and Roy Stacy	129
Chapter 6. An evaluation of the UN system interventions in capacity building and poverty eradication in Mozambique 1985-99, by Peter Morgan and Sara Mvududu	143
Chapter 7. The impact of the United Nations system on capacity building for poverty eradication in Nepal 1985-2000, by Meena Acharya and Art Wright	165
Chapter 8. An impact evaluation of the UN system's support to capacity building for poverty eradication in the Philippines, by Raymond Apthorpe and Celia Reyes	174

Chapter 9. Impact of UN system support to capacity building for poverty eradication in Tanzania, by Kenneth King and Leena Kirjavainen	179
Chapter 10. Capacity building for eradicating poverty; an impact evaluation of UN system activities in Vietnam 1985-1997, by Dharam Ghai and Gus Edgren	188
Afterwords	192
Chapter 11. Impact Evaluations and the UN System, by Wm. Haven North	193
Chapter 12. Evaluation and capacity building, by Jehan Raheem	204
Annex I About the Authors	207

Capacity-Building for Poverty Eradication

Analysis of, and Lessons from, Evaluations of UN System Support to Countries' Efforts

Preface

This publication is the second of its kind from the Department for Economic and a series of evaluations examining the impact of UN system support to national efforts to build capacity to eradicate poverty as well as some analysis of those lessons.

These evaluations were conducted by balanced teams of senior and independent individuals and took place in Madagascar, Mozambique Nepal the Philippines, Tanzania which the General Assembly carries out every three years, of the development work of the United Nations system. The evaluations were funded by Finland, France, Sweden and the United Kingdom through the Trust Fund for Case Studies of Operational Activities.

While the immediate audience of the evaluations were delegations to the Economic and Social Council and to the General Assembly, their nature and scope and particularly following the adoption of the Millennium Development Goals. The evaluations show that despite the modest amount of resources available, the UN system's support is effective in a wide range of circumstances in helping societies to reduce poverty and that the potential for the system to do much more exists.

The evaluations were carried out by the Development Cooperation Policy Branch, within the Division for ECOSOC Support and Coordination of this Department, which is led by Mr. Sarbuland Khan. The impact evaluations were coordinated and managed by Mr. Roger Maconick, as was the preparation of this publication. The efforts of Ms. Daphne Burns in providing administrative support to the work of the evaluators and the preparation of this manuscript is particularly worthy of note and appreciation.

The views expressed by the authors in this publication are their own and do not necessarily reflect those of the United Nations. Reactions of the reader are invited.

¹ The first was entitled “Capacity building supported by the United Nations, some evaluations and some lessons” ISBN 92-1-104492-8, 1999. It presented the results of the first series of evaluations of the impact of UN system support to capacity building.

Capacity-Building for Poverty Eradication

Analysis of, and Lessons from, Evaluations of UN System Support to Countries' Efforts

INTRODUCTION by Roger Maconick

This publication deals with the evaluation of the development work carried out by the United Nations development system. It describes how and why these evaluations began and touches on some of the issues involved in producing them. It contains the executive summaries of each evaluation. It also provides a synthesis of their results and independent analysis of their contributions to the fields of capacity building and poverty eradication. Finally it makes some suggestions as to how such evaluations could be handled in future.

It should enable the reader to grasp not only how, and how well, the UN system is currently supporting different societies in their efforts to build their capacity to reduce poverty, but also to consider the question of whether there is convergence between the best knowledge and awareness within the academic and development communities and the poverty eradication and capacity building operations of the UN system.

Background

The term "operational activities" covers the four to four and one half billion US dollars spent by the UN system for development purposes each year. It excludes expenditures on peace keeping and most of those on humanitarian activities. It does represent the annual expenditures of UNDP, UNICEF; UNFPA; about one-third of those of WFP, and about five hundred million US dollars from the regular budgets of the other UN entities, most notably WHO¹.

The General Assembly oversees the use of these resources, more closely in the case of UNDP, UNICEF, UNFPA and WFP, more loosely for the rest of the UN system. To that end it has been carrying out, for more than 20 years, triennial comprehensive policy reviews of these operational activities. These reviews are based on, inter alia, a report prepared by the Secretary-General analyzing the performance of the UN system. The normal outcome of such reviews has been a General Assembly resolution, which seeks to give some overall guidance and direction to the UN system's operational activities for the next three years.²

Up until 1995, evaluation of the performance of the whole UN development system had not

¹ UNDP is the acronym for the United Nations Development Programme, UNICEF for the United Nations Children's Fund, UNFPA for the United Nations Fund for Population Activities, WFP for the World Food Programme and WHO for the World Health Organisation.

² The relevant Resolutions include 44/211, 47/199, 50/120, 53/1192, and 56/201. They can be accessed at <http://www.un.org/documents/resga.htm>

been included in these reviews. Furthermore the evaluations of separate UN entities carried out during the preceding years did not address the question of whether the many objectives, which they shared as parts of a single system, were being achieved. In 1995, because of this lack of an overall perspective on the accountability of operational activities, the Secretary-General recommended, and the General Assembly agreed, that evaluation of the impact of operational activities should become an input to future reviews.³

Most UN operational activities are carried out under programmes paid for by the main UN funding agencies, UNDP, UNICEF, UNFPA and WFP and in accordance with priorities determined in consultation with the country concerned. Accordingly, for the 1998 review, evaluations of the impact of operational activities were carried out in a limited number of countries, using extra-budgetary resources mobilized from interested member states. This initial set of evaluations was an input into the 1998 triennial review. The evaluations were well received and the Assembly requested that more be done for the next triennial policy review in 2001. This book is based on this second round of evaluations.

The approach for both the 1998 and 2001 evaluations was one of learning lessons so as to improve the performance of the UN system in providing support to the efforts of different countries and societies. The performance of the governments concerned was not at all the subject of the enquiry.

Substantive Focus

UN operational activities are diverse by their nature. They represent the efforts of some 30 different entities within the UN system, which address development issues from different technical viewpoints and with different mandates and sets of experiences, to respond to the diverse needs of developing countries. It is to be expected therefore that the solutions UN entities such as the International Telecommunications Union or the World Intellectual Property Organisation offer on development issues may in some instances differ from those of the International Labour Office or the World Food Programme.

In order to address the impact of the UN development system, it was necessary to choose topics that were common to most, if not all, of the system. The choice was to focus on crosscutting themes in order to generate observations, which were pertinent to as much of the UN system as possible. It was also clear that a pilot exercise, with modest extra budgetary resources, ought to begin to look at impact at the level of individual countries and at a relatively small sample. For the 1998 review the topic was capacity building. For the 2001 review, to which the evaluations in this publication were an input, it was narrowed to capacity building for poverty eradication.

Both capacity building and poverty eradication were chosen as concepts of common concern to most parts of the system. There were however other reasons for choosing them. Both, as for many "cross cutting issues", are protean in nature. Both have evolved over the previous three decades and the UN system has had a role, both in how they evolved and in drawing them to a more prominent attention by the world community. Greater clarity as to what they mean in

³ Resolution 50/120, para 56

operational terms, would be a benefit to those within the UN system and member states involved in programmes in support of these goals.

Capacity building

Capacity building, in its earliest form, meant training of individuals. By the 1970's, at least for its proponents in the United Nations, and some bilateral donors, it also meant, for newly decolonised states, the establishment of basic technical and scientific institutions or for others the strengthening and updating of such organisations. Civil aviation, industrial standards, geological survey, meteorological, nutrition, soils and telecommunications organisations were established with the support of the UN development system by the 1970's in many recipient countries. Much of that support was initially successful. Institutions were created or strengthened and some functioned well. Yet success was not always durable.

The reasons for the ills that afflict organizations and institutions in recipient countries are complex.⁴ One is that capacity is a moving target, so capacity created at a point in time cannot be assumed to remain relevant, unless the institutions, organisations and individuals concerned evolve and progress. Modernizing societies are by definition in a process of continuous transformation and so many of their institutions and organizations have to change and do so continuously.

The concept of capacity building used by the UN system had to move beyond the initial notions of human resource development and institution building, since it was necessary to see the institutional changes in a national context and at a macro level. So it includes the capacity of the institutions of a country to manage policy and programme formulation, budgeting and financial management, development planning, implementation, coordination and performance monitoring and evaluation of development operations. Legal and political functioning of the country was relevant, including its state of governance. Individual institutions were not seen as independent and isolated actors any longer but part of larger systems or networks. The more dynamic changes in the external environment in which institutions operate, the greater the challenges that existing organizations and institutions faced.⁵

It was no longer enough for the United Nations system to help to create or strengthen an

⁴ "Thus the administrative heritage of a country, the state of the economy or the general level of social capital could have a profound effect on the progress of capacity building. Many organizations in the public sector, for example, had never achieved any sense of legitimacy given their colonial origins. A sense of instability and fragility permeated much of the public sector. Capacity building frequently took place in an atmosphere of political struggle with protagonists trying to control the very organizations such as the courts or certain line agencies that international funding organizations were trying to assist. External interventions had to be much more attuned to the constraints and opportunities presented by the broader context."

See "Some observations and lessons on capacity building" by Peter Morgan in "Capacity-Building supported by the United Nations - Some evaluations and some lessons", edited by Maconick, R. and Morgan, P. United Nations, New York, USA 1999, p17. It can be accessed at <http://www.un.org/esa/coordination/Chpt3.PDF>.

⁵ The implications of this dynamic, both for private firms and public organizations, can be summed up in the maxim "The rate of learning within an organization needs to be equal to or greater than the rate of change in the environment" see Revans, R, "Action Learning: New Techniques for Management", Blond and Briggs, London, UK, 1980

organization or groups of organizations. Those institutions needed to be capable of learning and changing to transform themselves as necessary in response to changing situations and requirements.⁶ Successful United Nations system support therefore meant helping recipient countries to invent, develop and maintain institutions and organizations, which are capable of learning and bringing about their own continuing transformation, so that they could play a dynamic role in supporting national development processes.

The new demands upon modern states' institutions and organizations entailed new expectations of the individuals working with and for them⁷ and therefore of the activities supported by the United Nations system. Any consideration of the impact of UN system support has therefore to take into account the evolution of capacity building to include not only the capacity of organizations, groups and individuals, but also the relationship between different organizations, groups and individuals as well as the environment in which they all perform.

Poverty Eradication

Similarly the idea of what poverty was, and what it meant to eradicate it, changed. The UN development system also had a role in that evolution. Success in development was originally seen in terms of increases in GNP per capita without regard to its distribution or whether people were capable of accessing relevant opportunities and social services. A major contribution was made by UNDP, building on earlier work within the system, particularly by the ILO and UNICEF, in introducing in 1990 the concept of human development, which gave weight to real income, life expectancy, years of schooling. The latter two indicators were proxies for access to capacities and services within society designed to increase the capabilities and opportunities of the peoples concerned. This wider concept of human welfare has now entered into at least one consideration of poverty eradication issues.

Consideration of the larger impact of operational activities, and the contribution the UN development system made in bringing these interpretations of what capacity building and poverty eradication meant to the center of the international debate on development issues, was not possible within the framework of these evaluations, which were necessarily limited to work in the countries concerned.

Some operational considerations

⁶ "A social system learns whenever it acquires new capacity for behaviour, and learning may take the form of undirected interaction between systems... [G]overnment as a learning system carries with it the idea of public learning, a special way of acquiring new capacity for behaviour in which government learns for the society as a whole. In public learning, government undertakes a continuing, directed inquiry into the nature, causes and resolution of our problems.

The need for public learning carries with it the need for a second kind of learning. If government is to learn to solve new public problems, it must also learn to create the systems for doing so and discard the structure and mechanisms grown up around old problems." *Beyond the Stable State*, Donald Schon, Harmondsworth: Penguin. 1973: p.109.

⁷ Examples include all the new capacities required of a country that wishes to access the WTO, particularly the infrastructure needed to ensure that exports meet international standards. Similarly new problems like AIDS require new capacities as does new technology, particularly ICT. Last but not least, there are the capacities implicit in accepting the need to achieve the goals included in the Millennium Declaration.

The evolution of both issues had consequences for how the evaluations were to be carried out. As one input to the Triennial Policy Review this whole exercise was part of an attempt to provide greater technical analysis and rigour for the debates of the Economic and Social Council and the General Assembly. In any political body there may be a changeable diversity of views as to what is good and what is better performance. Objective and generally agreed measures of the overall performance of any UN system operational activities were not available. Different individual (or groups of) member states may have divergent views on such issues. Presenting any qualitative assessments about the performance of a set of UN supported activities to such a body had to recognize from the outset that there were many areas and topics for which there was no consensus as to the relevant standards. Balanced and careful consideration and presentation of the analysis was necessary, for member states of the UN to find that it resonated with them and permitted them to make progress in their discussions on these issues and the guidance which they ultimately provided to the UN system.

This was particularly applicable to capacity building. There were no generally agreed standards as to what should be expected of newly created or strengthened national capacity or of institution or organisation building. Much of what capacity building strives to achieve cannot be easily measured.⁸ However it can often be observed and judged by competent qualified observers. There is much scope therefore for the development community and particularly those UN agencies active in capacity building to elaborate just what are reasonable expectations of capacity building efforts. However it can often be observed and judged by competent qualified observers.

For poverty eradication, some targets and indicators do exist but they are macro indicators. For example the Roadmap to the Implementation of the Millennium Declaration gives as the first goal "Eradicate extreme poverty and hunger". It associates the following target with that goal; "halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day". For this target the indicators are i.) Proportion of population below \$1 per day; ii) Poverty gap ratio (incidence x depth of poverty); iii.) Share of poorest quintile in national consumption.⁹ These are aggregate goals and indicators, which may provide an overall framework, but would not normally serve as immediate objectives of many UN system operational activities.

There is a more fundamental problem. The elaboration of goals, targets and indicators is a step in the right direction. It should be possible now to begin to observe and, where feasible, measure progress against those targets and indicators. However they do not define policies. They do not say how good policies are to be arrived at, or implemented, or how the capability needed both to

⁸ "The first step is to measure whatever can be easily measured. This is okay as far as it goes. the second step is to disregard that which can't be measured or give it an arbitrary quantitative value. This is artificial and misleading. The third step is to presume that what can't be measured easily really isn't very important. This is blindness. The fourth step is to say that what can't be easily measured really doesn't exist. This is suicide." Daniel Yankelovich as quoted by Adam Smith (pseudonym for G.J.W. Goodman), *Supermoney* (New York: Random House, 1972), p.286.

⁹ See Road map to the implementation of the United Nations Millennium Declaration, Report of the Secretary General, A/56/326, Annex.

formulate and implement those policies is created or maintained or helped to evolve. There are few if any hard measures for this. Yet creating these policies and the capacities is often the real task facing many member states and the UN entities, which are trying to help them.

One way to begin to deal with this is to borrow from Amartya Sen. He has observed when talking about human development, that there is a multiplicity of goals, which are not absolutes and need to be the subject of active and informed discussion¹⁰, and that using utilitarianism is inappropriate for assessing development. on the grounds that it reduces every activity to analysis in terms of a single measure.¹¹ This seemed relevant as an approach to evaluating the effectiveness of UN system operational activities. It meant that well-informed and wise observers could contribute to the debate and might in the process. by asking the right strategic questions and offering sober judgments. promote greater clarity about UN system performance.

Appropriate expectations

This is however not a straightforward task. The principal comparators often used when questions are raised about the effectiveness of UN operational activities are the performances of the aid programmes of the BWI's. bilateral donors and international NGO's. This comparison is not necessarily appropriate. The UN system operates at a variety of levels that are particular to it and both series of impact evaluations have demonstrated that much of what the UN development system does. goes beyond what is normally described as "aid".

1. It acts as a convener providing a forum nationally. regionally and globally for different parties to meet. explore issues of concern to those parties and resolve conflicting viewpoints.
2. It helps the world community to set generally agreed norms on major issues of common concern via global conferences and then helps member states in determining what they should do when it comes to implementing their commitment to those agreed norms. In so doing, it draws on the expertise and any wisdom contained within its different entities.
3. It acts nationally, regionally and globally as an advocate for globally agreed goals.
4. In its operational role, it supports project and programmes in different countries and regions.
5. Some would argue that it has a separate role in monitoring and evaluating, as neutrally and objectively as possible, progress on issues of global and or regional concern.

This combination and multiplicity of roles is unique to the UN system. Yet there remains a lack of broadly accepted standards for what can be expected as an outcome when member states and

¹⁰ "What does Human development accounting do? ----- It brings to the exercise of development evaluation an inescapably pluralist conception of progress----- The framework must be cogent and coherent, but must not try to overlook the pluralities that are crucially involved in the diverse nature of deprivations in a misguided search for some one measure of success and failure, some single clue to all the disparate concerns." Amartya Sen, Keynote Speech, "A decade of Human Development", First Global Forum on Human Development, 29-31 July United Nations New York, p3.

¹¹ "The domain of social valuation cannot be taken over by some kind of allegedly value-neutral engineering solution. It is important that people explicitly and critically evaluate what we want and engage in arguing for or against -any set of proposed weights. What weights may emerge is ultimately a matter for social choice, not to be taken over by some kind of a mechanical reading of an apparent "truth". Central to this exercise is enlightened public discussion". Amartya Sen, op cit.

the UN system work together in any of these ways. This should not be taken as an argument that the UN system is either beyond evaluation or that it should be judged any less rigorously than any other actor in the international arena, rather the reverse! It just asserts that the system's responsibilities and work are particular to it and should be monitored and evaluated "sui generis". It further implies there is work to be done by many UN entities in suggesting and elaborating in their fields of technical competence, transparent, qualitative (wherever possible quantitative) measures by which their own and the UN system's work, should be assessed.

"Sustainability"

The UN development system tries to support the efforts of societies to change themselves in directions, which they and the global community consider desirable. So what evaluators have to look for is what the UN system has helped to set in motion, i.e. the dynamics of the situation. Some of these changes may vary over time and at different times be positive, neutral or negative. The net effect is what needs to be looked at.

A concern for the path along which societies are moving also means that a standard question in the aid evaluation literature, "sustainability" may need some rethinking. What is wanted in development are positive changes, which are sustained. Perhaps what should be looked for in assessing aid effectiveness are "positive perturbations"; actions that set things in motion, which are, on balance, of continuing benefit to the society concerned. In this scenario, a good evaluator has to ascertain not only the current state of affairs but also assess where events are going. In most cases this will be difficult, if not impossible, to measure. However, the evaluator can observe and make judgments about both the actual and the potential ways in which the UN system has contributed to a country's thinking about how it should achieve its goals and how global norms should be operationalized, and how well the approaches used took due account of local/national circumstances.

Starting point of the evaluations

In view of the visibility of the UN system and the nature and scope of the issues on which it works, there was an obligation to make some qualitative statements, however weak their rigour, about the effectiveness and impact of the totality of the UN system's efforts. Individual entities of the UN system already looked at their own effectiveness. There was a need to say something about the whole system. What was lacking was how it all worked as an ensemble, serving the interests of all member states.

The absence of benchmarks, and, indicators, and even the most basic data about the performance of the whole system in tackling both capacity building and poverty eradication were very apparent. Two strategies were possible. One was to look at the components of programmes or projects, use econometric and sociometric analysis to reduce as much of these complex systems to measurement or estimation, and calculate how the country has benefited; and then consider the counterfactual, how it would have been without this intervention of the UN system. Once done, what is left is an incomplete and therefore unsatisfactory judgment on whether impact has been achieved and what it was.

There were also the pitfalls pointed out by Sen. The better question seemed to be what processes have been set in motion and what do they portend? Therefore an attempt had to be made to make some judgment, however crude and simple, about the performance of the whole and that demanded a different point of departure and "technique".

The approach used draws, in simple-minded fashion, on the literature concerning the "reflective practitioner".¹² This deals with the process of getting professionals in various fields to make explicit the implicit judgments that inform their work in fields such as engineering, architecture, management, psychotherapy, and town planning--to show how professionals really go about solving problems. The borrowing went along two lines; first, the use of professionals to convert implicit judgments into explicit ones as a means of assessing protean, evolving concepts such as capacity building or poverty eradication; second the focus on the need for organisations to learn and to learn how to change.¹³

Consistent with this line of argument is the hypothesis that assessing development performance successfully, involves qualitative at least as much as quantitative judgment. Senior professionals, who have experience with or who have used the outputs of programmes devoted to capacity building and or poverty eradication, are the least unsatisfactory means of appreciating the performance of the UN development systems' support to national efforts. Furthermore this is consistent with a role traditionally played by the UN development system, namely the repository of the best knowledge and wisdom about development.¹⁴

Recalling that these evaluations were destined for a political arena, each evaluation mission contained a senior consultant from the "south" and one from the "north".¹⁵ An attempt was made, far from successfully in the first series, less so for the second series, to achieve gender balance. Particular efforts were made to involve the governments and societies concerned, with mixed success. In all instances, the UN teams in the countries concerned were asked to use national resources to prepare reports designed to gather as much of the relevant data as possible and usually they did so. Governments were urged via the country teams to undertake this kind of exercise on their own (or with UN system support if they desired it).

¹² The Reflective Practitioner: How Professionals Think in Action, Donald A. A. Schon: Basic Books, 1990

¹³ "The loss of the stable state means that our society and all of its institutions are in continuous processes of transformation. We cannot expect new stable states that will endure for our own lifetimes. We must learn to understand, guide, influence and manage these transformations. We must make the capacity for undertaking them integral to ourselves and to our institutions. We must, in other words, become adept at learning. We must become able not only to transform our institutions, in response to changing situations and requirements; we must invent and develop institutions which are 'learning systems', that is to say, systems capable of bringing about their own continuing transformation. The task, which the loss of the stable state makes imperative, for the person, for our institutions, for our society as a whole, is to learn about learning. What is the nature of the process by which organizations, institutions and societies transform themselves? What are the characteristics of effective learning systems? What are the forms and limits of knowledge that can operate within processes of social learning? What demands are made on a person who engages in this kind of learning?" Donald A. Schon (1973) *Beyond the Stable State*, Harmondsworth: Penguin. Pages 28-9

¹⁴ These impact evaluations express some reservations about how well the institutional memory of the UN development system works at the level of individual countries but that does not invalidate the concept. It may indicate that the UN system could improve how this capacity is used. The Secretary General has been asked to make suggestions in this regard, see Resolution 56/201 para 56.

¹⁵ i.e. developing countries and donor countries

Evaluations were completed in Madagascar, Mozambique Nepal, the Philippines, Tanzania and Vietnam. Because of the limitations of space, what was presented to the General Assembly was a summary of the essential findings, which were as follows.

1. "The United Nations system operational activities, with the right policy mix, can play an important and significant role in poverty reduction and the system's support to capacity-building has been an important element in that process;
2. The resources available, either internally or externally, for poverty reduction are still inadequate. A minimum level of resources is required to ensure success in capacity building for poverty eradication. When this condition is met, the gains that can be obtained nationally, regionally and globally, by using increased resources in genuine poverty reduction should be considerable.
3. There is a close relationship between capacity-building and national ownership of operational activities for development, both at the conceptual/planning and implementation stages. It is essential to ensure the appropriate involvement of national organizations, including local beneficiaries and government authorities, in planning and implementing operational activities, as well as in evaluating their effectiveness, since only then can a significant impact be expected.
4. The recent General Assembly legislation prompted system-wide guidelines on capacity building as a central objective of operational activities for development for the entire United Nations system. Yet, the impact evaluation studies conducted by United Nations suggest that capacity building is still seen as an area reserved to UNDP.
5. The United Nations system has helped in the conceptual evolution of capacity building from human resource development to institution-building and organizational development. ILO, UNDP and UNICEF have all contributed to change the concept of poverty so that it now includes the dimensions of human capabilities and participation. Nevertheless, the relation between poverty eradication and the capacity building to address it is an area that still requires further progress, in order to develop a coherent system-wide approach.
6. The impact evaluations also showed that the pursuit of poverty eradication as a central goal for the system could be linked, in a more structural way, to the development role played by each system organization. The lack of a clear link leaves a certain lack of clarity regarding the way to tackle poverty eradication through specific strategies, the consistency of approaches and the appropriateness of means and skills made available by each organization. The pursuit of poverty eradication needs to be conceived, not as a remedial or compensatory initiative, but as the outcome of policies and programmes that promote inclusive economic growth and overall social development.”¹⁶

¹⁶ Operational activities of the United Nations for international development cooperation, Triennial Comprehensive Policy Review of Operational Activities of the United Nations System for Development, Report of the Secretary-General, A/56/320, para 53, p 14.

Follow-up

The evaluations had more to say than this and a symposium was planned for October 2001 to coincide with the triennial policy review by the General Assembly. The intention was to provide a detailed synthesis of the evaluations, the lessons that had been learned and some suggestions for the future directions of operational activities in these two areas so as to contribute to the debate. Interested delegates, officials of the countries involved in the evaluations, interested academics and practitioners were to be invited. It was planned then to publish the contributions to, and the results of, the symposium and circulate them within the UN system and the development community. Events in New York in September 2001 led to a cancellation of the symposium.

Contents: Part 1:- syntheses and analysis

Absent the important contribution that a discussion of the evaluation results and lessons would have provided, some of the lessons of the evaluations are elaborated and analysed in the chapters that follow. The first two deal with the issue of capacity building. There is a summary and synthesis of the capacity building lessons emerging from the evaluations written by Peter Morgan, who was one of the evaluators. This is followed by a paper by Mary Hilderbrand analyzing the evaluations and the synthesis from the point of an academic practitioner in the area of governance. The next two chapters then deal with the issue of poverty; a summary and synthesis of the poverty eradication lessons emerging from the evaluations written by Dharam Ghai, who was one of the evaluators, followed by a paper by Eugene Smolensky analyzing the evaluations and the synthesis, from the point of an academic practitioner in the area of poverty research and policy.

The purpose of the summaries is to make available the overall lessons that could be learned or inferred about each of the cross cutting issues. The two academic papers are designed to address the issue of the relevance of these lessons to best practices in each field. The overall intent was to provide an analysis of, and counterpoint to, the summaries and to demonstrate the relationship between what the UN system is doing and best practices and thinking elsewhere.

Among the major observations they make are that "the world community has never been so unanimous in regarding the eradication of absolute poverty as the most important moral, social and economic challenge of our times. But the gap between official rhetoric and concrete measures has seldom been so stark." (Ghai) Also that "significant poverty reduction is a feasible goal. The strategy for achieving that goal is rooted more in common sense than econometrics: economic growth tempered by a minimally disruptive redistribution of resources to the poor" (Smolensky). Hence the suggestion for the UN system to incorporate income maintenance into its capacity building activities and for it to base its priorities for capacity building on selected (and also prioritized) strategies of poverty alleviation, and on a careful assessment of the existing capacity situation in the country.

They also note that "approaches to the M&E of capacity issues derive from implicit mental models of organizational development and change, some of which in the UN system are out-of-

date to deal with complex institutional issues so that the growing concern with performance measurement both in the UN system and in the wider international development community, while useful in principle, is having a range of ill effects that were combining to lower its value as a tool for improvement.-----So, M&E needs to be more decision-oriented and utilization-focused."(Morgan)

Part 2: The Evaluations

The executive summaries of the six evaluations make up chapters 6-12 below. Those who wish to examine the complete texts of these reports can access them on line at <http://www.un.org/csa/coordination/fullreport.htm>.

Part 3: Afterwords

The publication then concludes with two afterwords, one by Haven North and another by Jehan Raheem. Each is a contribution to how such evaluations should be conducted in the future

North explores the issue of appropriate follow up and suggests the UN Secretariat and General Assembly should consider creating a fuller UN system-wide capacity for the evaluation of UN-wide policies and operations associated with its development assistance work. Raheem asks "what measures matter most' to those for whom it should matter. And suggests that "evaluation must teach itself to become a development tool" and "help to contribute to an understanding of how societies and countries come to see things in new ways, make the choices necessary for the realization of these new ends and allocate resources to ensure their continued maintenance under a range of new pressures."

The General Assembly has now asked for an assessment of the overall effectiveness of operational activities, a task more ambitious and comprehensive than that reported on here. Comments, prospective or retrospective, on any aspect of this attempt to analyse the contribution of the UN system to development and to learn from it, would be welcome. They can be sent electronically to maconick@un.org or. by mail to Roger Maconick DC-I 1456 DESA/UN, 1 UN Plaza, New York, 10017.

Part 1:

**The Evaluation syntheses
and analysis of their findings**

THE EVALUATIONS OF THE WORK OF THE UN SYSTEM IN CAPACITY BUILDING AND POVERTY ERADICATION

by Peter Morgan

1. INTRODUCTION

1.1. This multi-year effort at assessing the operational effectiveness of UN system activities began in 1995 during consideration of the triennial comprehensive review of operational activities. At that time, The General Assembly through Resolution 50/120 requested the United Nations Secretariat to undertake a system-wide evaluation of UN field activities as part of the 1998 review. The theme of capacity building was selected as a focus of the initial studies with a view to determining the degree to which the UN system had responded to the growing demands for support for that objective since the mid-1980s. To implement this decision, the United Nations Department for Social and Economic Affairs (DESA) sponsored out six evaluations in the first half of 1998: one each in Pakistan, Mali and Uganda looking at capacity building in basic health and education and one each in Zimbabwe, Brazil and El Salvador focusing on the environment, technology /environment and peace-building respectively. Those evaluations and an overview of their findings were published in 1999.¹⁷

1.2. This latest volume presents the results of the second round of evaluations carried out in 2000. This time, the focus is on capacity building and poverty eradication. The six countries involved were, in no particular order, Vietnam, Tanzania, The Philippines, Madagascar, Mozambique and Nepal. All the evaluations were carried out using teams of both international and national participants working with UN system staff. This overview tries to build on the results of the first round of evaluations. The more cases that can be analyzed, the more confident we can become of the reality of the patterns of results. This overview therefore summarizes the results of this second round of six cases, compares them with those of previous round and puts forward some observations and conclusions about the significance of the aggregated learning to date. In general, it tries to clarify what we are learning about UN system activities in capacity building for poverty reduction and what improvements need to be considered given the experience to date. This second overview focuses more on the field results and does not go as much into the broader conceptual analysis that was needed in the first round.

1.3. Most of the constraints to rigorous evaluations that were evident in the first round reappeared in the second, an issue discussed below in Section 2 in more detail. These evaluations relied on information from literature searches, discussions with UN staff both in headquarters and in the field plus interviews with national officials, project/programme staff

¹⁷ Roger Maconick and Peter Morgan, *Capacity-Building Supported by the United Nations: Some Evaluation and Some Lessons*, United Nations, New York, 1999

and other local groups and individuals. In some of the cases such as the one for Tanzania, the evaluators used the context of the Poverty Reduction Strategy Paper (PRSP) to focus their analysis.

1.4. A brief comparison of the six countries may be useful to set the stage. Readers will be familiar with their general state and history some of which is also provided in the attached evaluations. What is of immediate interest for the purpose of this overview is a rough comparison of the six countries in terms of their levels of poverty, evolution of their governance system, the state of their institutional development and some other issues that bear upon the evaluations.

- The six countries differed in terms of the trends in their levels of poverty and development. One of the six countries - Madagascar - lost considerable ground over the period 1985-1999. Four - Tanzania, The Philippines, Mozambique and Nepal - made modest gains over the period.¹⁸ And only one - Vietnam - made major strides in improving their levels of development.¹⁹ All the countries ranked in the bottom third of the Human Development Index over much of the 1990s. Most UN programmes therefore took place in a context of minimal economic growth, flat or declining government revenues, uneven policymaking and bureaucratic instability.
- In the first round of evaluations, two countries - Uganda and El Salvador- had recently emerged out of long periods of conflict and internal strife. In this round, two countries again - Vietnam and Mozambique - were in roughly the same position of reconstruction. Interestingly, all four of these countries that were emerging of periods of civil strife seemed able to devise and implement dramatic reforms with more determination and success than the other countries in the small samples.
- All six countries were engaged to a greater or lesser degree in the task of reconfiguring their approach to governance, public management and economic policy. Mozambique, for example, faced three simultaneous transitions: from a command to a market economy, from a one party state to political pluralism and from war to peace. All six were implementing some form of democratization. All six were decentralizing decision-making and service delivery to a great of lesser degree. All were engaged in major

¹⁸ During most of the 1980s and 1990s, Tanzania's rate of growth remained at about 2.2%. In 1998, it picked up to about 5% per year. In 1999, it ranked 156 out of 174 on the UNDP's Human Development Index. Nepal stands at 144 and there has been no perceptible improvement in the lives of the rural poor. 42% of all Nepalese were classified as poor in 2000. The poverty incidence in The Philippines declined from 39.9% in 1991 to 31.8% in 1997 but rose again in 1998 to 40%. The GDP per capita in Madagascar actually declined steadily from 1975 to 1999. In 1998, it ranked 141 out of 174 on the HDI scale. In 1997, 78% of all rural households and 68% of urban fell below the poverty line. 69% of the population of Mozambique remained under the poverty line. The country itself ranked 169 out of 174 on the HDI. Recent trends, however, have been more encouraging.

¹⁹ The incidence of poverty in Vietnam declined from 60-80% in the late 1980s to 58% in 1993 to 25% in 1998. In the words of the case study, "Vietnam constitutes a rare case where such radical reform was carried out without a change in political regime" (p.1) Per capita income more than doubled over the period from \$150 to about \$320. Government revenues increased by 70% from 1990 to 1997.

programs of public sector reform including the privatization of services that had long been a public sector monopoly. And all six experienced repeated institutional crises as service deliver systems threatened to collapse in the face of severe under funding and precipitous economic and social change.²⁰ Most capacity building issues turned out to be - not surprisingly - complex exercises driven to a large degree by political factors linked to regime survival and access to power and resources. The more the UN system involved itself in broad 'macro changes' such as decentralization and community development, the more it bumped up against limits to change set by broader societal factors.

- The UN role varied in terms of intensity, history and influence in the six countries.²¹ In Vietnam and Mozambique, a long history of UN support for reconstruction and peace making gave the UN system a special status both in the Government and in the international development community²². In the other four countries, the UN system occupied a more normal standing in with both groups.
- Finally, it is important to remember that in all the counties, growing financial constraints on the UN system limited the nature of its programmes. Seen from the financial perspective only, the financial flows from the UN system had diminished to the point where the UN was now a modest, middle-sized development actor equivalent to a number of bilateral donor programmes. It provided anywhere from 1% to 10% of the total financial flows to any one country over much of the 1990s with the exception of Vietnam.²³

1.5. We also need to be aware of the changing thinking in the international development community over the period 1985-1999. Readers will be familiar with the usual list of constraints that showed up in many countries. These included the proliferation of uncoordinated projects, lack of country ownership, cost and time overruns, a disappointing record of capacity building and organizational sustainability, all of which were both causes and effects of poor development performance. In response, the international development community came up a series of policy and procedural reforms which began to be implemented beginning in the mid-point of the 1990s. It may be too grandiose to label these changes part of a new development paradigm but they did signal a new style and direction to development cooperation. These reforms, which were selectively implemented by most

²⁰ See, for example, the case of the primary health care system in Viet Nam in the late 1980s

²¹ There were, of course differences amongst the countries. The Philippines had long had a vibrant NGO sector. Vietnam was only beginning to build its own civil society in the 1990s. Governments also had a variety of relationships with its national NGO community all of which shaped the nature of UN system interventions.

²² In Viet Nam for example, the World Bank, The Asian Development Bank and the IMF did not start operations until later in the 1990s. The UN, by contrast, began its work almost two decades earlier in the later 1970s - UNDP in 1979, UNFPA in 1978, UNHCR and UNICEF in 1975. UN assistance continued during the late 1980s when most international development organizations cut off aid flow and during the early 1990s during the cessation of aid from the former Soviet Union.

²³ In the first group of six countries, the total percentage of UN system is no more than 10%. In this group, the UN supplied 1% of the ODA to The Philippines and 3% to Mozambique.

international development cooperation organizations, comprised some or all of the following:

- An emphasis on building a supportive policy environment including a longer-term focus on poverty reduction.
- The creation of more policy and organizational space for partner countries to take the lead in, and the ownership of, the planning and management of their own development.
- The shift to more untying of development cooperation funds
- More efforts to reduce the fragmentation of development interventions including a shift away from conventional projects and more effort among donors to collaborate and pool their resources.
- More use of existing systems and capacities in partner countries to deliver programs and less reliance on foreign technical cooperation.
- More emphasis on performance and results.
- More emphasis on building and sustaining a modern organizational and institutional infrastructure that can help to reduce poverty.

2. SOME CHALLENGES TO EVALUATING CAPACITY BUILDING

2.1. Some points should be made about current 'state of the art' with respect to evaluating capacity issues including those to do with poverty reduction. Much of the thinking in the international community in the late 1980s and early 1990s including within the UN system remained somewhat mechanical when it came to capacity building. This aspect of development was seen as an activity that could be carried to a successful conclusion provided sufficient expertise, commitment and resources were available. From this perspective, the results of capacity building could be monitored and evaluated using conventional techniques and enough objectively verifiable indicators.

2.2. It has not turned out that way. Few are now satisfied that current approaches to evaluation provide relevant and realistic assessments of capacity investments that are useful for managers and other key stakeholders in both countries and in international development organizations. Most of these exercises, including the ones in this second round of UN evaluations, face a similar set of constraints:

- There are few widely accepted theories of capacity development. There also remain wide disparities in the meanings that participants attribute to terms such as 'capacity', 'capacity building' and 'performance'. No system-wide framework or set of principles is therefore available to use for a cross-site comparison. Some see the key to capacity

building for poverty eradication to be at the macro level, others at the micro. Some are convinced of the value of technical interventions such as training or the restructuring of incentives. Others see capacity building in essentially political and social in nature. Participants (including the evaluators) usually disagree on cause and effect - the attribution issue - from the outset.

- Few programmes or projects collect data on process issues to do with capacity building. Almost none have any baseline data. In the UN case, many of the documents from the 1980s and early 1990s have long since disappeared into storage. Most of the resulting judgments are therefore anecdotal and contestable. All the evaluations in this second round of UN evaluations faced this situation at the field level.
- In contrast to program evaluations, those to do with capacity issues come much closer to assessing personal and organizational behavior. They give rise to nervousness about unfair judgments and finger pointing. Capacity evaluations tend to generate a much higher level of defensive behavior in those being evaluated.
- Most capacity building issues involve multiple actors and influences. Political factors almost always intrude. The methodological challenges to disentangling the contributions of various actors, especially small ones such as the UN system, are difficult to overcome.²⁴
- There is little agreement on the time factor, i.e. what is a reasonable period within which to assess progress on capacity issues especially when dealing with complex organizational systems ... three years, five years, twenty years? And what is to be seen as a reasonable connection between the improvement to capacity and its subsequent effects on outcomes such as poverty reduction? To complicate matters, the capacity and performance of organizations in the difficult contexts of many countries tends to fluctuate from one year to another. They rise and fall and rise again as personnel change and outside factors intervene. But they can be labeled 'failures' for lack of a steady progression.
- The standards by which we still judge the success or failure of capacity building interventions are open to question. Organizational and institutional change remains a laborious uncertain process in all countries that fails to achieve its objectives more often than it succeeds. In poorer countries, which must contend with critical shortages of resources, dysfunctional political systems and general instability, this pattern intensifies.
- Most programmes of development cooperation, leaving aside all the espoused objectives, are not organized to do serious work on capacity issues. Indeed, most public and non-public organizations are focused on programme issues and assess their effectiveness in terms of actual services or products delivered.

²⁴ See John Mayne, *Addressing Attribution through Contribution Analysis: Using Performance Measures Sensibly*, Discussion Paper of the Auditor General of Canada, June 1999

- It is difficult to judge the effectiveness of a capacity building process on the basis of no change or progress. Yet in many cases such as the work of UNICEF and the UNDP in Vietnam and Mozambique in the late 1980s, their efforts at preventing the collapse of the health and disaster relief systems represented a significant achievement. Capacity building also needs to be judged in terms of what did not happen.

2.3. All these constraints do not mean that judgments cannot be made. The attached evaluations contain many assessments based on some insight and wisdom coming from the field. But the overall exercise does point to the need for more work on developing better approaches to the monitoring and evaluation of these kinds of capacity issues. This point is addressed later in this overview under the section on recommendations.

2.4. Finally, we need to retain a sense of proportion when it comes to assessing the broader impact of the UN system. First, the entity referred to in these evaluations as the UN system was a 'loosely' coupled one, as most readers already know. In the late 1980s and early 1990s, UN organizations and specialized agencies worked fitfully together, an issue that has been a preoccupation for most of the UN's history. As we shall see in the report, efforts to generate more coherence and 'tight' coupling through the United Nations Development Assistance Framework only took hold towards the latter part of the 1990s. Second, the UN system did not have an explicit focus on capacity building for poverty eradication until the mid-1990s. Some UN organizations and specialized agencies still do not have it as an explicit objective given the nature of their specialized mandates. But it is also true, as the Madagascar evaluation points out that "many of the elements that make up the strategic components of these concepts i.e., capacity building and poverty reduction are not new to the UN system". We can therefore attempt some broad judgments on the progress to date.

2.5. In this overview, we address the following group of questions based on the results of the evaluations.

- *The capacity results - How much and what kind of capacity did the UN system actually help to build? What difference did that capacity make to performance?*
- *The process of capacity building- How effectively did the UN system go about building capacity for poverty reduction? How did it approach the task?*
- *The development results - What were the results in terms of poverty eradication?*
- *What are the implications of these results? What could be done better in the future?*

3. THE CAPACITY RESULTS - HOW MUCH AND WHAT KIND OF CAPACITY DID THE UN SYSTEM ACTUALLY HELP TO BUILD?

3.1. We turn now to the issue of capacity for poverty reduction, which we define in this report as a pattern of capabilities, which enables a country, organization, group or individual to effectively address poverty issues over time as perceived by their stakeholders and/or beneficiaries/clients. We are looking here mainly at the 'what' questions to do with implementation and with performance. Specifically, we look at the following:

Levels of the capacities

3.2. We look first at the levels or the intervention points of the capacities for poverty eradication addressed by the UN system. The pattern and intensity of the choice of levels usually will tell a good deal about the approach to capacity building that the UN system has selected. Over the period 1985-1999, UN organizations and agencies selected 'points of entry' for capacity building at all levels in the six countries ranging from interventions at key central agencies to working with poor women's' groups in micro credit. Underlying this approach was the assumption of the need for multiple capacities at all levels in a particular country to encourage a multifaceted approach to poverty reduction. The UN system, in practice, ended up with a 'top-down', 'middle-out' and 'bottom-up' approach.

- In most countries, the UN system began its work at *the senior levels of state agencies*, e.g. helping to set up a National Poverty Eradication Division in the Vice-President's Office in Tanzania or also in Tanzania, working with economic specialists in the form of Structural Adjustment Advisory Teams for Africa (SAATA) assisting to craft strategies for cushioning the effects of structural adjustment and incorporating such approaches into their macro-economic policies. Much of this work led to the formulation of the National Poverty Eradication Strategy (NPES) in Tanzania. The same pattern can be seen in the UN's work in early childhood education in Nepal.
- As mentioned earlier in this overview, all six countries underwent some kind of decentralization in the 1990s. As a response, more and more UN system interventions were directed at the *regional, district and municipality* levels at the decade progressed. In Nepal, the UNDP supported the Participatory District Program (PDDP) and the Local Governance Programme (LGP) to build a capacity for bottom-up planning covering 60-75 districts. In Madagascar, governmental services were shifted from the center to six autonomous provinces, a move supported by the UN system. This also included efforts to involve a range of stakeholders at the regional and sub-regional levels.
- The UN system also worked at the *community and group development* level. The PDDP in Nepal mentioned above also had a village planning component that supported social mobilization and managed to reach about 300 of the over 3, 900 village development committees in the country since the programme commenced in 1995. Organizational effectiveness began to appear only in the most advanced districts, which had a greater

capacity to absorb outside assistance. UNICEF in Nepal directed a good deal of assistance towards water, sanitation and community health. In Madagascar, work by the FAO and UNDP starting in 1985 led indirectly to the creation of more than 400 farmers' association that carry on a variety of community-based activities. The UN also worked at the-provincial and commune level in Vietnam.

Systems versus components

3.3. Any approach to capacity building for poverty eradication quickly bumps up against the issue of 'systems versus components'. Given the multifaceted nature of the poverty issue, should the UN system try to mount a comprehensive systems approach to such an issue or must it confine itself to addressing only a small part or component? For example, the UN system could decide to focus its attention on a health issue at the national level in the public sector. But it also needs to decide if it will direct its resources towards the whole system (i.e. all the public and private service providers) or to one organization (e.g. the Ministry of Health) or to one crucial aspect of one key organization (e.g. the training of field staff of the Ministry of Health from all over the country). Any approach to capacity building needs to be clear about the boundaries or the unit of attention that has been chosen.

3.4. Some of the evaluations address this point. In the late 1980s and early 1990s, we can see the UN system, either as a system or through one UN organization, trying to address a complex problem in a comprehensive way as in the case of the Sustainable Cities Project in Dar es Salaam or in various efforts at public sector reform. But as its financial and organizational resources decline, the UN system either tries to focus on systems issues at the strategy level as in the case of UNAIDS in Mozambique or else works in closer cooperation with other donors and funding agencies in an effort to have a broader impact. .

Capabilities and competencies

3.5. The usual question in these kinds of exercises in 'capacity building to do what'? What is that organizations or groups or individuals should be able to do after the cessation of UN assistance that they could not do before? This can be a difficult question to answer in that capabilities can only be said to exist if the resulting improvements in performance can be sustained over a period of time. The six evaluations provide some insight into this issue across a range of capabilities. Two of the more important were policy formulation and service delivery.

- Building the capacity for *policy formulation* for reform and poverty reduction was one of the most consistent efforts of the UN system. Throughout much of the period, the UN system worked to build the analytical and policy development skills of national public sector organizations in areas such as health, education and economic planning. A good deal of UN resources was also spent on information systems and related hardware that was designed to improve the analytical capabilities of government agencies.

- As has been true in most parts of the world, the effectiveness of these interventions proved to be mixed at best. Many of the policy units assisted by the UN failed to achieve much impact or to even sustain themselves much beyond the life of the assistance. Poor working conditions and professional incentives led trained staff to leave these units over time. Political constraints also limited the ability of such groups to get their recommendations accepted across the Government. In some instances, the UN appears to have seen the policy process only in terms of training and technical analysis rather than as a political question.
- In the late 1980s and early 1990s, the UN system made some major contributions to building capacities for *service delivery*. The evaluations trace out such efforts in all six countries in fields such as primary health care in Mozambique, maternal and child health, child immunization against polio in Nepal, national family planning programmes in many of the countries, community water systems in Nepal and so on. Again, capabilities appear to have been built in the face of major constraints. In Mozambique and Vietnam, the UN system in general and UNICEF and UNFPA in particular, struggled to keep service delivery systems from collapsing in the face of civil strife, staff desertions and severe under funding. In some cases, vested interests in the health systems urban areas blocked needed investments in community health systems. And the normal battles took place over the value of vertical versus integrated community systems. Nevertheless, the UN system work in helping to build community delivery systems comes through in some of the evaluations as genuine achievements.

Choice of sectors

3.6. The choice of sectoral interventions in support of capacity building for poverty reduction evolved over the period in the six countries. By the mid-1990s, the UN system was focusing on a range of sectoral interventions that reflected the emerging global consensus on the most effective ways to reduce poverty. Many of these choices also reflected the comparative advantages of the UN organizations and specialized agencies. The list included education (WHO, UNESCO and UNICEF) including the primary and technical vocational levels, health (WHO, UNICEF and UNFPA) population and reproductive health (UNFPA), agriculture (FAO), economic growth and industrial development (UNDP, UNIDO, ILO), environment and sustainable development (UNDP, FAO), governance (UNDP) and gender (most UN organizations). In some of the countries such as Mozambique and Nepal, the UN system was also involved in disaster management and food security.

3.7. A theme that surfaces both in the first and second set of evaluations is that of the sectoral overextension of the UN system. Needs in all the countries were obvious and limitless. Pressures to maintain the presence and legitimacy of UN system organizations was constant and could be met, from an internal staff perspective, by engaging in another set of new initiatives. Outside groups pushed for UN system involvement in an accelerating list of new issues which they themselves had no way to finance. Regrettably, the UN system

lacked two resources that would have enabled it to meet these demands, i.e., growing, or at least stable and predictable budgets and a realistic assessment of its own capacities for implementation.²⁵ In the Tanzania case for example, UNESCO's programme appeared to lose focus as it engaged in a host of new projects, few of which could be adequately supported by its weak field system. Two other sectoral interventions get some specific mention in the evaluations:

- The UN system progress on gender issues seems mixed as might be expected. In Nepal, most UN agencies endeavored, particularly after the Beijing Conference in 1995 to focus more on a combination of advocacy and implementation under a programme entitled Gender Equity Programme (MGEP) funded mainly by the UNDP and UNFPA. Commitment by Nepali officials, however, appears to have been marginal. In Mozambique, UN efforts led to the formulation of a Government gender strategy for the first time. The Tanzania case, however, describes the UN approach on gender as one showing "blindness, muteness and deafness".
- Two of the countries - Mozambique and Vietnam - received major UN support in the form of food aid and reconstruction. WFP's programmes such as Primary School Feeding and Rural Community Infrastructure Works receive favorable mention in a number of the evaluations. Both started as relief work and evolved into programmes to help demobilized soldiers and other combatants get re-established in society. In Mozambique, most observers saw this UN contribution as critical for poverty reduction. In both countries, the UN's War Torn Societies Project provided analysis and process facilitation that helped both countries to better understand and address capacity building in their special circumstances.

The choice of actors

3.8. The six evaluations looked at *the actors*, both individual, group and organizational, with whom the UN system worked to build their capacities. In the late 1980s and the early 1990s, public sector organizations, were, not surprisingly, the partners of choice. Governments as the main contact with the UN system looked to their own requirements first. The UN system also had to respond first to the needs of their own member states. And in many cases, working directly with the private sector and NGOs directly raised sensitive political issues, which the UN system was not in a position to resolve. Gradually, however, a combination of factors, both internal to the country and linked to global trends, shifted the focus of the UN system work to include a broader range of actors. The clear need, for example, for more participatory approaches led to a greater focus on NGOs and community-based organizations (CBOs). On the Sustainable Community Development Programme (SCDP) in Nepal, the UN worked through partnerships with local communities and NGOs to build capacities in watershed management. Eight hundred (800) women benefited from the literacy classes and

²⁵ This comment needs to be taken in context. Constant overextension is a condition of virtually all international development organizations for a variety of reasons. For the same issue at the World Bank, see Jessica Einhorn, "The World Bank's Mission Creep" in *Foreign Affairs*, September/October 2001.

500 community organizations were formed at the local level covering 80% of the households. In The Philippines, the support of the UN system led to the participation of civil society organizations in The National Ant-Poverty Commission. In Madagascar, the UN system encouraged the Government to include civil society in policy discussions on poverty issues.

3.9. But the UN system has also focused on supporting the efforts of individuals. In Mozambique, for example, the UNDP and WFP set up the Reintegration Support scheme that helped to resettle over 90,000 soldiers returning to the rural areas after the war. UNICEF managed the Quick Action Response Capacity to help families regain a minimal survival capacity through the provision of basic relief items. The UN system also provided large amounts of basic training to individuals in areas such as nutrition and sanitation. In Mozambique, this type of individual training made up perhaps 10% of all UN system funding.

4. THE PROCESS OF CAPACITY BUILDING- HOW EFFECTIVELY DID THE UN SYSTEM GO ABOUT BUILDING CAPACITY?

4.1. Capacity building is a complex series of processes with organizational, human, political, financial, economic, cultural and psychological aspects. Some form of capacity building takes place at all times and in many forms in all countries irrespective of the interventions of outside groups. And such processes in all countries are shaped and influenced by external factors including such activities as the pattern of foreign investment, global economic trends, the levels and direction of development cooperation and many others.

4.2. We need to assess the UN system interventions from a broad perspective. Most debates about poverty reduction in the six countries came at the issue from one of two perspectives: first, a reliance on specifically tailored, poverty reduction interventions particularly in the social sectors such as health, education, gender and so on. A second perspective looked at the same issue from the point of economic management, which aimed at poverty reduction through economic growth, and the management of macro factors but not specifically through targeted interventions. As mentioned earlier in this overview, the UN system tried to work at both these levels.

4.3. Compared to the capacity issues or the ‘what’ questions discussed in Section 3 above, capacity building as a process deals with the ‘how’ issues. We are talking here about ideas and techniques to do with the facilitation of organizational change, advocacy and social mobilization, learning, participation, awareness raising, protection and support, changes to incentives, conflict management, self diagnosis and empowerment, indeed anything that helps to create an enabling environment or remove constraints to improved performance.

4.4. How did the UN system go about trying to build, sustain and improve the capabilities of various groups and organizations at the different levels and in the different sectors? The UN used a complex range of approaches including the following:

- *Using its convening, brokering and connecting role to bring groups and individuals together to discuss public policies related to poverty.* The most obvious sign of this was the succession of UN conferences throughout the 1980s and 1990s. The first set of evaluations in 1998 highlighted, on balance, the on-going value of these exercises in terms of setting and promoting a policy agenda. Benefits were generated before the conferences as Governments and various civil society groups formulated policy positions and became more familiar with the issues involved.²⁶ And long after the conclusion of the particular meetings, the influence of the attention to issues such as primary health or social development continued to be evident. In Mozambique, for example, the Government moved to establish the Ministry of Social Action after the Copenhagen Conference on Social Development. Judging from the results of both sets of these evaluations, it appears to be misplaced to judge the value of the UN conferences by short-term criteria relating to action plans and immediate decisions. Many of the conferences produced an on-going stream of benefits long after their conclusion. But the cases also signal some downsides. The Nepal case puts forward the view that “too much funding for advocacy focused on international conventions has made the women’s movement outward looking rather than inward looking with depth and geared to actual change”.
- This brokering role extended to issues and events inside the countries. Most Philippines NGOs, for example, acknowledged the contribution of the UN in helping to bring civil society into the major policy debates in areas such as human development, globalization and poverty reduction. The UNDP supported the initiation of the Human Development Network in the mid-1990s. In this sense, the UN system tried to strengthen the enabling environment for discussion and the sharing of ideas within all the countries.
- *Helping national participants to carry out social mobilization.* In many instances, the UN worked to promote participation and social mobilization especially at the community level. UNICEF, UNDP, UNFPA, UNCDF and WHO in particular, worked with local organizations to change beliefs, values and behaviors in any areas of economic and social life. In Nepal, the UN and Madagascar, this role took on a particular importance given the deteriorating conditions in the rural areas. In Mozambique, this role took on special significance through the UN’s role in helping the Mozambicans to achieve social peace and demobilization after the war. From this perspective, the UN system did some of its best work in helping to stabilize the conditions for capacity building for poverty reduction during periods of instability and disorder.
- *Helping to build intellectual capital* mostly with national governments and NGOs in all six countries. This type of assistance remained constant throughout the period under review. In 1985 for example, the ILO and the UNDP produced a document entitled *Tanzania: Basic Needs in Danger* that dealt with job creation, food security and reform in

²⁶ As in the case of Madagascar and the preparations for the Social Summit in Copenhagen in May 1995.

the health and education sectors. The UNDP worked with His Majesty's Government of Nepal to produce a National Biodiversity Action Plan. The UNDP supported the production of the Philippines National Human Development Report beginning in 1994. And the UN's Joint Consultative Group on Policy for The Philippines composed of the UNDP, UNICEF, UNFPA and WFP worked with the Government in support of the National Strategy to Fight Poverty. In countries such as The Philippines, this type of support to analytical work increased over the period as the UN's operational role declined. In Madagascar, the UN system in general and the UNDP in particular made major contributions to the National Strategy for Poverty Reduction. In general, the UN system endeavored to balance advocacy for economic growth with some efforts at place equity and social issues at the heart of the national debates²⁷.

- The UN system supported *policy advocacy work* in areas such as HIV/AIDS, women's health issues and participatory approaches to poverty reduction.²⁸ Reviewing the six evaluations, it is possible to trace a consistent record of UN system policy advocacy and social marketing over the period 1985-1999. Indeed, in many of the countries, the UN system was at the forefront of advocacy in support of poverty reduction long before it acquired its current emphasis in the mid-1990s. The succession of Human Development reports made a discernible difference to policy debates in The Philippines leading to three Philippines HDRs appearing in 1994, 1997 and 2000. . The Vietnam case is one of the best examples of the potential for effective UN policy advocacy in poverty reduction. Most of the evaluations saw the UN system as having a major impact on setting the language and discourse about development issues, especially with respect to human development.
- The UN system worked for *organizational change and restructuring in support of poverty reduction*. The UNDP supported public sector reform in a variety of countries including Nepal, Vietnam and Madagascar. In Mozambique, the UN worked with a broad variety of national organizations in the late 1980s and early 1990s whose services were mandated in some way to serve the poor. These included the Secretary of State for Social Welfare, the National Rural Water Supply Programme and the Ministry of Health. As noted earlier, this type of intervention was one of the most intractable given the barriers to organizational change in all six countries and the time frame required to achieve and demonstrate real improvements in organizational performance.

5. AN OVERVIEW OF THE DEVELOPMENT RESULTS

5.1. The evaluations cite many examples of UN organizations and agencies making a demonstrable impact on poverty alleviation. WFP's heifer project in Tanzania enabled poor small holders to boost their incomes through milk production. The UNDP 2000 project improved the nutritional status of a number of families in rural Tanzania. UNIDO's work in training rural women in various aspects of food processing appears in a number of

²⁷ See the Structural Advisory Teams for Africa (SAATA) and the Social Dimensions of Adjustment

²⁸ In Mozambique, UN organizations spent 30-40% of their time on advocacy activities.

evaluations. ILO made good progress in poverty reduction through its programmes in urban community development and intensive road building. In some cases, UN system interventions, particularly in the 1980s, helped some countries, e.g. Tanzania, to prevent their health systems in the rural areas from collapsing.

5.2. It is, of course, much more difficult to connect these efforts to national trends in capacity building and poverty reduction, most of which were shaped by forces beyond the reach of all the development cooperation available to the countries let alone that supplied by the UN system. The Madagascar evaluation is instructive on the underlying systemic causes of the deepening level of poverty in that country. Much of the issue had to do with what the evaluation calls a “vicious downward spiral in rural productivity and food security” that entrapped more and more rural households in Madagascar. Education was of very low quality and had no immediate benefits in terms of fulfilling household food security needs. Environmental degradation accelerated these trends as did lack of access to markets and the practice of usury. Finally, the effects of poor governance acted to prevent the emergence of long-term solutions to any of these systemic constraints.²⁹

5.3. Readers also need to beware of some dilemmas that the UN system, along with other international development organizations, faced when it comes to making an impact on complex issues such as poverty reduction. If the issue was seen as complex and systemic as in the case of the rural productivity crisis, the proposed solutions must themselves be multi-faceted and targeted at a variety of levels. Yet the UN system, by itself, did not have the financial resources or the organizational weight to carry off that kind of comprehensive approach certainly at the implementation stage. Second, the UN system was frequently pushed both by its supporters and its detractors to promise results in broad areas such as poverty reduction that it could not possibly deliver. We return to this issue later in the paper.

5.4. The evaluations portrays, as might be expected, a decidedly mixed picture of the capacities for poverty reduction that the UN system helped to improve or create or sustain over the period 1985-1999.

- Most Government officials interviewed for these evaluations voiced their general support of the UN system contribution to capacity building for poverty reduction. Most valued its responsive agenda, its willingness to work with country officials and its access to global knowledge and experience. One official from Madagascar summed up the views of many of the people interviewed for these evaluations by stating that the United Nations provided the neutral intellectual ground where a range of options could be examined somewhere in between the adjustment orthodoxy of some of the multilaterals, the social concerns of NGOs and the commercial interests of some bilateral donors.

²⁹ “The succession of poor economic performances has been the result of bad choices of policies and development strategies in the past which explains why average incomes per capita in Madagascar today is only half of what it is in 1960”. Cited in Madagascar evaluation. p. 34

- All six evaluations mirrored the ‘bad’ and ‘good’ news of the Tanzanian case which stated that “the collective efforts of the UN system have not apparently made any significant impact on the national indicators of poverty and indeed, on national capacity.” But that the UN work had “an undoubted impact in specific geographic locations for a relatively small number of beneficiaries and in a number of institutional islands.”
- In all six countries, the UN system had to try and strike a balance amongst the claims on its resources. In countries such as Mozambique and Vietnam, the UN system had to weigh the demands of emergency relief, rehabilitation, reconstruction against the needs of longer-term development interventions. In all the countries, the resources devoted to advocacy and convening - the normative tasks - had to be balanced against those relating to operations.
- The verdict on the performance and sustainability of the capacities assisted by the UN system is invariably mixed as might be expected. Some country organizations assisted by the UN system made major contributions to poverty work. Others such as the Madagascar Institute for Technical Training ended up playing only a minimal role in formulating the national poverty strategy. The evaluation of the PDDP program in Nepal raised many of the issues with regard to sustainability that can be found in most such studies including the lack of on-going financing, political control by local elites and many others. Fiscal issues surfaced in the Vietnam case. Some UN efforts such as public sector reform also appeared to be too big and complex. In many cases, staff trained for work in the public sector soon left to take up positions in the private as in the case of medical staff in Tanzania supported by WHO. In general, the record on performance and sustainability seems better in the NGO and private sectors than in the public.
- The evaluations portray a complex view of the strategic intent of the UN system with respect to capacity building for poverty reduction. In the 1980s and early 1990s, the UN organizations and agencies did not function as a ‘system’ and were mainly engaged in supporting individual projects mainly at the central level in the 1980s. Most of these projects were more targeted on objectives more closely connected with their individual organizational mandates (e.g. improve reproductive health) than they were on the more generic goal of poverty reduction. This is not seen here as a fault or a grave omission given the complexities of reaching such an inter-organizational consensus across a wide range of issues. We can see evidence of a broader strategic intent underlying the interventions of the UN system slowly emerging during the mid to late 1990s.
- Nor do the evaluations give any clear indications about the ‘best’ kind of capacity interventions for the UN system to support if poverty reduction is the objective. In the Nepal case, much of the work at the district and community level was undertaken to get around the lethargy and lack of direction at the central levels of Government. But it had begun to appear that a UN focus on policy and capacity building at the district level was more productive than one aimed at working directly at the community level. In the

Madagascar case, the evaluation came to the view that working at different levels - the national, the provincial and district and the community - had the potential to generate complimentary benefits that were critical in any systemic approach to poverty reduction. A different pattern of interventions was needed at different times in different countries for different reasons.

6. THE FUTURE - WHAT ARE THE IMPLICATIONS OF THESE RESULTS?

6.1. The six evaluations differ, in some respects, both in terms of country situations and the individual predilections of the authors. But some general patterns and implications for the future do emerge.

Capacity building and poverty reduction

6.1. The evaluations support some two of the broad conclusions about the relationship between capacity building and poverty reduction that are well accepted. First, larger national organizations such as ministries of finance and agriculture departments must be included in any strategy that seeks to build capacity to support the poor. Despite the political and financial constraints involved in getting such structures to pay attention to the poor, international actors such as the UN system have a useful role to play helping to shape a poverty reduction agenda and pushing such national organizations to build their capacities to implement it. Second, the poor themselves must get access and service from organizations and institutions that are set up to cater to their needs. These include judicial systems, police, systems of property rights, community-based organizations, banks and so on that can help the poor to help themselves. Capacity building at this level must focus on access, responsiveness and adaptability as much on traditional concerns to do with effectiveness and efficiency.

The UN system interventions and country ownership

6.2. A key assumption of development thinking in the 1990s centered around the centrality and importance of national ownership. International development organizations such as those in the UN system could facilitate national efforts and provide access to knowledge and experience. They needed to support but not supplant national efforts. The assessment of the six evaluations of the UN system's effectiveness in achieving this objective are mixed. Some such as the Tanzanian case saw the UN system's projects in Tanzania "as still owned by the UN agencies and not by the Tanzanians". In Nepal, UN programmes were running the risk of co-opting or submerging some community initiatives. The Vietnam case, in contrast, was much more encouraging on the record of the UN system in fostering national efforts. In Mozambique, the UN system appears to have made a sustained effort to focus more on facilitation and less on direct implementation and delivery over the 1990s. This range of experiences can at least partly be explained by the following factors:

- National context obviously mattered. Vietnam in the 1980s and most of the 1990s was intent on keeping control of outside interventions. Other Governments were less determined to manage the activities of the international development community.
- In most cases, ownership was closely correlated with capacity. Those countries most in need of an effective institutional infrastructure were least able to absorb and benefit from capacity building interventions.
- In some cases, the UN had to deal with contending 'ownerships' at the country level as in the case of central governments trying to control decentralization.

6.3. In summary, the evaluations portray the UN system as well aware of the ownership issue but frequently caught in a series of cross pressures that did not always allow national ownership to flourish. UN organizations frequently ended up emphasizing need in an effort to be responsive but overlooking absorptive capacity. They also invested in some projects that had as much to do with their own organizational legitimacy as they did with the potential for developmental benefits. What will be required in the future will be a more disciplined approach by the UN system to assessing the chances of genuine national ownership and absorptive capacity. Such an approach should lead some UN organizations to rethink their use of projects and their relationships to the programs of other international development agencies.

The importance of context and timing

6.4. International development organizations, including the UN system, have a natural tendency to see themselves as key actors taking the critical initiatives, pushing for change and helping to build the required capacity. The success or failure of any intervention is seen to correlate with the relevance and management of their own efforts or the inherent objective virtue of the solutions being proposed. Yet as the six evaluations make clear, both indirectly and directly, deeper structural conditions and change in the various country contexts were far more important in freeing up the space and creating the indigenous energy to enable such initiatives to take hold.

6.5. The political economy of the various initiatives, for example, mattered more in terms of their impact than did the supply of UN system technical virtuosity. In the Nepal case, political forces at the center dominated the pace and effectiveness of capacity building including at the district level. In particular, the level of national commitment and coherence governed the effectiveness of capacity building initiative. In Tanzania, national judicial officials appear to have had a clear sense of when the changing political space might free up some opportunities for building the rule of law. In The Philippines, a series of economic and climatic shocks throughout the 1990s had major effects on the level of poverty. In Madagascar, most of the efforts to support the National Long Term Perspectives Studies and the NATCAPs were submerged by political factors and had no influence on the design of policies and programmes. If these deeper contextual factors matter profoundly, then the

ability of the UN system to go beyond an assessment of technical considerations and come to broader judgments on risks, constraints and opportunities will be crucial. This point, in turn, has organizational implications for staff training and deployment.

The special niche and contribution of the UN system

6.6. The search for a special niche and contribution of the UN system was a recurring theme in both the first and the second round of the evaluations. In the first, countries such as Pakistan and El Salvador saw the UN system as more open to dialogue and the acceptance of country priorities. UN system assistance was perceived as part of a global collective endeavor over which UN member countries had a direct voice and interest. This theme continued into the second round. Countries such as Vietnam and Mozambique had long associations with the UN system both in terms of peace making and short-term reconstruction and as a development partner. Both granted the UN system a confidence and a level of involvement that was unique. The UN was also seen in countries such as The Philippines as having had a genuine and long-standing focus on social issues

6.7. Many in the UN system tried in the 1990s to build a capacity for supporting innovation, experimentation and scaling up by Governments, coalitions of NGOs or other funding agencies. Variations on the programme approach were in use from the late 1980s. In The Philippines, the UN system helped the Government to learn from pilot projects that showed promising new directions in decentralized service delivery. These efforts included the delivery of basic social services (UNICEF), the provision of reproductive health and family planning (UNFPA) and the management of environmental programmes (UNDP). The need for this UN system capacity became increasingly important as the declines in its own financial resources prevented it from funding many of its own pilot projects. The shifts to the programme approach and to more facilitation and support as opposed to project implementation can be seen in most of the evaluations.

6.8. But most of the evaluations also point, both directly and indirectly, to the changing conditions that the UN system faces as it tries to capitalize on its unique attributes.

- Clearly, it cannot continue to be a general purpose system on the basis of its meager financial contributions, which now amount, in most countries, to, at the most, 5-10% of total annual concessional financing. The search for leverage and strategic interventions promises to intensify in the years ahead.
- Nor is the UN system likely to maintain its role as a leading force for donor coordination given the rise of country-led mechanisms such as PRSPs and SWAPs where the UN system plays only a minor role in most cases.
- The development niche that the UN system has occupied over the last few decades is shrinking as other international development organizations focus their activities and greater resources in areas such as poverty reduction, governance, social policy, gender,

environmental protection, anti-corruption where the UN system has long been a key player.

6.9. The general suggestions in the evaluations mirror those of other analyses that have looked at the longer term positioning of the UN system. In summary terms, the evaluations suggest two key contributions for the UN system that might be strengthened in the years ahead.

- The UN can focus more on what many observers see as its real comparative advantage, that is, using its convening power to promote policy dialogue, advocacy, awareness raising and social marketing. Critical to the effectiveness of this role would be for country partners to use the UN system as an access to global knowledge on a wide variety of specialized topics. From this perspective, the fieldwork of the UN organizations and agencies would receive less emphasis. Such an emphasis would obviously vary amongst UN organizations depending on their mandate.
- Second, the UN system can design and implement its programmes and projects in the field with a view to using them as development experiments. It would focus on more specific tasks rather than broader efforts for which it no longer has the resources. Other international development agencies in both the public and private sectors would help to scale them up to achieve a wider impact. But this more entrepreneurial role would again have implications for the structure and management of UN system organizations.

Conventional projects and technical cooperation

6.10. The evaluations chart a decline in the UN system use of conventional projects and expatriate technical assistance. But the UN system still faced the ‘small project problem’ in many of its activities. The evaluation in Madagascar, The Philippines and Vietnam, in particular, focused on this theme. In the Madagascar case, the evaluation described UN-supported work at the field level as being characterized by “relatively small initiatives, supported with limited resources and endowed with a pernicious project mentality”. Part of the explanation in the Madagascar case was the financial incentives in terms of overhead costs provided by other international funding agencies that came with the management of such activities.

6.11. The UN system, in common with most other international development organizations, needs to accelerate its efforts to improve the impact of its technical cooperation. The UNDP experimented with the National Technical Cooperation Analysis and Programming (NATCAP) approach, which appears to have left only a minimal legacy in the countries where it operated such as Tanzania, Madagascar, Nepal and Mozambique. Of greater influence were deeper trends in development cooperation including the increasing importance given to national ownership and the use of national capacities. In other countries such as Mozambique, TA declined with, for example, the FAO going from 40-45 long term experts in the field in the late 1980s to eight (8) in 1999. The UNDP is currently managing another re-appraisal of

technical assistance on behalf of The Government of the Netherlands, which hopefully will be of benefit to the wider UN system.

Progress in building a UN-system wide approach to capacity building

6.12. The evaluations chart out a more or less encouraging evolution to do with UN system-wide approaches. In the late 1980s, most supported individual projects with little or no connections between them or ties to other UN system strategies. Slowly, the UN system moved to address three key issues:

- A greater attention to policy dialogue at one end and capacity building at the other.
- More efforts at collaboration with other bilateral donors and multilateral funding agencies
- More coherence in approaches to capacity building amongst the UN system organizations.

6.12. The evaluations are, in most cases, supportive of the progress of UN organizations and agencies in moving to implement the United Nations Development Assistance Framework (UNDAF).³⁰ In particular, the Nepal, Mozambique, Madagascar, Vietnam and The Philippines cases cited progress towards this objective. Contextual pressures were part of the reason. The declining financial resources of the UN system put a premium on collective action if any real policy influence was to be achieved. Most development issues were so complex as to be beyond the resources of any one UN organization. Senior managers within the UN system appear to have made clear the need for UN organizations to collaborate whenever possible. And finally, the results to date such as the case of HIV/AIDS in Mozambique convinced many UN officials at the middle and lower levels of the value of collaborative approaches. When UN agencies combined their efforts to advocate and influence policy, their impact could be substantial. When they worked in isolation and without adequate financial resources, they frequently were unable to have much discernible impact³¹.

6.13. One caveat should be added on this point. Observers of the UN system need to be realistic about the limits to UN system collaboration. All organizational systems, especially larger ones operating on a global scale, must balance integration and synergies versus differentiation and identity³². The UN system has a harder time than most global organizations achieving this balance given its history.

³⁰ This was not a unanimous view. The Tanzania evaluation said that it could not find "much evidence of collective action by the UN system in Tanzania". (p.11)

³¹ As in the case of ILO and its study entitled *Employment in Tanzania: Projects in the Rural and Informal Sectors*, 1986.

³² One of the main issues in structuring the current alliance between the French carmaker Renault and the Japanese firm Nissan is "managing the contradiction between synergy and identity. Too much synergy, throwing the

Learning and performance in the UN system

6.14. The first set of evaluations gave the UN system poor marks for its ability to learn including about capacity building. This was not for lack of effort. But as a system, the UN still encountered difficulty in improving its institutional memory and learning capacities. This second set of evaluations makes many of the same points. In Nepal for example, UN organizations had difficulty in ‘unlearning’ before prescribing new actions.

6.15. The symptoms of this learning disability will be familiar to most observers of development cooperation. Ineffective learning appears to be a generic condition in most international development organizations for reasons that have to do with their culture, incentives and structures³³. In fact, the key issues to do with learning in the UN system may not be adequately stated in these evaluations. The issue was not so much lack of effort at learning. Many UN staff members appeared to work hard at generating learning in a variety of fields and many UN reports had a ‘lessons learned’ section at the back. UNDP staff in the field had access to various ‘best practice’ networks that show promise. But the UN system still struggled to put in place an organizational system that uses knowledge to strengthen and improve outcomes (learning for performance) and in addition, use the learning from outcomes to improve policy choices and strategic direction. In practice, too many unconnected “lessons learned” and aimless “best practice” seemed to clutter up the UN system. Staff members were almost invariably overwhelmed with daily operational work, which eroded the space and energy for organizational learning. Staff had too much information and undirected learning pressing in on them. The UN system did try to narrow this ‘knowing-doing’ gap in the 1990s but more needs to be done to make organizational learning into a core capacity of the UN system. .

The assessment of capacity building issues

6.16. Organizational and capacity analysis within the UN system remains unsatisfactory. Evidence of this issue showed up in the cases on Tanzania and Nepal. Much of the current approach to such assessments remained conventional and mechanical. Contextual analysis of country conditions was usually sketchily done as was the attention paid to the intricacies of complex interorganizational relationships. Analytical tools such as the logical framework analysis (LFA) were still used despite its poor reputation for organizational work. There was little evidence of the UN system, as a system, learning much about organizational assessment or of benefiting from the experiences of other UN system organizations. Part of the issue also lay in the pressure to achieve and demonstrate results in the short term, an

companies together willy-nilly and you lose identity. Identity matters because it is the basis of motivation and motivation is the fuel that companies run on” quoted in the Economist p. 51, August 18-24, 2001.

³³ See Kim Forss, Basil Cracknell and Nelly Stromquist, *Organizational Learning in Development Cooperation: How Knowledge is Generated and Used*, Expert Group on Development Issues, Working Paper 1998:3, Eliot Berg, *Why Donors Don't Learn*, undated mimeo 1999

accelerating trend in development cooperation that appears to be limiting the effectiveness of capacity interventions.

6.17. In common with many international development organizations, many in the UN system still saw capacity building in terms of training and equipment supply for much of the period long after it had become clear that such a focus was necessary but not nearly sufficient to make a difference to organizational performance. This was particularly true of some of the specialized agencies such as WHO, UNFPA, UNICEF and UNIDO.³⁴ This trend was particularly evident during the 'project' period from the mid-1980s to the early 1990s. There is little point here in summarizing the debate about the value of training as a capacity building strategy except to point to the growing range of criticisms about its impact over the medium and longer term.

The shift to collective and systemic approaches

6.18. Most of the evaluations in both the first and second rounds track the uneven shift of the UN system from its project focus by individual UN organizations in the mid-1980s to its later emphasis in the 1990s on broader programme approaches and the need for greater collaboration within the UN system. Part of this shift to more collaborative approaches inside the UN centered on the UNDAF mechanism, which included pooling arrangements of UN funds and resources.

6.19. But a major issue which remains is that of UN system participation in pooled approaches to capacity building and poverty reduction *outside the UN system*. This includes mechanisms such as poverty reduction strategy programmes (PRSPs) and sector-wide approaches (SWAPs). As much as 20% of all concessional financing from both international funding institutions (IFIs) and bilateral donors now flow through these channels with the prospect for more in the years ahead. In countries such as Mozambique and Tanzania, these structures have become key instruments for addressing issues to do with poverty reduction. And they have begun to play a substantial role in donor coordination.

6.20. The UN system has not been a leader in the promotion and design of these approaches for a variety of reasons including procedural constraints, the difficulty of targeting specific issues within such collaborative approaches and the UN's inability to play a role in budgetary support. In some countries such as Mozambique and Tanzania where the use of sector approaches is more advanced, UN organizations do participate to some degree including one in Mozambique - that in agriculture - which the FAO chairs. In Tanzania, most of the UN system participated in the preparation of the Poverty Reduction Strategy Paper (PRSP).

6.21. Such collective arrangements are likely to have important policy and organizational implications for the UN system in the years ahead. The UN system therefore will have to be clear on what contributions it can offer to pooled arrangements and how those contributions

³⁴ In Vietnam, the supply of training and equipment took as much as 80% of the allocations of some UN programmes.

can best be designed and delivered. Only one UN organization - the UNFPA - has an explicit policy on its potential involvement in SWaps. A number of the evaluations (Tanzania, Madagascar, Mozambique) also make clear the importance of equipping UN system offices with staff that have the analytical capabilities and the delegated authorities to formulate policies and participate in high-level negotiations that come with these kinds of collective efforts.

The monitoring and evaluating (M&E) of capacity issues

6.22. The UN system, along with other international development organizations, is searching for better ways to monitor and evaluate capacity issues and to demonstrate the value of their work in this area to outside supporters and funders. Section 2 above referred to this issue. All six evaluations show a sense of unease about the current state of the art and the rather mechanical 'inputs-outputs-impact' methodology that was adopted in the latter part of the 1990s. And they point to some areas of improvement for the future.

- The Philippines evaluation discussed the limitations of the concept of 'impact' when applied to capacity building. It suggested thinking more in terms of influence, consequences, value or contribution.
- Most approaches to the M&E of capacity issues derive from implicit mental models of organizational development and change, some of which in the UN system are out-of-date to deal with complex institutional issues. The evaluations point to more investment and learning in this area.
- Most of the evaluations noted that the UN system still chronically underestimated the time required for its interventions to help generate development results despite decades of experience to the contrary. They suggested better analysis, more candor and more patience when it came to make overall judgments on such issues. There is clearly a need for the acceptance of greater complexity and the realistic use of plausible association.
- In practice, the growing concern with performance measurement both in the UN system and in the wider international development community, while useful in principle, was having a range of ill effects that were combining to lower its value as a tool for improvement. All emphasized the need to make M&E a source of learning and a support to performance rather than just another device to ensure symbolic accountability. Simply put, M&E needs to be more decision-oriented and utilization-focused.
- All the UN system programmes needed to make M&E itself more participatory and to involve national participants much more in these processes. M&E needs to be less technocratic and more stakeholder-driven.

- Some of the evaluations raised the issue of assessing UN system accountability for results at a time when more of the design and management of development interventions were more clearly under the control of the host country.
- Harmonization of the procedures and methodologies of international development organizations including those to do with M&E is a clear necessity. In response, a number of groups and organizations around the world are currently working to develop an accepted and comprehensive method that can be used by both evaluators and practitioners. Given its experience with these issues, the UN system could make a substantial contribution to this work.

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CAPACITY BUILDING FOR POVERTY REDUCTION: REFLECTIONS ON EVALUATIONS OF UN SYSTEM EFFORTS

By Mary E. Hilderbrand

Dissatisfied with the limited results of three decades of development assistance and responding to critiques from within as well as outside the development assistance community,³⁵ the United Nations and other development agencies began in the early to mid 1990s to explicitly focus on “capacity building.” While this meant different things to different people, in general it signified using the resources of the development agencies to contribute to strengthening capability within developing countries to take on development challenges on their own, rather than the external agencies’ doing the operational work themselves and thereby perpetuating dependence on external resources and expertise. It also signified a concern with long-term sustainability of development efforts and results, instead of short-term outcomes.

That movement was paralleled by a renewed focus on poverty. After several decades of independence and concerted efforts at economic and social development, poverty remained a serious problem globally and within many countries. Economic reforms during the 1980s and early 1990s had helped to reduce poverty in some places, but had also added new complexities to the challenge it presented. Building on a tradition of concern with such issues and on strengths developed over many years through its influential work in such areas as human development, health, education, and the well-being of children, the United Nations put poverty front and center among the goals that were to shape its development cooperation. In so doing, it sought to define a development mission for the UN and, at the same time, to complement the international financial institutions’ emphasis on structural (and more recently, institutional) reforms.

The two themes—capacity building and poverty reduction—were brought together by the United Nations General Assembly, when it requested the present series of evaluations, published in this volume, to look at the UN System’s contribution to capacity building for poverty reduction. Given the centrality of poverty to the challenges facing developing countries, and the corollary need for those countries to have substantial capacity to confront poverty, this is an important and valuable evaluation of the UN’s work.

In this chapter, I will address capacity building for poverty alleviation, drawing on themes and issues raised by the six country studies.³⁶ I will not duplicate the careful

³⁵ See, for example, Berg, 1993.

³⁶ Acharya and Wright, 2000; Edgren and Ghai, 2001; Farvar and Stacy, 2001; King and Kirjavainen, 2000; Morgan and Mvududu, 2000; Reyes and Apthorpe, n.d.

compilation and analysis of findings provided by Morgan, and will refer the reader to that piece,³⁷ but will reflect on some of the complexities of key issues and approaches raised by the six studies taken as a group. The issues discussed are relevant to capacity building for poverty alleviation and have implications for how the UN conceives of and carries out its work.

The impact of the six reports, viewed not so much as evaluations of UN work but as country studies of capacity building for poverty reduction, is to demonstrate the enormous difficulties in conceptualizing the topic, operationalizing it, and achieving results. The following propositions help to capture some of the complications, and are the organizing motif for this chapter:

- The capacity building agenda for poverty alleviation is broad; the challenges are enormous. We have few guidelines for prioritizing.
- There is often uncertainty about where capacity should be built.
- UN and other donors need to be realistic about the extent to which they can build capacity.
- Ownership is clearly important, but it is not a panacea, and the issues it raises are thornier than often recognized.
- There are no clear answers about what donors should do in the absence of “ownership” and/or adequate institutional frameworks.

These conceptual and operational difficulties are reflected in the evaluations and, indeed, affect and limit the results of the UN's work as reported in the country studies. Nevertheless, I would also conclude that much of what the UN does, including the importance it places on advocacy and its ongoing shift toward encouraging participation—while not free of difficulties and contradictions themselves—are appropriate adaptations to the difficult contexts within which it often works.

Defining capacity and capacity building

Capacity is notoriously difficult to define. The most important idea it captures is the distinction between the end (poverty alleviation in this case) and the “means” to accomplish the end. Capacity is the “means”, or the ability, to fulfill a task or meet an objective effectively. In this usage, it is not primarily the financial means, although that affects capacity, but it refers mainly to individuals’ and organizations’ capability. Additionally, it implies collective capability. While individuals, who bring skills, knowledge, and dedication, are important building blocks, it is not the free-standing, isolated individuals

³⁷ Morgan, 2001.

who populate the economist's market, but rather individuals working within organizational and institutional frameworks, who constitute an important element of capacity.³⁸

Capacity has often been used in a narrow sense to refer only to the skills of staff and the strength of specific organizations; thus, training staff and creating or strengthening single organizations has been equated with capacity building. Research over the past few years, however, has called attention to the importance of the larger institutional framework and environment that shapes and supports or constrains the organizations and their staffs. One of the major findings of empirical analyses of capacity is that the institutional frameworks are many times so constraining that it is unlikely that interventions aimed solely at the individual or single organizational level alone will be effective.³⁹

Therefore, the concept of capacity has been broadened. While it still includes individuals and their skills and the organizations within which they work, it also includes the larger institutional frameworks and contexts that shape whether the skilled staff can be attracted, well utilized, motivated, and retained, and whether organizations—no matter how well-managed internally—can function effectively in meeting the defined goals. Capacity, then, is seen as multi-dimensional, complex, and systemic. Capacity “building” has similarly been redefined to include, and even to emphasize, efforts to improve the institutional context within which organizations operate, to enable them to better support effective performance. Efforts to strengthen capacity need to locate major constraints on or gaps in capacity and target efforts appropriately.⁴⁰

1. The capacity building agenda for poverty alleviation is broad; the challenges are enormous. We have few guidelines for prioritizing.

Reducing poverty substantially is a—perhaps *the*—central challenge of economic and social development. It involves economy-wide and society-wide institutions and policies. It does not just depend on a narrow set of activities that can be easily isolated and analyzed, but a complex web of conditions and actions that are deeply intertwined in their effects. Identifying capacities needed for poverty alleviation requires first defining what needs to be done, then assessing what capacities are needed to do it.

A comprehensive approach to poverty

In contrast with earlier views, economic growth and poverty alleviation have increasingly come to be understood as not involving necessary, systematic trade-offs; and

³⁸ This usage differs somewhat from that in some of the evaluations, in which improving the abilities of farmers as individual producers or the security of individuals in the society were seen as capacity building.

³⁹ See, for example, Hilderbrand and Grindle, 1997.

⁴⁰ On this usage of capacity and capacity building, see Hilderbrand and Grindle, 1997; Morgan and Qualman, 1996; and UNDP, 1997. It is similar to the institutional sustainability approach in Brinkerhoff and Goldsmith, 1992.

policy approaches that minimize potential trade-offs and contribute positively to both growth and poverty reduction are seen as possible and desirable.⁴¹

Economic growth is an essential basis if poverty is to be substantially reduced over the long-term. Therefore, attending to economic growth is a critical part of the solution for poverty. Getting macroeconomic policies right, to create incentives for investment and production and to create and sustain an “enabling environment” for the private sector, is a basic first step toward economic growth. Nevertheless, several years’ experience under structural adjustment has led to disappointment of some economists’ hopes that good macroeconomic management would alone be sufficient to provide the dynamism needed. Attention to the productive sectors—agriculture and industry—is also important for economic growth, although the emphasis now is generally understood to be primarily in providing the supports and services needed to encourage and facilitate investment and to enable the private sector to take the lead, and providing effective regulation where needed.⁴² Recent work on economic growth has emphasized the importance of institutions, including legal and judicial institutions, effective government administration, and financial institutions; so building institutions that support the functioning of markets has come to be seen as a requisite for growth.⁴³

In many if not most cases, however, simply getting growth is not likely to be all that is needed to fully address poverty. If growth often raises all boats and thereby reduces the rate of absolute poverty, the metaphor is not entirely apt, for growth, unlike a rising water level, does not raise all boats uniformly, either across countries or for groups or regions within countries. Not only the fact of growth, but how growth occurs, is important. Whether it creates productive opportunities and employment, and whether those opportunities and jobs reach the poor, will shape the extent and the ways in which it affects poverty. Efforts targeted to specific regions or groups may be necessary to bring productive opportunities to them. Safety nets are an additional piece of the puzzle, to protect vulnerable groups or individuals who are temporarily disadvantaged, those who are permanently unable to take advantage of opportunities, and those in regions or groups that the productive opportunities fail to reach.

Broader definitions of poverty include not just income levels but also access to health, education, clean water, and sanitation. Attending to these needs amounts, at the same time, to an investment in human capital, which in turn contributes to growth. Education and health are both increasingly understood to be integral to economic growth as

⁴¹ For empirical evidence and analyses, see Deininger and Squire, 1996, and Birdsall and Sabot, 1994. See also Bruno, Ravallion, and Squire, 1997; and World Bank, 2001.

⁴² The role for more interventionist industrial policy remains controversial. Ironically, the countries that may need it the most have the least capacity to carry it out.

⁴³ For a summary of the evidence on institutions and growth, see Burki and Perry, 1998, pp. 11-37. What has become the common wisdom on institutions and growth has not been much disputed, but one recent study does take issue with the idea that strong institutions are necessary for growth. It looks at development of institutions in now-developed countries and concludes that they were developed late and slowly, and that economic growth largely preceded them. Chang, 2000.

well as poverty alleviation; education of girls has been found to have a particularly high return. So provision of social services and basic infrastructure is an important component of an effective response to poverty. These are measures that contribute to minimizing potential trade-offs between growth and poverty.⁴⁴ But they, like pro-growth policies, are not sufficient on their own. Earlier approaches, such as Basic Human Needs, that equated anti-poverty policies with social service provision turned out to be inadequate: such approaches must be complementary to efforts to ensure that production and employment in the economy are increasing.

Some recent poverty approaches, such as that represented by the *World Development Report* 2001,⁴⁵ include powerlessness and vulnerability as part of the definition of poverty; empowerment of the poor is therefore part of poverty alleviation. Even without such a broad definition of poverty itself, however, it is clear that reducing poverty requires knowing better what the poor need and being able to involve them in choices regarding allocation of resources and definition of programs. Therefore, finding ways to give voice to the poor is important to effectively meeting the challenge of poverty, even more narrowly defined. This points to attempts to improve governance in ways that open up greater space for participation generally and for participation of the poor specifically, and to make that participation effective, as a critical part of a poverty reduction strategy.

The capacity building agenda for poverty alleviation

If the agenda for poverty reduction is broad, the capacity agenda is equally broad. But it is a somewhat different agenda: focusing on capacity for poverty alleviation involves taking a step back and looking *behind* the policy approach to see what is required to be able to carry it out, now and on a sustained basis.

The view of poverty alleviation outlined above has direct implications for what capacities need to be in place if a country is going to be able to respond effectively to the challenge of poverty. There need to be capacities to formulate policies and implement policy decisions and programs. Because of the wide range of policy and program areas involved in poverty alleviation, these capacities are needed across those areas—for macroeconomic management, the productive sectors, and the social sectors. As a basis for establishing and maintaining those capacities, there needs to be a supportive administrative framework. But there also needs to be capacity for participation and representation of the poor, and improvement in governance more generally.

Policy analysis and formulation. First, there is a need for capacity to analyze and formulate macroeconomic policy. Governments in particular must have well-trained economists who can analyze the country's economic situation and needs and who can design appropriate policies, and the central economic ministries and agencies need to be organized and managed in ways that will motivate their staffs and enable their work to be utilized

⁴⁴ See Birdsall and Sabot, 1994.

⁴⁵ World Bank, 2001, pp. 19, 31-41. See also Sen, 1999.

effectively. Policy analysis and formulation capacity is also required in the ministries and other agencies dealing with the productive sectors—industry, agriculture, fisheries, etc.—as well as in those for health and education. They need people who understand the technical aspects of policies in their respective areas, can use technical information, and can design policies appropriate to the needs and the context.

Implementation capacity. Second, the state must have administrative capacity to implement its policy decisions and programs. This applies in the central economic and financial ministries and agencies, for basic processes such as budgeting and public expenditure control. It is equally essential and a much larger challenge in the various ministries and agencies in the productive and social sectors. To effectively provide education, health services, or support services for economic production, such as agricultural extension, requires being able to reach throughout the country and down to the community level. This requires managers who can manage personnel and financial resources, motivate their staff, and evaluate, design, and monitor projects and programs; people with technical skills; and trained and committed teachers, health care workers, extension agents, etc. It also requires management systems; logistical systems with regard to supplies and equipment; and systems to collect, report, and analyze data.

Administrative framework. Policy formulation and implementation capacities both depend on having well-trained people for the various types of analysis, management, and operational work that have to be done. But whether those people can be recruited, whether they will stay, and how well utilized their skills are will depend substantially on the larger administrative framework. Adequate and appropriate pay scales, merit based recruitment and performance based promotion, rewards for excellent performance, flexibility for management that motivates staff and builds commitment to their work—all these are elements of an administration that can create, maintain, and utilize the human resources that are essential to capacity. So while training and attention to organizations and management systems, are important, if the conditions of work in the administration as a whole are not conducive to capacity, they will need attention. In many developing countries, the larger administrative framework does not provide an environment that is supportive of capacity.

Participation/representation capacity. Fourth, there is a need for communication, responsiveness, and representation capacity regarding economic and social policies and programs.⁴⁶ Otherwise the needs of poor people may not even be known, much less met. This capacity is a subset of what is often called good governance. It requires development within the political system of means of encouraging and using the participation of the citizens, and the ability to be responsive to that participation. At the same time, it requires the capacity of groups in civil society to collectively express interests and make needs known to the government. Because the poor, and especially the rural poor, have an especially difficult challenge in organizing, and have fewer resources for making themselves heard, a system of governance that enables their participation will probably require explicit effort to build the mechanisms and channels through which it can happen.

⁴⁶ This is similar to what Grindle terms "political" capacity. See Grindle, 1996.

Broader governance and institutional frameworks. The institutional framework is critical for good economic development performance, including specifically growth, and good governance is an essential part of creating an enabling environment for capacity to be built and maintained. Furthermore, many institutional and governance improvements will provide a better environment for poverty reduction. Controlling corruption; ensuring personal security; strengthening rule of law and legal and judicial institution; and strengthening and broadening financial institutions (especially if there are components relating to access to credit and other financial services for micro and small businesses and agricultural producers), improving systems of public expenditure and taxation—all are likely to help the poor.⁴⁷ Therefore, improving governance and institutional frameworks is an important part of the capacity building agenda to support poverty alleviation.

Setting priorities

The comprehensive approach to poverty reflects the current understanding of what is needed to fully and effectively address poverty. While the capacity building agenda is less often explicitly laid out, it directly follows from the poverty approach and also reflects current understanding of what is required. The problem with both, however, is that they require doing nearly everything. There are few guidelines for prioritizing. While we know many things that, if in place, are positive for poverty alleviation, we are not able to identify the few things that would be a minimal set of actions that countries in the real world—with limited resources and capacity—should do and that would suffice. Somehow, priorities have to be set.⁴⁸

Rather than assuming that everything must be done, priorities need to be determined, based on a careful assessment of a given country's situation. Countries will differ in the extent and nature of the poverty problem, what they have already accomplished in addressing the problem, and their existing capacity. Priorities will therefore vary from country to country depending on those different factors. A thorough mapping of poverty, analysis of its primary causes, and analysis of policy options for tackling it should underlie setting of priorities for policies and programs to tackle poverty. Then an assessment of capacity for carrying out the selected poverty strategy country would be the basis for a prioritized capacity building agenda tailored to a particular country.

Several criteria can be suggested for selecting capacity building strategies. These include maximizing fit with the poverty strategy chosen, tackling critical constraints on capacity, and maximizing capacity pay-off. In addition, it makes sense to look for win-win-win actions—measures that support economic growth, poverty reduction, and capacity

⁴⁷ Moore, 1999, argues that many efforts to improve governance will benefit the poor. He also notes, however, that investors' ratings of quality of government correlated inversely with performance of those governments on poverty, suggesting that there may be some degree of conflict with the kind of governance and institutions that encourage investment and those that are pro-poor.

⁴⁸ A similar point is made in Grindle, 2001, pp. 36-37.

building simultaneously (or at least that combine "wins" and "staying even," so that trade-offs are avoided to the greatest extent possible).

2. There is often uncertainty about where capacity should be built.

The evaluation studies demonstrated a variety of perspectives among the authors on where UN aid would be best directed and where capacity should be built. To some extent that reflected differences in the country settings, with Vietnam quite clearly requiring working with the state and the Philippines offering many opportunities for working with NGOs. But the differences in perspective went beyond differences in the country contexts. Furthermore, the UN aid activities reported also evidenced different targets for capacity building. While it seemed that most aid in at least four of the countries—Tanzania, Madagascar, Nepal, and certainly Vietnam—was directed heavily to strengthening central governments, the reports indicated that in most cases some assistance also went to lower levels of government and some to NGOs. In general it was not clear whether there was a clear rationale for directing the aid to one place or the other, or a set of systematic guidelines about whose capacity to build and when. Overall, the impression given is that there is a lack of clarity about where capacity needs to be built.

Despite the UN's tradition of working almost exclusively with states, there now seems to be a deep ambivalence about efforts to strengthen or work with the state, while working with NGOs has been accorded greater legitimacy.⁴⁹ This ambivalence reflects, on one hand, approaches in the 1980s and 1990s that viewed states as overly strong and interventionist and, on the other, actual experience with many states as ineffective at meeting development needs and abdicating their responsibilities to a combination of donors and other groups in society. It also comes along with the increasing emphasis on participation and voice and the recognized need and desire to strengthen those. There was considerable emphasis during the past two decades on NGOs, and also decentralization, as solutions equally to weak states or to overly powerful states. Although the easy assumption that either will necessarily lead to better development performance in general or to reductions in poverty specifically has been called into question, faith in such solutions remains a strong current in development practice.

This ambivalence about building state capacity is manifested in the tendency in donor discourse to talk very generally about a country's "national" capacity, and to often avoid confronting head-on the issue of whose capacity needs to be built. But that failure to disaggregate makes the development of practical guidelines difficult. The answer to this conceptual problem is not to suggest the capacity should be built exclusively in either the state or civil society, but to argue that there needs to be clear thinking about these issues if the UN and other donors are to make wise choices about capacity building.

⁴⁹ There also seems to be a preference for working with and building capacity at lower levels of government, as opposed to central government.

Poverty reduction will almost certainly require a package of capacity building efforts, aimed at a combination of state, private sector, civil society, and different levels of government. The appropriate mix will depend on what has to be done to tackle poverty in a particular country and on the structure of government and the particular state-private sector-NGO framework in the country.

Poverty reduction requires capable states.

The problem of states in many developing countries has not been that they were too strong, but that they were too weak, and—further—that there has often been a mismatch between the roles they attempted to take on and their ability to carry them out. Part of the solution is to be found in reducing and refashioning the state's roles to find a better fit between role and capacity. But it is also critical to strengthen their capacity to carry out essential tasks. While the first generation of economic reforms focused on minimizing the role of the state, second generation reforms reorient the state's roles away from control and production to facilitating private sector dynamism, regulating where needed to preserve competition and establish appropriate incentives, and investing in human development. Rather than reducing demands on state capacity, these new roles required new skills and institutions and put a premium on flexible, learning organizations that could manage change. While some existing capacities became irrelevant, new ones were not always easily available.⁵⁰ There is, then, an explicit recognition that states must play an important role for markets to be able to function and that capable states are therefore essential.⁵¹

The approach to poverty reduction outlined in this chapter implies important, and demanding, roles for the state. The state must create a sound macroeconomic environment for the market through appropriate and consistently implemented policies. States must fashion, establish, and maintain institutional frameworks that support the market and make private sector-led growth possible. In the productive sectors, states need to ensure that necessary infrastructure is provided and that producers have access to needed services; in some cases, they may need to actively encourage and support investment in particular types of pro-poor economic activity or in particular regions. Making sure that human development needs are met throughout the society, both through investment and delivery of social services, is generally understood to be a responsibility of the state, although it may find ways to carry out those responsibilities in partnership with the private sector and civil society.

Because policy decisions are ultimately made and implemented by governments, it is essential that policy formulation and administrative capacities be strong within the ministries and other state agencies. Without those capacities, the state cannot effectively manage the economy, provide a supportive environment for growth, help direct growth in pro-poor directions, and provide basic social services. Therefore, if those capacities are weak in the public sector, the UN and other donors should not be hesitant in placing a high

⁵⁰ Batley and Larbi, 1999.

⁵¹ See, for example, Graham and Naim, 1998; Grindle, 1996; Brautigam, 1996; and World Bank, 1997.

priority on efforts to strengthen the state in its ability to carry out those functions, particularly in the areas important for poverty reduction.

Capable states are also those that can manage participation and be responsive to it. While that requires civil society groups to have capacity, which will be discussed below, it also means that the state must have ways to communicate; integrate participation into policy making, implementation, and monitoring; and respond to that participation.

Policy analysis capacity outside the state is also important.

There is need for capacity for policy analysis outside the state, as well. Ideally it will be present outside the executive branch and outside the state altogether—in political parties and in parliaments, in universities, research institutes, consulting companies, business associations, trade unions, the media, and other organizations of civil society. First, the state's own capacity in policy formulation and implementation will be strengthened from interaction with outside groups regarding policy options, and policy will ultimately be better as a result. Capacity for policy outside the state provides a foundation for informed and broader discussion of policy options, as well as for the effective representation of interests of different groups whose participation in policy formulation may be key, such as private sector associations and agricultural producer associations. Academic and policy research institutions can help inform policy dialogue with their work, as well as building a deeper pool of human resources whose skills can be drawn upon by government, or who may move in and out of government. And within government but outside the ministries, newer participants in the policy process, such as parliamentary committees, also must be able to analyze policy and participate in the policy formulation process if they are to be an effective part of a more democratic process.

Second, not only is broader policy analysis capacity important for supporting the state's own strength in this function, but it is also desirable to prevent a monopoly of capability in the state. Regardless of how essential it is for the state to have such capacity internally, it is also better in terms of openness, dialogue, and pluralism in the society—for its capacity to be complemented by other capable sources of policy analysis in key policy areas. There is, therefore, an important role for donors in supporting capacity building for policy analysis in non-state organizations.

Capacity for effective participation of the poor is also essential.

If the poor are to be able to make their demands on the government heard, efforts to build their capacity may very well be needed. While there has been a great deal of emphasis placed on encouraging participation and creating opportunities for participation of the poor, there has been somewhat less attention to the other side of the equation—helping the poor to develop capacities that enable them to participate effectively.

Associations that involve participation of the poor and that represent their interests are important targets for capacity development initiatives. Groups such as small producers'

associations, service user groups, women's cooperatives, parent groups, and community organizations may need encouragement; help with organizational, communication, and advocacy skills; and access to information and finance, among other things, if they are to effectively work on behalf of their members or larger constituencies.

It has sometimes been assumed that working through NGOs was the same as encouraging participation and building capacity among the poor. In some cases that may be the case, but in others it is not. First, contracting with an NGO for service delivery—which is often the form that working with NGOs takes—may or may not help build the capacity of the NGO. In addition, NGOs do not necessarily represent the poor nor involve their direct participation, even if they are serving poor communities.

NGOs that do play an important role in providing services may need to be strengthened in various ways, including management; project and program design, implementation and monitoring; financial management. Where they are an important part of social service provision, that may be very helpful. Others that are more directly involved in representing and giving voice to the poor and their needs may especially need capacity building for research, analysis, and advocacy to strengthen their effectiveness.

Lower levels of government often need strengthening.

Many countries have adopted varying degrees and forms of decentralization. It is typical, furthermore, for at least some social service delivery functions to be decentralized. That means that these lower levels of government, whether provincial, regional, or municipal, are extremely important on the social services side of dealing with poverty. Also, almost universally, decentralization has created enormous capacity challenges at the lower levels, often in the most basic sense of unavailability of people with the skills and experience needed to make decentralization effective. That applies to both the political decision making and representational functions, such as mayors' offices and local or provincial councils, where decisions about allocation of resources takes place, and the administration, where programs have to be planned and executed. Thus, a capacity building strategy for poverty reduction will need to tackle the most critical capacity needs at sub-national levels.

3. The UN and other donors need to be realistic about the extent to which their efforts can be effective at building capacity.

Experience with institutional reform has highlighted the difficulties that capacity building presents for donors. Analysis of World Bank civil service reform programs during the 1980s found that they had less effect overall than expected and that intended capacity building results were especially hard to achieve.⁵² Other studies found that institutional development efforts were less effective than "harder" forms of aid.⁵³

⁵² Nunberg and Nellis, 1995.

⁵³ See Israel, 1987, pp. 18-27; Moore, 1995, p. 90; and Brinkerhoff and Goldsmith, 1992, pp. 369-70.

Yet, despite this evidence, treatment of capacity building in donor literature tends to assume, almost by definition, that capacity is something that can be built by design, and the question is just how to do it, or how to do it better. Donors also tend to view themselves as having a large role to play in the process. Capacity building is, after all, what donors are supposed to be about. This view—undoubtedly overstated and oversimplified, yet reflective of the attitudes that underlie capacity building as a donor approach—is too optimistic about what can be changed by design, especially from the outside, and implies for donors a larger place in the overall picture than is warranted. Capacity is a characteristic that develops within a country's social and political system.⁵⁴

Academic analysis of capacity is generally much more pessimistic than the donor community that capacity can be engineered. It points out that many factors are behind weak capacity, many deeply embedded in social and political systems. Capacity development is usually slow and incremental, shaped by history and a country's social, political and cultural roots. Organizational and institutional change is a political process: it creates winners and losers and challenges vested interests. Weak capacity is not easily changeable, at least according to plan and in controllable ways. Just as threats to capacity sometimes occur as unexpected effects of other actions, factors responsible for good performance may also come about accidentally.⁵⁵ For all these reasons, the extent to which, under normal conditions, institutions and organizations can be changed by design, especially by outsiders, is unclear but surely limited.

The complex sources of weakness in state capacity can demonstrate this. In the early post-independence years, the inadequacy of new government administrations in Africa and Asia was seen as temporary and amenable to development through training, transfer of skills, and other technical assistance. Four decades later, there are some countries, especially in East Asia, where impressive capacity has been developed and where effective states have been credited with a substantial role in their countries' successful economic performance. But many other states are unable to carry out even routine functions well.

No single explanation is sufficient. Key factors include drastic erosion of salary levels as a result of persistent economic crises, disarray in personnel systems, the nature of political systems, and perverse incentives. In addition, some aspects of reform programs, such as downsizing for fiscal reasons alone, have weakened capacity in some places, as have some aspects of development assistance, ironically. Some of these factors may be amenable to planned interventions to improve, though none have proved easy; others that are inherent in the nature of political systems and public-sector organizations are much stickier.

⁵⁴ The exception may be in countries with weak capacity and a high level of aid dependence. In such countries, donor behavior may further weaken capacity, but is probably not proportionately able to rebuild it. On adverse effects of aid for capacity, see Brautigam, 2000, and Morss, 1984. But Goldsmith, 2001, found that aid and donor behavior have been limited in their negative, as well as positive, effects on capacity.

⁵⁵ Tendler, 1997, pp. 163-65.

Political scientists have called attention to aspects of political systems that cause and perpetuate weak capacity. Lack of legitimacy is a key factor behind environments hostile to capacity. Regimes with narrow bases of political support are dominated by short-term political survival incentives, which lead to the allocation of government positions and resources for short-term political gains, with little regard for longer-term development consequences. In many countries, political leaders, fearing the emergence of rival bases, further undermine effective administration by frequently reshuffling cabinet ministers, which undermines existing capacity or hinders the development of capacity in the bureaucracy.

Many weak states are also characterized, and hobbled, by neo-patrimonialism, or the extension of clientelist social relations into state institutions and organizations. This has undermined even the idea of a merit-based bureaucracy serving public goals. Rather, the organizations of the state have been fragmented in service to private interests. Finally, while state organizations have not been insulated from political pressures, neither have they been embedded in a set of social relations that would nurture development-oriented, capable states.⁵⁶

Economists have turned to the role of incentives in problematic public-sector performance to explain weak capacity. In this view, principal-agent problems and incentives for rent-seeking are pervasive. Some difficulties stem from incentives within public organizations, such as the lack of merit- and performance-oriented personnel systems and management. Others, equally critical, are located in the relationship with the environment. Many government outputs have characteristics of public goods, leading to problems in placing values on outputs and to incentives for free-riding, and the nature of many activities makes judging and eliciting good performance difficult.⁵⁷ These characteristics translate into problems in generating support and insufficient demand for good performance from beneficiaries and political leaders alike.⁵⁸

Yet change does occur, and sometimes relatively quickly. Capacity may ebb and wane as economic conditions strengthen or decline, or along with political changes in a country. There is also evidence that improvements in capacity may occur in response to an increase in the extent to which a certain kind of activity is valued or demanded. For instance, macroeconomic policy formulation capacity was strengthened during the 1980s in many countries, as a result of the extent to which it was valued, both externally and also within countries.⁵⁹ This is related to the emphasis on ownership (discussed below), which implies demand for good performance in particular areas from political leadership. At the same time, demand for better service delivery from citizens, for instance, can help push capacities to be improved. Thus, encouraging participation and building capacity of civil society groups as noted above, may help to pull important capacities along.

⁵⁶ See Brautigam, 1996; Callaghy, 1990; Evans, 1992; Leonard, 1987; Migdal, 1988; and Sandbrook, 1986.

⁵⁷ Israel, 1987.

⁵⁸ Brinkerhoff and Goldsmith, 1992, pp. 373-74; Goldsmith, 1992, pp. 585-86

⁵⁹ Grindle, 1998.

4. Ownership is clearly important, but it is not a panacea, and the issues it raises are thornier than often recognized.

In recent years, the answer given to the set of difficulties outlined above is that change can be made and capacity can be built—and donors can contribute to that process—when there is "ownership." Ownership refers to political leaders' initiative in defining, and commitment to, a policy direction or a particular policy or program.⁶⁰

Probably the clearest message to come out of the six evaluations, taken together, is that ownership matters. Vietnam was the one country of the six that made enormous progress in reducing poverty, largely as a result of reforming its economic policies; and it was able, with donor assistance, to build substantial capacity for economic policy formulation to design, implement, and sustain the reforms. What differentiated Vietnam from the other five was that the impetus for the reforms, and the demand for the capacity strengthening, came from the country's leadership, not from donors. At the time the country entered began its economic transformation, there was a very low level of aid or other forms of donor involvement. The UN played a clearly supportive role and was very restrained and respectful, overall, of Vietnam's autonomy and decisions. Nevertheless, the report also noted that donors alone produced many project proposals; and the influx of donors and their money in more recent years was putting added pressures on local ownership.

Tanzania is at the other extreme. Poverty is still high, and social development indicators have deteriorated seriously. The evaluation concluded that, after twenty-five years of donor support, capacity to formulate macroeconomic policies and to nurture an environment conducive to growth is poor, despite some high quality individuals at upper levels. Forty percent of its recurrent expenditure and 80 percent of its capital spending in 1999 were financed by external aid. Donors complained that Tanzanians—whether in the government, the private sector, or NGOs—"automatically turn to foreign countries and foreign aid organizations for assistance, not only in the form of financial and technical resources, but also for ideas and concepts," while some in government responded that donors set the agenda and that the government was allowed "little or no leeway in policy and strategy formulation."⁶¹ While lack of ownership surely is not the only, or even the main, factor behind Tanzania's weak capacity, the contrast with Vietnam suggests that it plays a role.

The others fall somewhere between. Mozambique and the Philippines seemed to be characterized by significantly higher levels of local initiative than the other two. For the Philippines, aid levels have been low in recent years so the issue around donor control is less central; in Mozambique, despite high aid dependence, the government was noted to have an

⁶⁰ For discussions of how to define ownership, see Johnson and Wasty, 1993; Killick, 1998; and Brautigam, 2000. There is general agreement that ownership is strongest when it reflects not only the commitment of political leaders but also broader support within the state and the civil society.

⁶¹ King and Kirjavainen, 2000, pp. 28-29.

impressive sense of direction and self-reliance. In Madagascar, at least until 1996, there was not a great deal of policy direction from the government. [The move in the last five years toward a serious commitment to policy reform suggests the possibility that there may now be greater ownership of the macro reform program now, although] aid was still characterized by scattered projects and weak ownership. The Nepal report suggests that there have been problems there, as well, around the issue of ownership.

The finding that ownership matters is consistent with the thrust of other research in this area. For example, Johnson and Wasty found a strong positive correlation between the borrower's ownership and successful outcomes of World Bank adjustment programs,⁶² and Killick's study of the political economy of policy reform reported that in 18 of 20 countries studied, the degree of ownership had a "decisive" influence on program implementation.⁶³ Johnson and Wasty also documented that low levels of ownership were much more prevalent than high levels,⁶⁴ a finding that has been echoed generally in studies of aid and of economic reform programs.⁶⁵ The frequent lack of ownership helps to explain widespread failures of aid and conditionality to have the desired effects, and ownership has come to be seen as a requisite for aid effectiveness.

The concept of ownership captures something important. It brings in aspects of the inherent inequality of the aid relationship and how it often plays out with regard to such things as source of initiative, participation in decision-making, and commitment to particular policies or programs. But it does not resolve the problem, and it brings with it various conceptual difficulties and even disadvantages.

Lack of ownership seems so ubiquitous a problem, and ownership is so frequently called upon as the solution, that the concept has begun to take on the characteristic of "lack of political will," the traditional explanation for why particular policies did not get adopted or implemented. Just as the earlier version begged the fundamental (and often political) question of *why* there was not political will, turning to lack of ownership to explain failure begs the question of why there is not ownership.

Several answers are possible. One focuses on aid and aid dependence. In this view, the way in which donors go about providing aid—setting their own priorities, deciding on projects and programs to meet them, setting up separate project management units outside government bureaucracy, etc.—robs the government and local actors of the opportunity and the ability to set their own priorities, select policy approaches, and implement them. These effects are especially problematic when aid dependence is high. A second answer is that the interests of the political leaders in the recipient country may be in conflict with those of the donor.

⁶² Johnson and Wasty, 1993.

⁶³ Killick, 1998, p. 90.

⁶⁴ Johnson and Wasty, 1993.

⁶⁵ See, for example, Brautigam, 2000, pp. 31-32.

Recent approaches to aid within the donor community, including the UN system, reflect the first answer. The problem of lack of ownership has been viewed as amenable to reform, and the solution is to be found in changing donor practices so that they are less prejudicial to ownership. Alternatively, the problem is identified, all or partly, as weak aid management institutions and practices on the recipient side, and the onus is placed on the recipient countries to improve their aid management and coordination. Donors are faulted for sins of “commission” in the provision of aid; at the same time, countries are faulted for sins of “omission”—failing to steer and manage aid and to have in place the institutions and systems that would allow them to do that adequately—and they are urged to step up and to claim and practice ownership.

Donor practices may well undermine ownership, and in countries that are highly aid dependent and that have weak institutions and possibly weak leadership, they may be decisive.⁶⁶ To the extent that they are a problem, attention to improving them is an appropriate and valuable step. The evaluation studies of the UN systems efforts identify efforts by the UN agencies in all countries to improve how they do business, including clear efforts to move away from narrow projects to broader programs, to work more closely with governments with regard to setting priorities and strategies, and to coordinate among themselves and with other donors in order to create less fragmentation of attention and priority. And they suggest that there have been some changes in donor practices. Nevertheless, the incentives facing donors and recipients make fundamentally changing aid practices difficult.

But the focus on ownership often means that the political dynamics underlying a government’s disinclination to commit to or implement policy reform, or to lend full support to particular aid projects, are not recognized or analyzed. The government’s position may relate to its having a different set of priorities or a different analysis of what needs to be done and how. It may reflect the government’s concern about opposition from key groups or inability to put together a coalition around a particular set of policies. It may detract from or simply be irrelevant to what the political leadership needs to do to establish and maintain legitimacy within the country. To the extent that the appeal to ownership causes analysts and practitioners to stop there and not look behind it at its sources, it is not helpful. If the sources of lack of ownership are to be found in the politics of the country, fixing aid management is very unlikely to produce ownership.

The discourse around ownership generally fails to recognize the possibility of real conflict of interests or priorities as the basis of lack of ownership, although there is no reason to assume that interests of political leaders will dovetail with those of the donors.⁶⁷ The problem of ownership is most often raised with reference to reforms, policies, or programs that donors consider important (that the donors “own”). What donors want is to

⁶⁶ See Brautigam, 2000, pp. 32-33.

⁶⁷ Killick, 1998, and Brautigam, 2000, address issues of conflicts of interest that underlie lack of ownership. See pp. 91-99, and p. 33, respectively.

be able to transfer their ownership of these policies or programs to governments; that is, they want governments to buy into approaches the donors view as correct. When it does not happen, then lack of ownership is identified as the problem. This view risks hypocrisy, with ownership being nothing more than a way to smooth the path for donor priorities to prevail without that fact being entirely overt.

Increasing awareness of this is reflected in attempts to move toward “partnership” that parallel the emphasis on ownership. Donors are encouraging recipient governments to take the lead and to set their own priorities, and are talking of the necessity of playing a supportive role. While that seems essential to real partnership and to an honest view of ownership, it creates a dilemma when there are serious disagreements about strategies and programs. Recipient country governments may, when they take the lead, choose to “own” a very different set of policies and programs than donors want, or can support. Donors sometimes have good reason to push particular policies or programs: for example, donors have pushed governments to carry out programs aimed at the poor when governments had no internal political pressure to do so and would not choose such programs. Reform programs are similar. In such cases, it is not helpful to define the problem as lack of ownership; the problem is a more fundamental conflict of interests. “Ownership” is an essentially apolitical concept that obscures this, but it does not change the reality.

5. There are no clear answers about what donors should do in the absence of ownership and/or an adequate institutional framework.

Challenging contexts for capacity development

For the most part, the six countries studied in the evaluations are not particularly hospitable environments for capacity building. With the exception of the Philippines, they share many characteristics. All except the Philippines are low-income countries—several would be categorized as least developed—and their populations and economies are predominantly rural and agricultural. (See Tables 1 and 2.) All six countries have large proportions of their populations under the poverty line, and—again, with the exception of the Philippines and to a lesser extent, Vietnam—indicators of social development are also low. The figures for Mozambique in particular are discouraging, with a male life expectancy of only 44 years, mortality of children under age five at 213 per thousand, and adult illiteracy of 42% among men and 73% among women. Madagascar, Tanzania, and Nepal are somewhat better, but their social indicators still place them quite low compared to most other countries. (See Tables 3 and 4.)

On a potentially more positive side, all of the countries began an economic reform process and were involved in reform programs during the period examined by the evaluations, although along somewhat different timetables and with variation regarding the depth of the reforms.⁶⁸ Therefore, in all the countries there have been attempts to move

⁶⁸ As reported in the evaluations, most made an initial effort in the late 1980s, and then redoubled the effort and tried to move beyond stabilization to more structural reforms during the 1990s. Tanzania’s began to

toward more open and market-oriented economic systems, and that has been the context, as well, for any attempt to strengthen capacity. Based on the descriptions in the studies, the commitment to reform and the depth of the reforms seem strongest in Vietnam and Mozambique and weakest in Nepal, with the Philippines, Tanzania, and Madagascar somewhere in the middle. It is important to note that for some countries, especially Madagascar, the reform environment is very new and there has been little time for its effects to be seen.

Although Vietnam has not adopted political liberalization along with its economic liberalization, most of the countries have some form of democratic regime, but they are mostly partial and fragile democracies. Nepal has a constitutional monarchy, with an elected parliament and prime minister. The Philippines, since the removal of Marcos, has had democratically elected governments with wide participation of the citizenry and has had more than one transfer of power by constitutional means, but faces many continuing political challenges. The three African governments are also democratic: Tanzania was the first African country in which the independence leader, Julius Nyerere, voluntarily stepped down and allowed his successor to be chosen in an election in which he (Nyerere) did not run. While another change of administration since then suggests some degree of consolidation, Tanzania's democracy, along with the other African regimes included here, would have to be described as fragile.

The quality of the institutional framework, broadly defined, or of "governance" in the country, helps to characterize the possibilities for capacity development and the challenges it is up against. Institutional indicators suggest that these six countries' governance and institutions—whether one is looking at democracy, voice and accountability, government effectiveness, rule of law, or corruption—are generally weak and not likely to provide a very nurturing environment for capacity.⁶⁹ (See Table 5.) In terms of political rights and civil liberties, commonly seen as a measure of the degree of "democracy" in a country, the Philippines is the freest and Vietnam is the least free, with the others in between. On voice and accountability, there appears to be some variation, with Vietnam again appearing to have the worst showing and the Philippines the best, but not particularly strong. As for government effectiveness, only the Philippines appears to be above the mean, and then so marginally that it has to be discounted. On rule of law, which gets at the strength of the judiciary and legal systems, Mozambique seems to be weak compared to the others, but none look very strong. Regarding corruption, all the countries

reform its economy in 1986 and continued for the next ten years. Vietnam was also somewhat earlier than most, with its initial attempt in 1986 and then a sustained period of remarkable reforms from 1989-93 that led to a transformation of the economy. Similarly, from 1992 onward, Mozambique worked to carry out a transition from a command to a market economy. The Philippines adopted stabilization policies in 1990. Nepal's efforts at structural reform during the early 1990s largely ended in 1994 with the beginning of a five-year period of political and policy instability. Madagascar, after an initial attempt from 1989-91, did not seriously institute reforms again until 1996.

⁶⁹ Measurement of such institutional characteristics is very difficult, and the cross-national measures we do have—mostly indexes based on survey data—are problematic and limited. These can be suggestive about the quality of institutions and governance, however.

for which data are available put in a pretty poor showing, with Tanzania in particular having a very high level.

What we know about both institution building and aid tells us that it will be hard to make a difference and to be effective in these countries. Studies of aid effectiveness have supported the conclusion that aid will most likely be effective if there is ownership and if adequate governance structures and institutional frameworks are in place. As the World Bank put it, "Money matters—in a good institutional environment."⁷⁰ And the results of the six country evaluations overall confirm this. With some notable exceptions, the effects of the UN's efforts at building capacity were limited.

One conclusion increasingly being drawn from findings about the prevalent failure of aid and conditionality to get countries to adopt and implement reforms is that donors should quit giving aid to countries in advance of their demonstrating commitment to reform. This strategy of "selectivity" would be designed to avoid setting up perverse incentives that do not encourage policy change and to create an incentive structure that would reward performance in those areas.⁷¹ Similarly, looking at the causes of weak capacity and the difficulty of building capacity by design might lead one to the same conclusion with regard to capacity building efforts—that, unless the basic requirements for capacity are in place, such efforts will be wasted and should not even be attempted. While there is support for that conclusion, the implications of such a strategy in the case of capacity building would be the abandonment of the countries that most need assistance. An intermediate position that recognizes the limitations but tries to find some ways of making a difference in difficult environments would be preferable.

Indeed, poor countries with weak institutions are the kinds of countries the UN is often trying to help. If bilateral donors increasingly opt to assist countries that already have the basics in place, the UN (and other multilaterals) may be faced even more in the future with the need to find ways to assist the poorest countries and those least able to utilize such aid effectively. In other words, the more the bilaterals adopt selectivity, the more need there will be for the UN to play a constructive role in the more difficult environments. Thus, this issue is of pressing importance for the UN.

Restraint and careful intervention. Awareness of the limitations suggests strongly that restraint and careful selection of opportunities for intervention in such countries are warranted. Minimal absorptive capacity and weak administration mean that large amounts of aid and the multiplicity of projects that often characterize development assistance will not be effective and may put damaging stress on institutions. On the other hand, being willing to support positive reform and other development efforts when they are present is called for.

Similarly, coordination of priorities and activities within the UN system, as well as with other external actors where possible, with an eye toward focusing on priority areas and

⁷⁰ World Bank, 1998, p. 19.

⁷¹ See, for example, Collier, 1997, and Brautigam, 2000.

to simplifying and minimizing administrative and organizational demands and stress on the countries' institutions, will help to enable assistance to be constructive.

The evaluations studies also point to two approaches the UN is taking that seem particularly appropriate: advocacy and encouraging participation.

Advocacy. In the six country evaluations, a theme that came up repeatedly was the role that advocacy plays in UN interactions with its member countries. In particular, the respect with which the UN and its representatives in the countries were held was remarkable. While the evaluations probably reflect some overstatement, given that the evaluation was carried out by the UN and respondents could be expected to be more positive than negative, the consistency and strength of the point seem persuasive. That respect stems from the nature of the UN as an organization of member-states and the very different relationship that has developed, as a result, from the more clearly unequal one between bilateral donors or the international financial institutions, on one hand, and developing countries, on the other.

Financial resources of the UN system for capacity development and poverty alleviation are small, compared to those of other players. In that context, the special relationship of trust and respect has to be one of the UN's greatest resources in working with the countries where conditions are poor for capacity building. In addition to being responsive to positive initiatives in the country, the UN has the ability to use its special relationship to raise the awareness of political leaders and other decision makers about crucial conditions and needed reforms. The example of Vietnam shows clearly how effective this can be when the UN representatives in the country are sensitive to its situation, needs, and priorities.

Such advocacy will be most effective if it focuses on fundamental changes needed to support the combination of economic growth, poverty reduction, and needed capacity development. Helping to define an appropriate role for the state and state-private partnerships in the country's context and strengthening the understanding of what a more hospitable institutional framework would be are examples of the kinds of issues where such advocacy could be valuable. While the global advocacy for which the UN is better known can play a constructive role in adding to the legitimacy of particular approaches, sticking to the basics and not being distracted by current development "fads" is critical. What those basic messages are will depend on the particular situation in the country, and advocacy will need to be grounded in mutual respect to be effective and sustained.

Encouraging and enabling participation. As the studies show, the UN has been moving in the last few years to encourage governments to involve greater participation in decisions about development, and the UN itself has been increasing the use of more participatory approaches in development assistance. Given the absence of effective demands from citizens, especially the poor, on government in many countries and weak political and administrative frameworks, building a basis for better governance through strengthening civil society generally and the voice of the poor particularly is important. That at least offers the hope that more effective demand on government will improve incentives for improving

governance and government's performance, and a stronger civil society will also build the basis for a more constructive state-civil society partnership to solve development problems.

But participation, like ownership, is not a panacea, and it holds some risks, as well. Substantially greater participation in the form of demands on government, in the absence of increased government capacity to respond, may weaken legitimacy and stability. There is also a risk of the UN and other donors bypassing fledgling representative institutions in the country and creating a separate set of participatory mechanisms that do not support the basic institutional development of new democracies. As with other aspects of development assistance, restraint and care are valuable watchwords.

Conclusion

These reflections on some of the conceptual and practical complexities of capacity building suggest that the UN is moving in positive directions, and that it has an important resource in its relationship with its member countries that can allow it to play a particularly positive role in difficult environments.

Despite the clear difficulties of conceptualizing and carrying out capacity development efforts, it is possible to draw together some general guidelines for the UN as it attempts to contribute to capacity building in developing countries.

- Base priorities for capacity building on selected (and also prioritized) strategies of poverty alleviation, and on a careful assessment of the existing capacity situation in the country.
- Recognize that capacity for poverty alleviation will involve a complex mixture of public and private sector, state and civil society, and different levels of capacity. Identify the key places where capacity needs to be built in the context of that particular country's institutions.
- Do not hesitate to work to strengthen the state's capacities when that is needed, and where there is decentralization, make sure capacity is built at the appropriate level.
- Complement building state capacities with working to build capacities of groups in civil society to effectively participate, express their needs, and demand responsiveness of the state.
- Be aware of limitations in what external agents can do to engineer capacity, and be careful and restrained in what you try to do and how you do it, in all cases but especially where the environment for capacity building is poor.
- Continue a sensitive, focused, and consistent advocacy role in situations where ownership and institutions are weak.
- Where the environment for capacity development is poor, continue efforts to encourage and enable participation of authentic civil society groups, but with an eye toward supporting rather than bypassing incipient participatory and representative institutions.

Table 1. Income per capita, 1999 (\$US)

	GNP	PPP
Madagascar	250	766
Mozambique	230	797
Tanzania	240	478
Nepal	220	1219
The Philippines	1020	3815
Vietnam	370	1755

Source: World Bank, *World Development Report 2000-2001*.

Table 2. Urbanization, and structure of economy (percentages)

	<u>Urban</u> 1980	<u>Population</u> 1999		<u>Economic</u> Industry	<u>Structure</u> Manufact	(1999) Services
			Agric			
Madagascar	18	29	30	14	11	56
Mozambique	13	39	32	24	13	44
Tanzania	15	32	48	14	7	38
Nepal	7	12	41	22	9	37
Philippines	38	58	17	31	21	52
Vietnam	19	20	26	33		42

Source: World Bank, *World Development Report, 2000-2001*.

Table 3. Population below poverty line, early-mid 1990s (percentages)

		<u>< National</u>		<u>< \$1/day</u>	<u><2/day</u>
	Rural	Urban	Overall		
Madagascar	77.0	47.0	70.0	60.2	88.8
Mozambique				37.9	78.4
Tanzania			51.1	19.9	59.7
Nepal	44.0	23.0	42.0	37.7	82.5
Philippines	53.1	28.0	49.0		
Vietnam(1993)	57.2	25.9	50.9		

Source: World Bank, *World Development Report, 2000-2001*.

Table 4. Selected social development indicators

	Life expectancy (Male, at birth)	Under 5 Mortality(per 000)	Adult Illiteracy (M, F)
Madagascar	56	146	28, 42
Mozambique	44	213	42, 73
Tanzania	46	136	17, 36
Nepal	58	107	43, 78
Philippines	67	40	5, 5
Vietnam	66	42	5, 9

Source: World Bank, *World Development Report, 2001-2001*.

Table 5. Quality of governance and institutions

	Democracy* (1 to 7 scale, 1=most free)	Voice/Accountability** (-2.5 to 2.5, 0=mean)	Gov.Effectiveness** (-2.5 to 2.5, 0=mean)	Rule of Law** (-2.5 to 2.5, 0=mean)	Corruption*** (1-10 scale, 10=least corrupt)
Madagascar	3.0	0.309	-0.295	-0.825	
Mozambique	3.5	-0.172	-0.331	-1.046	3.5
Tanzania	4.0	-0.283	-0.485	0.161	1.9
Nepal	3.5	0.047		-0.558	
Philippines	2.5	0.614	0.126	-0.078	3.6
Vietnam	5.5	-1.416	-0.300	-0.437	2.6

Sources: *Freedom House www.freedomhouse.org. Data for 1999. Combination of rating for political rights and civil liberties. ** Data from World Bank research project on governance indicators. Daniel Kaufmann, Aart Kraay, and Pablo Zoido-Lobaton, *Aggregating Governance Indicators*, Policy Research Working Paper, 2195 (1999). Data for 1997/98. www.worldbank.org/wbi/governance/gov_data.htm. Note: standard deviations are large, so comparisons can only be made between data near top and bottom. Others should be discounted. ***Transparency International Corruption Perceptions Index <www.transparency.org/documents/cpi/index.html>

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CAPACITY BUILDING FOR POVERTY REDUCTION: REFLECTIONS ON EVALUATIONS OF UN SYSTEM EFFORTS

By Mary E. Hilderbrand

Dissatisfied with the limited results of three decades of development assistance and responding to critiques from within as well as outside the development assistance community,³⁵ the United Nations and other development agencies began in the early to mid 1990s to explicitly focus on “capacity building.” While this meant different things to different people, in general it signified using the resources of the development agencies to contribute to strengthening capability within developing countries to take on development challenges on their own, rather than the external agencies’ doing the operational work themselves and thereby perpetuating dependence on external resources and expertise. It also signified a concern with long-term sustainability of development efforts and results, instead of short-term outcomes.

That movement was paralleled by a renewed focus on poverty. After several decades of independence and concerted efforts at economic and social development, poverty remained a serious problem globally and within many countries. Economic reforms during the 1980s and early 1990s had helped to reduce poverty in some places, but had also added new complexities to the challenge it presented. Building on a tradition of concern with such issues and on strengths developed over many years through its influential work in such areas as human development, health, education, and the well-being of children, the United Nations put poverty front and center among the goals that were to shape its development cooperation. In so doing, it sought to define a development mission for the UN and, at the same time, to complement the international financial institutions’ emphasis on structural (and more recently, institutional) reforms.

The two themes—capacity building and poverty reduction—were brought together by the United Nations General Assembly, when it requested the present series of evaluations, published in this volume, to look at the UN System’s contribution to capacity building for poverty reduction. Given the centrality of poverty to the challenges facing developing countries, and the corollary need for those countries to have substantial capacity to confront poverty, this is an important and valuable evaluation of the UN’s work.

In this chapter, I will address capacity building for poverty alleviation, drawing on themes and issues raised by the six country studies.³⁶ I will not duplicate the careful

³⁵ See, for example, Berg, 1993.

³⁶ Acharya and Wright, 2000; Edgren and Ghai, 2001; Farvar and Stacy, 2001; King and Kirjavainen, 2000; Morgan and Mvududu, 2000; Reyes and Apthorpe, n.d.

compilation and analysis of findings provided by Morgan, and will refer the reader to that piece,³⁷ but will reflect on some of the complexities of key issues and approaches raised by the six studies taken as a group. The issues discussed are relevant to capacity building for poverty alleviation and have implications for how the UN conceives of and carries out its work.

The impact of the six reports, viewed not so much as evaluations of UN work but as country studies of capacity building for poverty reduction, is to demonstrate the enormous difficulties in conceptualizing the topic, operationalizing it, and achieving results. The following propositions help to capture some of the complications, and are the organizing motif for this chapter:

- The capacity building agenda for poverty alleviation is broad; the challenges are enormous. We have few guidelines for prioritizing.
- There is often uncertainty about where capacity should be built.
- UN and other donors need to be realistic about the extent to which they can build capacity.
- Ownership is clearly important, but it is not a panacea, and the issues it raises are thornier than often recognized.
- There are no clear answers about what donors should do in the absence of “ownership” and/or adequate institutional frameworks.

These conceptual and operational difficulties are reflected in the evaluations and, indeed, affect and limit the results of the UN's work as reported in the country studies. Nevertheless, I would also conclude that much of what the UN does, including the importance it places on advocacy and its ongoing shift toward encouraging participation—while not free of difficulties and contradictions themselves—are appropriate adaptations to the difficult contexts within which it often works.

Defining capacity and capacity building

Capacity is notoriously difficult to define. The most important idea it captures is the distinction between the end (poverty alleviation in this case) and the “means” to accomplish the end. Capacity is the “means”, or the ability, to fulfill a task or meet an objective effectively. In this usage, it is not primarily the financial means, although that affects capacity, but it refers mainly to individuals’ and organizations’ capability. Additionally, it implies collective capability. While individuals, who bring skills, knowledge, and dedication, are important building blocks, it is not the free-standing, isolated individuals

³⁷ Morgan, 2001.

who populate the economist's market, but rather individuals working within organizational and institutional frameworks, who constitute an important element of capacity.³⁸

Capacity has often been used in a narrow sense to refer only to the skills of staff and the strength of specific organizations; thus, training staff and creating or strengthening single organizations has been equated with capacity building. Research over the past few years, however, has called attention to the importance of the larger institutional framework and environment that shapes and supports or constrains the organizations and their staffs. One of the major findings of empirical analyses of capacity is that the institutional frameworks are many times so constraining that it is unlikely that interventions aimed solely at the individual or single organizational level alone will be effective.³⁹

Therefore, the concept of capacity has been broadened. While it still includes individuals and their skills and the organizations within which they work, it also includes the larger institutional frameworks and contexts that shape whether the skilled staff can be attracted, well utilized, motivated, and retained, and whether organizations—no matter how well-managed internally—can function effectively in meeting the defined goals. Capacity, then, is seen as multi-dimensional, complex, and systemic. Capacity “building” has similarly been redefined to include, and even to emphasize, efforts to improve the institutional context within which organizations operate, to enable them to better support effective performance. Efforts to strengthen capacity need to locate major constraints on or gaps in capacity and target efforts appropriately.⁴⁰

1. The capacity building agenda for poverty alleviation is broad; the challenges are enormous. We have few guidelines for prioritizing.

Reducing poverty substantially is a—perhaps *the*—central challenge of economic and social development. It involves economy-wide and society-wide institutions and policies. It does not just depend on a narrow set of activities that can be easily isolated and analyzed, but a complex web of conditions and actions that are deeply intertwined in their effects. Identifying capacities needed for poverty alleviation requires first defining what needs to be done, then assessing what capacities are needed to do it.

A comprehensive approach to poverty

In contrast with earlier views, economic growth and poverty alleviation have increasingly come to be understood as not involving necessary, systematic trade-offs; and

³⁸ This usage differs somewhat from that in some of the evaluations, in which improving the abilities of farmers as individual producers or the security of individuals in the society were seen as capacity building.

³⁹ See, for example, Hilderbrand and Grindle, 1997.

⁴⁰ On this usage of capacity and capacity building, see Hilderbrand and Grindle, 1997; Morgan and Qualman, 1996; and UNDP, 1997. It is similar to the institutional sustainability approach in Brinkerhoff and Goldsmith, 1992.

policy approaches that minimize potential trade-offs and contribute positively to both growth and poverty reduction are seen as possible and desirable.⁴¹

Economic growth is an essential basis if poverty is to be substantially reduced over the long-term. Therefore, attending to economic growth is a critical part of the solution for poverty. Getting macroeconomic policies right, to create incentives for investment and production and to create and sustain an “enabling environment” for the private sector, is a basic first step toward economic growth. Nevertheless, several years’ experience under structural adjustment has led to disappointment of some economists’ hopes that good macroeconomic management would alone be sufficient to provide the dynamism needed. Attention to the productive sectors—agriculture and industry—is also important for economic growth, although the emphasis now is generally understood to be primarily in providing the supports and services needed to encourage and facilitate investment and to enable the private sector to take the lead, and providing effective regulation where needed.⁴² Recent work on economic growth has emphasized the importance of institutions, including legal and judicial institutions, effective government administration, and financial institutions; so building institutions that support the functioning of markets has come to be seen as a requisite for growth.⁴³

In many if not most cases, however, simply getting growth is not likely to be all that is needed to fully address poverty. If growth often raises all boats and thereby reduces the rate of absolute poverty, the metaphor is not entirely apt, for growth, unlike a rising water level, does not raise all boats uniformly, either across countries or for groups or regions within countries. Not only the fact of growth, but how growth occurs, is important. Whether it creates productive opportunities and employment, and whether those opportunities and jobs reach the poor, will shape the extent and the ways in which it affects poverty. Efforts targeted to specific regions or groups may be necessary to bring productive opportunities to them. Safety nets are an additional piece of the puzzle, to protect vulnerable groups or individuals who are temporarily disadvantaged, those who are permanently unable to take advantage of opportunities, and those in regions or groups that the productive opportunities fail to reach.

Broader definitions of poverty include not just income levels but also access to health, education, clean water, and sanitation. Attending to these needs amounts, at the same time, to an investment in human capital, which in turn contributes to growth. Education and health are both increasingly understood to be integral to economic growth as

⁴¹ For empirical evidence and analyses, see Deininger and Squire, 1996, and Birdsall and Sabot, 1994. See also Bruno, Ravallion, and Squire, 1997; and World Bank, 2001.

⁴² The role for more interventionist industrial policy remains controversial. Ironically, the countries that may need it the most have the least capacity to carry it out.

⁴³ For a summary of the evidence on institutions and growth, see Burki and Perry, 1998, pp. 11-37. What has become the common wisdom on institutions and growth has not been much disputed, but one recent study does take issue with the idea that strong institutions are necessary for growth. It looks at development of institutions in now-developed countries and concludes that they were developed late and slowly, and that economic growth largely preceded them. Chang, 2000.

well as poverty alleviation; education of girls has been found to have a particularly high return. So provision of social services and basic infrastructure is an important component of an effective response to poverty. These are measures that contribute to minimizing potential trade-offs between growth and poverty.⁴⁴ But they, like pro-growth policies, are not sufficient on their own. Earlier approaches, such as Basic Human Needs, that equated anti-poverty policies with social service provision turned out to be inadequate: such approaches must be complementary to efforts to ensure that production and employment in the economy are increasing.

Some recent poverty approaches, such as that represented by the *World Development Report* 2001,⁴⁵ include powerlessness and vulnerability as part of the definition of poverty; empowerment of the poor is therefore part of poverty alleviation. Even without such a broad definition of poverty itself, however, it is clear that reducing poverty requires knowing better what the poor need and being able to involve them in choices regarding allocation of resources and definition of programs. Therefore, finding ways to give voice to the poor is important to effectively meeting the challenge of poverty, even more narrowly defined. This points to attempts to improve governance in ways that open up greater space for participation generally and for participation of the poor specifically, and to make that participation effective, as a critical part of a poverty reduction strategy.

The capacity building agenda for poverty alleviation

If the agenda for poverty reduction is broad, the capacity agenda is equally broad. But it is a somewhat different agenda: focusing on capacity for poverty alleviation involves taking a step back and looking *behind* the policy approach to see what is required to be able to carry it out, now and on a sustained basis.

The view of poverty alleviation outlined above has direct implications for what capacities need to be in place if a country is going to be able to respond effectively to the challenge of poverty. There need to be capacities to formulate policies and implement policy decisions and programs. Because of the wide range of policy and program areas involved in poverty alleviation, these capacities are needed across those areas—for macroeconomic management, the productive sectors, and the social sectors. As a basis for establishing and maintaining those capacities, there needs to be a supportive administrative framework. But there also needs to be capacity for participation and representation of the poor, and improvement in governance more generally.

Policy analysis and formulation. First, there is a need for capacity to analyze and formulate macroeconomic policy. Governments in particular must have well-trained economists who can analyze the country's economic situation and needs and who can design appropriate policies, and the central economic ministries and agencies need to be organized and managed in ways that will motivate their staffs and enable their work to be utilized

⁴⁴ See Birdsall and Sabot, 1994.

⁴⁵ World Bank, 2001, pp. 19, 31-41. See also Sen, 1999.

effectively. Policy analysis and formulation capacity is also required in the ministries and other agencies dealing with the productive sectors—industry, agriculture, fisheries, etc.—as well as in those for health and education. They need people who understand the technical aspects of policies in their respective areas, can use technical information, and can design policies appropriate to the needs and the context.

Implementation capacity. Second, the state must have administrative capacity to implement its policy decisions and programs. This applies in the central economic and financial ministries and agencies, for basic processes such as budgeting and public expenditure control. It is equally essential and a much larger challenge in the various ministries and agencies in the productive and social sectors. To effectively provide education, health services, or support services for economic production, such as agricultural extension, requires being able to reach throughout the country and down to the community level. This requires managers who can manage personnel and financial resources, motivate their staff, and evaluate, design, and monitor projects and programs; people with technical skills; and trained and committed teachers, health care workers, extension agents, etc. It also requires management systems; logistical systems with regard to supplies and equipment; and systems to collect, report, and analyze data.

Administrative framework. Policy formulation and implementation capacities both depend on having well-trained people for the various types of analysis, management, and operational work that have to be done. But whether those people can be recruited, whether they will stay, and how well utilized their skills are will depend substantially on the larger administrative framework. Adequate and appropriate pay scales, merit based recruitment and performance based promotion, rewards for excellent performance, flexibility for management that motivates staff and builds commitment to their work—all these are elements of an administration that can create, maintain, and utilize the human resources that are essential to capacity. So while training and attention to organizations and management systems, are important, if the conditions of work in the administration as a whole are not conducive to capacity, they will need attention. In many developing countries, the larger administrative framework does not provide an environment that is supportive of capacity.

Participation/representation capacity. Fourth, there is a need for communication, responsiveness, and representation capacity regarding economic and social policies and programs.⁴⁶ Otherwise the needs of poor people may not even be known, much less met. This capacity is a subset of what is often called good governance. It requires development within the political system of means of encouraging and using the participation of the citizens, and the ability to be responsive to that participation. At the same time, it requires the capacity of groups in civil society to collectively express interests and make needs known to the government. Because the poor, and especially the rural poor, have an especially difficult challenge in organizing, and have fewer resources for making themselves heard, a system of governance that enables their participation will probably require explicit effort to build the mechanisms and channels through which it can happen.

⁴⁶ This is similar to what Grindle terms "political" capacity. See Grindle, 1996.

Broader governance and institutional frameworks. The institutional framework is critical for good economic development performance, including specifically growth, and good governance is an essential part of creating an enabling environment for capacity to be built and maintained. Furthermore, many institutional and governance improvements will provide a better environment for poverty reduction. Controlling corruption; ensuring personal security; strengthening rule of law and legal and judicial institution; and strengthening and broadening financial institutions (especially if there are components relating to access to credit and other financial services for micro and small businesses and agricultural producers), improving systems of public expenditure and taxation—all are likely to help the poor.⁴⁷ Therefore, improving governance and institutional frameworks is an important part of the capacity building agenda to support poverty alleviation.

Setting priorities

The comprehensive approach to poverty reflects the current understanding of what is needed to fully and effectively address poverty. While the capacity building agenda is less often explicitly laid out, it directly follows from the poverty approach and also reflects current understanding of what is required. The problem with both, however, is that they require doing nearly everything. There are few guidelines for prioritizing. While we know many things that, if in place, are positive for poverty alleviation, we are not able to identify the few things that would be a minimal set of actions that countries in the real world—with limited resources and capacity—should do and that would suffice. Somehow, priorities have to be set.⁴⁸

Rather than assuming that everything must be done, priorities need to be determined, based on a careful assessment of a given country's situation. Countries will differ in the extent and nature of the poverty problem, what they have already accomplished in addressing the problem, and their existing capacity. Priorities will therefore vary from country to country depending on those different factors. A thorough mapping of poverty, analysis of its primary causes, and analysis of policy options for tackling it should underlie setting of priorities for policies and programs to tackle poverty. Then an assessment of capacity for carrying out the selected poverty strategy country would be the basis for a prioritized capacity building agenda tailored to a particular country.

Several criteria can be suggested for selecting capacity building strategies. These include maximizing fit with the poverty strategy chosen, tackling critical constraints on capacity, and maximizing capacity pay-off. In addition, it makes sense to look for win-win actions—measures that support economic growth, poverty reduction, and capacity

⁴⁷ Moore, 1999, argues that many efforts to improve governance will benefit the poor. He also notes, however, that investors' ratings of quality of government correlated inversely with performance of those governments on poverty, suggesting that there may be some degree of conflict with the kind of governance and institutions that encourage investment and those that are pro-poor.

⁴⁸ A similar point is made in Grindle, 2001, pp. 36-37.

building simultaneously (or at least that combine "wins" and "staying even," so that trade-offs are avoided to the greatest extent possible).

2. There is often uncertainty about where capacity should be built.

The evaluation studies demonstrated a variety of perspectives among the authors on where UN aid would be best directed and where capacity should be built. To some extent that reflected differences in the country settings, with Vietnam quite clearly requiring working with the state and the Philippines offering many opportunities for working with NGOs. But the differences in perspective went beyond differences in the country contexts. Furthermore, the UN aid activities reported also evidenced different targets for capacity building. While it seemed that most aid in at least four of the countries—Tanzania, Madagascar, Nepal, and certainly Vietnam—was directed heavily to strengthening central governments, the reports indicated that in most cases some assistance also went to lower levels of government and some to NGOs. In general it was not clear whether there was a clear rationale for directing the aid to one place or the other, or a set of systematic guidelines about whose capacity to build and when. Overall, the impression given is that there is a lack of clarity about where capacity needs to be built.

Despite the UN's tradition of working almost exclusively with states, there now seems to be a deep ambivalence about efforts to strengthen or work with the state, while working with NGOs has been accorded greater legitimacy.⁴⁹ This ambivalence reflects, on one hand, approaches in the 1980s and 1990s that viewed states as overly strong and interventionist and, on the other, actual experience with many states as ineffective at meeting development needs and abdicating their responsibilities to a combination of donors and other groups in society. It also comes along with the increasing emphasis on participation and voice and the recognized need and desire to strengthen those. There was considerable emphasis during the past two decades on NGOs, and also decentralization, as solutions equally to weak states or to overly powerful states. Although the easy assumption that either will necessarily lead to better development performance in general or to reductions in poverty specifically has been called into question, faith in such solutions remains a strong current in development practice.

This ambivalence about building state capacity is manifested in the tendency in donor discourse to talk very generally about a country's "national" capacity, and to often avoid confronting head-on the issue of whose capacity needs to be built. But that failure to disaggregate makes the development of practical guidelines difficult. The answer to this conceptual problem is not to suggest the capacity should be built exclusively in either the state or civil society, but to argue that there needs to be clear thinking about these issues if the UN and other donors are to make wise choices about capacity building.

⁴⁹ There also seems to be a preference for working with and building capacity at lower levels of government, as opposed to central government.

Poverty reduction will almost certainly require a package of capacity building efforts, aimed at a combination of state, private sector, civil society, and different levels of government. The appropriate mix will depend on what has to be done to tackle poverty in a particular country and on the structure of government and the particular state-private sector-NGO framework in the country.

Poverty reduction requires capable states.

The problem of states in many developing countries has not been that they were too strong, but that they were too weak, and—further—that there has often been a mismatch between the roles they attempted to take on and their ability to carry them out. Part of the solution is to be found in reducing and refashioning the state's roles to find a better fit between role and capacity. But it is also critical to strengthen their capacity to carry out essential tasks. While the first generation of economic reforms focused on minimizing the role of the state, second generation reforms reorient the state's roles away from control and production to facilitating private sector dynamism, regulating where needed to preserve competition and establish appropriate incentives, and investing in human development. Rather than reducing demands on state capacity, these new roles required new skills and institutions and put a premium on flexible, learning organizations that could manage change. While some existing capacities became irrelevant, new ones were not always easily available.⁵⁰ There is, then, an explicit recognition that states must play an important role for markets to be able to function and that capable states are therefore essential.⁵¹

The approach to poverty reduction outlined in this chapter implies important, and demanding, roles for the state. The state must create a sound macroeconomic environment for the market through appropriate and consistently implemented policies. States must fashion, establish, and maintain institutional frameworks that support the market and make private sector-led growth possible. In the productive sectors, states need to ensure that necessary infrastructure is provided and that producers have access to needed services; in some cases, they may need to actively encourage and support investment in particular types of pro-poor economic activity or in particular regions. Making sure that human development needs are met throughout the society, both through investment and delivery of social services, is generally understood to be a responsibility of the state, although it may find ways to carry out those responsibilities in partnership with the private sector and civil society.

Because policy decisions are ultimately made and implemented by governments, it is essential that policy formulation and administrative capacities be strong within the ministries and other state agencies. Without those capacities, the state cannot effectively manage the economy, provide a supportive environment for growth, help direct growth in pro-poor directions, and provide basic social services. Therefore, if those capacities are weak in the public sector, the UN and other donors should not be hesitant in placing a high

⁵⁰ Batley and Larbi, 1999.

⁵¹ See, for example, Graham and Naim, 1998; Grindle, 1996; Brautigam, 1996; and World Bank, 1997.

priority on efforts to strengthen the state in its ability to carry out those functions, particularly in the areas important for poverty reduction.

Capable states are also those that can manage participation and be responsive to it. While that requires civil society groups to have capacity, which will be discussed below, it also means that the state must have ways to communicate; integrate participation into policy making, implementation, and monitoring; and respond to that participation.

Policy analysis capacity outside the state is also important.

There is need for capacity for policy analysis outside the state, as well. Ideally it will be present outside the executive branch and outside the state altogether—in political parties and in parliaments, in universities, research institutes, consulting companies, business associations, trade unions, the media, and other organizations of civil society. First, the state's own capacity in policy formulation and implementation will be strengthened from interaction with outside groups regarding policy options, and policy will ultimately be better as a result. Capacity for policy outside the state provides a foundation for informed and broader discussion of policy options, as well as for the effective representation of interests of different groups whose participation in policy formulation may be key, such as private sector associations and agricultural producer associations. Academic and policy research institutions can help inform policy dialogue with their work, as well as building a deeper pool of human resources whose skills can be drawn upon by government, or who may move in and out of government. And within government but outside the ministries, newer participants in the policy process, such as parliamentary committees, also must be able to analyze policy and participate in the policy formulation process if they are to be an effective part of a more democratic process.

Second, not only is broader policy analysis capacity important for supporting the state's own strength in this function, but it is also desirable to prevent a monopoly of capability in the state. Regardless of how essential it is for the state to have such capacity internally, it is also better in terms of openness, dialogue, and pluralism in the society—for its capacity to be complemented by other capable sources of policy analysis in key policy areas. There is, therefore, an important role for donors in supporting capacity building for policy analysis in non-state organizations.

Capacity for effective participation of the poor is also essential.

If the poor are to be able to make their demands on the government heard, efforts to build their capacity may very well be needed. While there has been a great deal of emphasis placed on encouraging participation and creating opportunities for participation of the poor, there has been somewhat less attention to the other side of the equation—helping the poor to develop capacities that enable them to participate effectively.

Associations that involve participation of the poor and that represent their interests are important targets for capacity development initiatives. Groups such as small producers'

associations, service user groups, women's cooperatives, parent groups, and community organizations may need encouragement; help with organizational, communication, and advocacy skills; and access to information and finance, among other things, if they are to effectively work on behalf of their members or larger constituencies.

It has sometimes been assumed that working through NGOs was the same as encouraging participation and building capacity among the poor. In some cases that may be the case, but in others it is not. First, contracting with an NGO for service delivery—which is often the form that working with NGOs takes—may or may not help build the capacity of the NGO. In addition, NGOs do not necessarily represent the poor nor involve their direct participation, even if they are serving poor communities.

NGOs that do play an important role in providing services may need to be strengthened in various ways, including management; project and program design, implementation and monitoring; financial management. Where they are an important part of social service provision, that may be very helpful. Others that are more directly involved in representing and giving voice to the poor and their needs may especially need capacity building for research, analysis, and advocacy to strengthen their effectiveness.

Lower levels of government often need strengthening.

Many countries have adopted varying degrees and forms of decentralization. It is typical, furthermore, for at least some social service delivery functions to be decentralized. That means that these lower levels of government, whether provincial, regional, or municipal, are extremely important on the social services side of dealing with poverty. Also, almost universally, decentralization has created enormous capacity challenges at the lower levels, often in the most basic sense of unavailability of people with the skills and experience needed to make decentralization effective. That applies to both the political decision making and representational functions, such as mayors' offices and local or provincial councils, where decisions about allocation of resources takes place, and the administration, where programs have to be planned and executed. Thus, a capacity building strategy for poverty reduction will need to tackle the most critical capacity needs at sub-national levels.

3. The UN and other donors need to be realistic about the extent to which their efforts can be effective at building capacity.

Experience with institutional reform has highlighted the difficulties that capacity building presents for donors. Analysis of World Bank civil service reform programs during the 1980s found that they had less effect overall than expected and that intended capacity building results were especially hard to achieve.⁵² Other studies found that institutional development efforts were less effective than "harder" forms of aid.⁵³

⁵² Nunberg and Nellis, 1995.

⁵³ See Israel, 1987, pp. 18-27; Moore, 1995, p. 90; and Brinkerhoff and Goldsmith, 1992, pp. 369-70.

Yet, despite this evidence, treatment of capacity building in donor literature tends to assume, almost by definition, that capacity is something that can be built by design, and the question is just how to do it, or how to do it better. Donors also tend to view themselves as having a large role to play in the process. Capacity building is, after all, what donors are supposed to be about. This view—undoubtedly overstated and oversimplified, yet reflective of the attitudes that underlie capacity building as a donor approach—is too optimistic about what can be changed by design, especially from the outside, and implies for donors a larger place in the overall picture than is warranted. Capacity is a characteristic that develops within a country's social and political system.⁵⁴

Academic analysis of capacity is generally much more pessimistic than the donor community that capacity can be engineered. It points out that many factors are behind weak capacity, many deeply embedded in social and political systems. Capacity development is usually slow and incremental, shaped by history and a country's social, political and cultural roots. Organizational and institutional change is a political process: it creates winners and losers and challenges vested interests. Weak capacity is not easily changeable, at least according to plan and in controllable ways. Just as threats to capacity sometimes occur as unexpected effects of other actions, factors responsible for good performance may also come about accidentally.⁵⁵ For all these reasons, the extent to which, under normal conditions, institutions and organizations can be changed by design, especially by outsiders, is unclear but surely limited.

The complex sources of weakness in state capacity can demonstrate this. In the early post-independence years, the inadequacy of new government administrations in Africa and Asia was seen as temporary and amenable to development through training, transfer of skills, and other technical assistance. Four decades later, there are some countries, especially in East Asia, where impressive capacity has been developed and where effective states have been credited with a substantial role in their countries' successful economic performance. But many other states are unable to carry out even routine functions well.

No single explanation is sufficient. Key factors include drastic erosion of salary levels as a result of persistent economic crises, disarray in personnel systems, the nature of political systems, and perverse incentives. In addition, some aspects of reform programs, such as downsizing for fiscal reasons alone, have weakened capacity in some places, as have some aspects of development assistance, ironically. Some of these factors may be amenable to planned interventions to improve, though none have proved easy; others that are inherent in the nature of political systems and public-sector organizations are much stickier.

⁵⁴ The exception may be in countries with weak capacity and a high level of aid dependence. In such countries, donor behavior may further weaken capacity, but is probably not proportionately able to rebuild it. On adverse effects of aid for capacity, see Brautigam, 2000, and Morss, 1984. But Goldsmith, 2001, found that aid and donor behavior have been limited in their negative, as well as positive, effects on capacity.

⁵⁵ Tendler, 1997, pp. 163-65.

Political scientists have called attention to aspects of political systems that cause and perpetuate weak capacity. Lack of legitimacy is a key factor behind environments hostile to capacity. Regimes with narrow bases of political support are dominated by short-term political survival incentives, which lead to the allocation of government positions and resources for short-term political gains, with little regard for longer-term development consequences. In many countries, political leaders, fearing the emergence of rival bases, further undermine effective administration by frequently reshuffling cabinet ministers, which undermines existing capacity or hinders the development of capacity in the bureaucracy.

Many weak states are also characterized, and hobbled, by neo-patrimonialism, or the extension of clientelist social relations into state institutions and organizations. This has undermined even the idea of a merit-based bureaucracy serving public goals. Rather, the organizations of the state have been fragmented in service to private interests. Finally, while state organizations have not been insulated from political pressures, neither have they been embedded in a set of social relations that would nurture development-oriented, capable states.⁵⁶

Economists have turned to the role of incentives in problematic public-sector performance to explain weak capacity. In this view, principal-agent problems and incentives for rent-seeking are pervasive. Some difficulties stem from incentives within public organizations, such as the lack of merit- and performance-oriented personnel systems and management. Others, equally critical, are located in the relationship with the environment. Many government outputs have characteristics of public goods, leading to problems in placing values on outputs and to incentives for free-riding, and the nature of many activities makes judging and eliciting good performance difficult.⁵⁷ These characteristics translate into problems in generating support and insufficient demand for good performance from beneficiaries and political leaders alike.⁵⁸

Yet change does occur, and sometimes relatively quickly. Capacity may ebb and wane as economic conditions strengthen or decline, or along with political changes in a country. There is also evidence that improvements in capacity may occur in response to an increase in the extent to which a certain kind of activity is valued or demanded. For instance, macroeconomic policy formulation capacity was strengthened during the 1980s in many countries, as a result of the extent to which it was valued, both externally and also within countries.⁵⁹ This is related to the emphasis on ownership (discussed below), which implies demand for good performance in particular areas from political leadership. At the same time, demand for better service delivery from citizens, for instance, can help push capacities to be improved. Thus, encouraging participation and building capacity of civil society groups as noted above, may help to pull important capacities along.

⁵⁶ See Brautigam, 1996; Callaghy, 1990; Evans, 1992; Leonard, 1987; Migdal, 1988; and Sandbrook, 1986.

⁵⁷ Israel, 1987.

⁵⁸ Brinkerhoff and Goldsmith, 1992, pp. 373-74; Goldsmith, 1992, pp. 585-86

⁵⁹ Grindle, 1998.

4. Ownership is clearly important, but it is not a panacea, and the issues it raises are thornier than often recognized.

In recent years, the answer given to the set of difficulties outlined above is that change can be made and capacity can be built—and donors can contribute to that process—when there is "ownership." Ownership refers to political leaders' initiative in defining, and commitment to, a policy direction or a particular policy or program.⁶⁰

Probably the clearest message to come out of the six evaluations, taken together, is that ownership matters. Vietnam was the one country of the six that made enormous progress in reducing poverty, largely as a result of reforming its economic policies; and it was able, with donor assistance, to build substantial capacity for economic policy formulation to design, implement, and sustain the reforms. What differentiated Vietnam from the other five was that the impetus for the reforms, and the demand for the capacity strengthening, came from the country's leadership, not from donors. At the time the country entered began its economic transformation, there was a very low level of aid or other forms of donor involvement. The UN played a clearly supportive role and was very restrained and respectful, overall, of Vietnam's autonomy and decisions. Nevertheless, the report also noted that donors alone produced many project proposals; and the influx of donors and their money in more recent years was putting added pressures on local ownership.

Tanzania is at the other extreme. Poverty is still high, and social development indicators have deteriorated seriously. The evaluation concluded that, after twenty-five years of donor support, capacity to formulate macroeconomic policies and to nurture an environment conducive to growth is poor, despite some high quality individuals at upper levels. Forty percent of its recurrent expenditure and 80 percent of its capital spending in 1999 were financed by external aid. Donors complained that Tanzanians—whether in the government, the private sector, or NGOs—"automatically turn to foreign countries and foreign aid organizations for assistance, not only in the form of financial and technical resources, but also for ideas and concepts," while some in government responded that donors set the agenda and that the government was allowed "little or no leeway in policy and strategy formulation."⁶¹ While lack of ownership surely is not the only, or even the main, factor behind Tanzania's weak capacity, the contrast with Vietnam suggests that it plays a role.

The others fall somewhere between. Mozambique and the Philippines seemed to be characterized by significantly higher levels of local initiative than the other two. For the Philippines, aid levels have been low in recent years so the issue around donor control is less central; in Mozambique, despite high aid dependence, the government was noted to have an

⁶⁰ For discussions of how to define ownership, see Johnson and Wasty, 1993; Killick, 1998; and Brautigam, 2000. There is general agreement that ownership is strongest when it reflects not only the commitment of political leaders but also broader support within the state and the civil society.

⁶¹ King and Kirjavainen, 2000, pp. 28-29.

impressive sense of direction and self-reliance. In Madagascar, at least until 1996, there was not a great deal of policy direction from the government. [The move in the last five years toward a serious commitment to policy reform suggests the possibility that there may now be greater ownership of the macro reform program now, although] aid was still characterized by scattered projects and weak ownership. The Nepal report suggests that there have been problems there, as well, around the issue of ownership.

The finding that ownership matters is consistent with the thrust of other research in this area. For example, Johnson and Wasty found a strong positive correlation between the borrower's ownership and successful outcomes of World Bank adjustment programs,⁶² and Killick's study of the political economy of policy reform reported that in 18 of 20 countries studied, the degree of ownership had a "decisive" influence on program implementation.⁶³ Johnson and Wasty also documented that low levels of ownership were much more prevalent than high levels,⁶⁴ a finding that has been echoed generally in studies of aid and of economic reform programs.⁶⁵ The frequent lack of ownership helps to explain widespread failures of aid and conditionality to have the desired effects, and ownership has come to be seen as a requisite for aid effectiveness.

The concept of ownership captures something important. It brings in aspects of the inherent inequality of the aid relationship and how it often plays out with regard to such things as source of initiative, participation in decision-making, and commitment to particular policies or programs. But it does not resolve the problem, and it brings with it various conceptual difficulties and even disadvantages.

Lack of ownership seems so ubiquitous a problem, and ownership is so frequently called upon as the solution, that the concept has begun to take on the characteristic of "lack of political will," the traditional explanation for why particular policies did not get adopted or implemented. Just as the earlier version begged the fundamental (and often political) question of *why* there was not political will, turning to lack of ownership to explain failure begs the question of why there is not ownership.

Several answers are possible. One focuses on aid and aid dependence. In this view, the way in which donors go about providing aid—setting their own priorities, deciding on projects and programs to meet them, setting up separate project management units outside government bureaucracy, etc.—robs the government and local actors of the opportunity and the ability to set their own priorities, select policy approaches, and implement them. These effects are especially problematic when aid dependence is high. A second answer is that the interests of the political leaders in the recipient country may be in conflict with those of the donor.

⁶² Johnson and Wasty, 1993.

⁶³ Killick, 1998, p. 90.

⁶⁴ Johnson and Wasty, 1993.

⁶⁵ See, for example, Brautigam, 2000, pp. 31-32.

Recent approaches to aid within the donor community, including the UN system, reflect the first answer. The problem of lack of ownership has been viewed as amenable to reform, and the solution is to be found in changing donor practices so that they are less prejudicial to ownership. Alternatively, the problem is identified, all or partly, as weak aid management institutions and practices on the recipient side, and the onus is placed on the recipient countries to improve their aid management and coordination. Donors are faulted for sins of “commission” in the provision of aid; at the same time, countries are faulted for sins of “omission”—failing to steer and manage aid and to have in place the institutions and systems that would allow them to do that adequately—and they are urged to step up and to claim and practice ownership.

Donor practices may well undermine ownership, and in countries that are highly aid dependent and that have weak institutions and possibly weak leadership, they may be decisive.⁶⁶ To the extent that they are a problem, attention to improving them is an appropriate and valuable step. The evaluation studies of the UN systems efforts identify efforts by the UN agencies in all countries to improve how they do business, including clear efforts to move away from narrow projects to broader programs, to work more closely with governments with regard to setting priorities and strategies, and to coordinate among themselves and with other donors in order to create less fragmentation of attention and priority. And they suggest that there have been some changes in donor practices. Nevertheless, the incentives facing donors and recipients make fundamentally changing aid practices difficult.

But the focus on ownership often means that the political dynamics underlying a government’s disinclination to commit to or implement policy reform, or to lend full support to particular aid projects, are not recognized or analyzed. The government’s position may relate to its having a different set of priorities or a different analysis of what needs to be done and how. It may reflect the government’s concern about opposition from key groups or inability to put together a coalition around a particular set of policies. It may detract from or simply be irrelevant to what the political leadership needs to do to establish and maintain legitimacy within the country. To the extent that the appeal to ownership causes analysts and practitioners to stop there and not look behind it at its sources, it is not helpful. If the sources of lack of ownership are to be found in the politics of the country, fixing aid management is very unlikely to produce ownership.

The discourse around ownership generally fails to recognize the possibility of real conflict of interests or priorities as the basis of lack of ownership, although there is no reason to assume that interests of political leaders will dovetail with those of the donors.⁶⁷ The problem of ownership is most often raised with reference to reforms, policies, or programs that donors consider important (that the donors “own”). What donors want is to

⁶⁶ See Brautigam, 2000, pp. 32-33.

⁶⁷ Killick, 1998, and Brautigam, 2000, address issues of conflicts of interest that underlie lack of ownership. See pp. 91-99, and p. 33, respectively.

be able to transfer their ownership of these policies or programs to governments; that is, they want governments to buy into approaches the donors view as correct. When it does not happen, then lack of ownership is identified as the problem. This view risks hypocrisy, with ownership being nothing more than a way to smooth the path for donor priorities to prevail without that fact being entirely overt.

Increasing awareness of this is reflected in attempts to move toward “partnership” that parallel the emphasis on ownership. Donors are encouraging recipient governments to take the lead and to set their own priorities, and are talking of the necessity of playing a supportive role. While that seems essential to real partnership and to an honest view of ownership, it creates a dilemma when there are serious disagreements about strategies and programs. Recipient country governments may, when they take the lead, choose to “own” a very different set of policies and programs than donors want, or can support. Donors sometimes have good reason to push particular policies or programs: for example, donors have pushed governments to carry out programs aimed at the poor when governments had no internal political pressure to do so and would not choose such programs. Reform programs are similar. In such cases, it is not helpful to define the problem as lack of ownership; the problem is a more fundamental conflict of interests. “Ownership” is an essentially apolitical concept that obscures this, but it does not change the reality.

5. There are no clear answers about what donors should do in the absence of ownership and/or an adequate institutional framework.

Challenging contexts for capacity development

For the most part, the six countries studied in the evaluations are not particularly hospitable environments for capacity building. With the exception of the Philippines, they share many characteristics. All except the Philippines are low-income countries—several would be categorized as least developed—and their populations and economies are predominantly rural and agricultural. (See Tables 1 and 2.) All six countries have large proportions of their populations under the poverty line, and—again, with the exception of the Philippines and to a lesser extent, Vietnam—indicators of social development are also low. The figures for Mozambique in particular are discouraging, with a male life expectancy of only 44 years, mortality of children under age five at 213 per thousand, and adult illiteracy of 42% among men and 73% among women. Madagascar, Tanzania, and Nepal are somewhat better, but their social indicators still place them quite low compared to most other countries. (See Tables 3 and 4.)

On a potentially more positive side, all of the countries began an economic reform process and were involved in reform programs during the period examined by the evaluations, although along somewhat different timetables and with variation regarding the depth of the reforms.⁶⁸ Therefore, in all the countries there have been attempts to move

⁶⁸ As reported in the evaluations, most made an initial effort in the late 1980s, and then redoubled the effort and tried to move beyond stabilization to more structural reforms during the 1990s. Tanzania’s began to

toward more open and market-oriented economic systems, and that has been the context, as well, for any attempt to strengthen capacity. Based on the descriptions in the studies, the commitment to reform and the depth of the reforms seem strongest in Vietnam and Mozambique and weakest in Nepal, with the Philippines, Tanzania, and Madagascar somewhere in the middle. It is important to note that for some countries, especially Madagascar, the reform environment is very new and there has been little time for its effects to be seen.

Although Vietnam has not adopted political liberalization along with its economic liberalization, most of the countries have some form of democratic regime, but they are mostly partial and fragile democracies. Nepal has a constitutional monarchy, with an elected parliament and prime minister. The Philippines, since the removal of Marcos, has had democratically elected governments with wide participation of the citizenry and has had more than one transfer of power by constitutional means, but faces many continuing political challenges. The three African governments are also democratic: Tanzania was the first African country in which the independence leader, Julius Nyerere, voluntarily stepped down and allowed his successor to be chosen in an election in which he (Nyerere) did not run. While another change of administration since then suggests some degree of consolidation, Tanzania's democracy, along with the other African regimes included here, would have to be described as fragile.

The quality of the institutional framework, broadly defined, or of "governance" in the country, helps to characterize the possibilities for capacity development and the challenges it is up against. Institutional indicators suggest that these six countries' governance and institutions—whether one is looking at democracy, voice and accountability, government effectiveness, rule of law, or corruption—are generally weak and not likely to provide a very nurturing environment for capacity.⁶⁹ (See Table 5.) In terms of political rights and civil liberties, commonly seen as a measure of the degree of "democracy" in a country, the Philippines is the freest and Vietnam is the least free, with the others in between. On voice and accountability, there appears to be some variation, with Vietnam again appearing to have the worst showing and the Philippines the best, but not particularly strong. As for government effectiveness, only the Philippines appears to be above the mean, and then so marginally that it has to be discounted. On rule of law, which gets at the strength of the judiciary and legal systems, Mozambique seems to be weak compared to the others, but none look very strong. Regarding corruption, all the countries

reform its economy in 1986 and continued for the next ten years. Vietnam was also somewhat earlier than most, with its initial attempt in 1986 and then a sustained period of remarkable reforms from 1989-93 that led to a transformation of the economy. Similarly, from 1992 onward, Mozambique worked to carry out a transition from a command to a market economy. The Philippines adopted stabilization policies in 1990. Nepal's efforts at structural reform during the early 1990s largely ended in 1994 with the beginning of a five-year period of political and policy instability. Madagascar, after an initial attempt from 1989-91, did not seriously institute reforms again until 1996.

⁶⁹ Measurement of such institutional characteristics is very difficult, and the cross-national measures we do have—mostly indexes based on survey data—are problematic and limited. These can be suggestive about the quality of institutions and governance, however.

for which data are available put in a pretty poor showing, with Tanzania in particular having a very high level.

What we know about both institution building and aid tells us that it will be hard to make a difference and to be effective in these countries. Studies of aid effectiveness have supported the conclusion that aid will most likely be effective if there is ownership and if adequate governance structures and institutional frameworks are in place. As the World Bank put it, "Money matters—in a good institutional environment."⁷⁰ And the results of the six country evaluations overall confirm this. With some notable exceptions, the effects of the UN's efforts at building capacity were limited.

One conclusion increasingly being drawn from findings about the prevalent failure of aid and conditionality to get countries to adopt and implement reforms is that donors should quit giving aid to countries in advance of their demonstrating commitment to reform. This strategy of "selectivity" would be designed to avoid setting up perverse incentives that do not encourage policy change and to create an incentive structure that would reward performance in those areas.⁷¹ Similarly, looking at the causes of weak capacity and the difficulty of building capacity by design might lead one to the same conclusion with regard to capacity building efforts—that, unless the basic requirements for capacity are in place, such efforts will be wasted and should not even be attempted. While there is support for that conclusion, the implications of such a strategy in the case of capacity building would be the abandonment of the countries that most need assistance. An intermediate position that recognizes the limitations but tries to find some ways of making a difference in difficult environments would be preferable.

Indeed, poor countries with weak institutions are the kinds of countries the UN is often trying to help. If bilateral donors increasingly opt to assist countries that already have the basics in place, the UN (and other multilaterals) may be faced even more in the future with the need to find ways to assist the poorest countries and those least able to utilize such aid effectively. In other words, the more the bilaterals adopt selectivity, the more need there will be for the UN to play a constructive role in the more difficult environments. Thus, this issue is of pressing importance for the UN.

Restraint and careful intervention. Awareness of the limitations suggests strongly that restraint and careful selection of opportunities for intervention in such countries are warranted. Minimal absorptive capacity and weak administration mean that large amounts of aid and the multiplicity of projects that often characterize development assistance will not be effective and may put damaging stress on institutions. On the other hand, being willing to support positive reform and other development efforts when they are present is called for.

Similarly, coordination of priorities and activities within the UN system, as well as with other external actors where possible, with an eye toward focusing on priority areas and

⁷⁰ World Bank, 1998, p. 19.

⁷¹ See, for example, Collier, 1997, and Brautigam, 2000.

to simplifying and minimizing administrative and organizational demands and stress on the countries' institutions, will help to enable assistance to be constructive.

The evaluations studies also point to two approaches the UN is taking that seem particularly appropriate: advocacy and encouraging participation.

Advocacy. In the six country evaluations, a theme that came up repeatedly was the role that advocacy plays in UN interactions with its member countries. In particular, the respect with which the UN and its representatives in the countries were held was remarkable. While the evaluations probably reflect some overstatement, given that the evaluation was carried out by the UN and respondents could be expected to be more positive than negative, the consistency and strength of the point seem persuasive. That respect stems from the nature of the UN as an organization of member-states and the very different relationship that has developed, as a result, from the more clearly unequal one between bilateral donors or the international financial institutions, on one hand, and developing countries, on the other.

Financial resources of the UN system for capacity development and poverty alleviation are small, compared to those of other players. In that context, the special relationship of trust and respect has to be one of the UN's greatest resources in working with the countries where conditions are poor for capacity building. In addition to being responsive to positive initiatives in the country, the UN has the ability to use its special relationship to raise the awareness of political leaders and other decision makers about crucial conditions and needed reforms. The example of Vietnam shows clearly how effective this can be when the UN representatives in the country are sensitive to its situation, needs, and priorities.

Such advocacy will be most effective if it focuses on fundamental changes needed to support the combination of economic growth, poverty reduction, and needed capacity development. Helping to define an appropriate role for the state and state-private partnerships in the country's context and strengthening the understanding of what a more hospitable institutional framework would be are examples of the kinds of issues where such advocacy could be valuable. While the global advocacy for which the UN is better known can play a constructive role in adding to the legitimacy of particular approaches, sticking to the basics and not being distracted by current development "fads" is critical. What those basic messages are will depend on the particular situation in the country, and advocacy will need to be grounded in mutual respect to be effective and sustained.

Encouraging and enabling participation. As the studies show, the UN has been moving in the last few years to encourage governments to involve greater participation in decisions about development, and the UN itself has been increasing the use of more participatory approaches in development assistance. Given the absence of effective demands from citizens, especially the poor, on government in many countries and weak political and administrative frameworks, building a basis for better governance through strengthening civil society generally and the voice of the poor particularly is important. That at least offers the hope that more effective demand on government will improve incentives for improving

governance and government's performance, and a stronger civil society will also build the basis for a more constructive state-civil society partnership to solve development problems.

But participation, like ownership, is not a panacea, and it holds some risks, as well. Substantially greater participation in the form of demands on government, in the absence of increased government capacity to respond, may weaken legitimacy and stability. There is also a risk of the UN and other donors bypassing fledgling representative institutions in the country and creating a separate set of participatory mechanisms that do not support the basic institutional development of new democracies. As with other aspects of development assistance, restraint and care are valuable watchwords.

Conclusion

These reflections on some of the conceptual and practical complexities of capacity building suggest that the UN is moving in positive directions, and that it has an important resource in its relationship with its member countries that can allow it to play a particularly positive role in difficult environments.

Despite the clear difficulties of conceptualizing and carrying out capacity development efforts, it is possible to draw together some general guidelines for the UN as it attempts to contribute to capacity building in developing countries.

- Base priorities for capacity building on selected (and also prioritized) strategies of poverty alleviation, and on a careful assessment of the existing capacity situation in the country.
- Recognize that capacity for poverty alleviation will involve a complex mixture of public and private sector, state and civil society, and different levels of capacity. Identify the key places where capacity needs to be built in the context of that particular country's institutions.
- Do not hesitate to work to strengthen the state's capacities when that is needed, and where there is decentralization, make sure capacity is built at the appropriate level.
- Complement building state capacities with working to build capacities of groups in civil society to effectively participate, express their needs, and demand responsiveness of the state.
- Be aware of limitations in what external agents can do to engineer capacity, and be careful and restrained in what you try to do and how you do it, in all cases but especially where the environment for capacity building is poor.
- Continue a sensitive, focused, and consistent advocacy role in situations where ownership and institutions are weak.
- Where the environment for capacity development is poor, continue efforts to encourage and enable participation of authentic civil society groups, but with an eye toward supporting rather than bypassing incipient participatory and representative institutions.

Table 1. Income per capita, 1999 (\$US)

	GNP	PPP
Madagascar	250	766
Mozambique	230	797
Tanzania	240	478
Nepal	220	1219
The Philippines	1020	3815
Vietnam	370	1755

Source: World Bank, *World Development Report 2000-2001*.

Table 2. Urbanization, and structure of economy (percentages)

	<u>Urban</u> 1980	<u>Population</u> 1999		<u>Economic</u> Industry	<u>Structure</u> Manufact	(1999) Services
			Agric			
Madagascar	18	29	30	14	11	56
Mozambique	13	39	32	24	13	44
Tanzania	15	32	48	14	7	38
Nepal	7	12	41	22	9	37
Philippines	38	58	17	31	21	52
Vietnam	19	20	26	33		42

Source: World Bank, *World Development Report, 2000-2001*.

Table 3. Population below poverty line, early-mid 1990s (percentages)

		<u>< National</u>		<u>< \$1/day</u>	<u><2/day</u>
	Rural	Urban	Overall		
Madagascar	77.0	47.0	70.0	60.2	88.8
Mozambique				37.9	78.4
Tanzania			51.1	19.9	59.7
Nepal	44.0	23.0	42.0	37.7	82.5
Philippines	53.1	28.0	49.0		
Vietnam(1993)	57.2	25.9	50.9		

Source: World Bank, *World Development Report, 2000-2001*.

Table 4. Selected social development indicators

	Life expectancy (Male, at birth)	Under 5 Mortality(per 000)	Adult Illiteracy (M, F)
Madagascar	56	146	28, 42
Mozambique	44	213	42, 73
Tanzania	46	136	17, 36
Nepal	58	107	43, 78
Philippines	67	40	5, 5
Vietnam	66	42	5, 9

Source: World Bank, *World Development Report, 2001-2001*.

Table 5. Quality of governance and institutions

	Democracy* (1 to 7 scale, 1=most free)	Voice/Accountability** (-2.5 to 2.5, 0=mean)	Gov.Effectiveness** (-2.5 to 2.5, 0=mean)	Rule of Law** (-2.5 to 2.5, 0=mean)	Corruption*** (1-10 scale, 10=least corrupt)
Madagascar	3.0	0.309	-0.295	-0.825	
Mozambique	3.5	-0.172	-0.331	-1.046	3.5
Tanzania	4.0	-0.283	-0.485	0.161	1.9
Nepal	3.5	0.047		-0.558	
Philippines	2.5	0.614	0.126	-0.078	3.6
Vietnam	5.5	-1.416	-0.300	-0.437	2.6

Sources: *Freedom House www.freedomhouse.org. Data for 1999. Combination of rating for political rights and civil liberties. ** Data from World Bank research project on governance indicators. Daniel Kaufmann, Aart Kraay, and Pablo Zoido-Lobaton, *Aggregating Governance Indicators*, Policy Research Working Paper, 2195 (1999). Data for 1997/98. www.worldbank.org/wbi/governance/gov_data.htm. Note: standard deviations are large, so comparisons can only be made between data near top and bottom. Others should be discounted. ***Transparency International Corruption Perceptions Index <www.transparency.org/documents/cpi/index.html>

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Chapter 3
POVERTY REDUCTION AND THE UN SYSTEM
A SYNTHESIS OF SIX COUNTRY STUDIES

By Dharam Ghai

Executive Summary This synthesis paper attempts to capture the principal findings of the six country studies on the contribution made by the United Nations agencies to poverty reduction and capacity building over the period 1985-98. The focus of this paper is on poverty reduction, since a separate synthesis study has been prepared on capacity building.

The paper first considers some definitional and methodological issues before examining, in Section II, the social and economic indicators of the six countries over this period. Section III describes the major activities undertaken by the UN system to assist countries reduce poverty and build capacity. Section IV makes an assessment of the efforts made by the UN system to reduce poverty, while Section V considers its comparative advantage in this field and makes suggestions for improving its effectiveness in the future.

Poverty can be defined in many different ways. Some define poverty as inadequacy of food intake or a level of income inadequate to meet food and other essential needs of individuals and families. In contrast to this measure of absolute poverty, some analysts define it in relative terms i.e. they relate it in some way to average incomes in the country. Some definitions of poverty extend beyond income levels to comprise economic, social and political characteristics associated with the state of poverty such as exclusion, marginality, dependence and powerlessness. While recognizing the relevance of broader notions of poverty, the six country studies focus their attention mostly on poverty defined as income levels inadequate to meet the essential needs of families and as lack of access to primary health care, basic education, clean water and decent shelter and sanitation.

Capacity building refers to skills, aptitudes, knowledge and capabilities of individuals, organizations and institutions to undertake activities to improve living standards, attain economic and social security, raise productivity and achieve sustainable development. Any attempt to give quantitative estimates of contributions made by an agency to the achievement of a given objective is beset with well-known problems. These problems are compounded many times over in establishing relationships between such complex phenomena as poverty reduction and capacity building and the UN activities at the national level.

The incidence of poverty is affected by so many factors that problems of causality and attribution become almost insuperable. Data deficiencies and time lags cause additional difficulties. Thus the best claim made by the authors of the country reports is that their evaluations constitute no more than informed judgments on the impact of UN interventions on poverty reduction. These were based on examination of the available reports and documentation on UN activities, meetings with UN and government officials, development

specialists, representatives of other donor agencies and NGOs, the “beneficiaries” of these activities and visits to projects.

Except for Philippines, the other five countries fall in the low-income category. In terms of economic growth, Vietnam has had an impressive performance. There was slow growth in Nepal and Philippines and stagnation in Tanzania. The economy in Mozambique declined sharply after independence but has grown very rapidly since 1994. Per capita income has declined in Madagascar since 1985. Poverty measured in income terms declined sharply in Vietnam between 1992/1993 and 1997/1998. It rose in Madagascar, Tanzania and in Mozambique (except perhaps since 1994). It remained unchanged in Philippines and may have improved slightly in Nepal.

The human development indicators (life expectancy, infant mortality, child immunization, illiteracy, primary school enrolments) in Vietnam are impressive in relation to its per capita income. They are also good and showed some improvement in Philippines. Nepal showed a gradual improvement in these indicators but illiteracy and gender disparities remain at very high levels. While literacy levels have improved in the three African countries over the period, the primary school enrolment rates have deteriorated. Infant mortality has declined, though at a slow rate, but life expectancy in Tanzania has fallen- no doubt a reflection of rising deaths due to HIV/AIDS. The total fertility rates and population growth remain high in all countries except for Vietnam that has experienced significant declines over the period.

Although the UN agencies undertook an extensive and diverse range of activities in these countries, the dollar value of their assistance remained at modest levels, amounting to less than 10 percent of official development assistance received by them in most years. The range of activities comprised relief and rehabilitation, health and population, education and training, natural resources and the environment, micro-credit projects, assistance with formulation of growth and poverty strategies, women’s well-being and equality, and governance, civil society and institutional reform.

Several UN agencies, most notably UNHCR, UNICEF, WFP and to some extent, WHO, assisted refugees, internally displaced persons and victims of natural disasters. UN agencies helped governments with their primary health care system, immunization programmes, child and maternal nutrition, family planning, population censuses, access to water and sanitation and training of health personnel at all levels. They also rendered assistance with literacy and educational development and technical and vocational training. ILO, UNDP and WFP helped with labour-intensive infrastructural development projects. Several UN agencies participated in setting up micro-finance projects. They also contributed to other income earning projects in agriculture, industry and services. Many of these projects aimed to increase incomes for the poor, for women and minority groups.

The UN agencies worked with governments to develop strategies for key sectors and for accelerating growth and poverty reduction. They also undertook advocacy work relating to gender equality, environmental protection, and promotion of participation and social development. In recent years, UN agencies have participated in a range of governance and

institutional development projects such as reform of legal systems, introduction of market economy, strengthening of police and the judiciary, organization of free and fair elections and promoting transparency and accountability of public bodies.

Although identifying many weaknesses in UN operations, the six reports are unanimous in their positive evaluation of the overall contribution made by the UN system to poverty reduction and capacity building. Most activities carried out by UN agencies have a direct and immediate impact on poverty reduction, as for instance, humanitarian and relief work, provision of basic social services, microfinance, rural development, labour intensive infrastructure construction and small enterprise development. A good deal of their work on sectoral and overall development strategies provides appropriate policy framework for poverty reduction. Through the world conferences, conventions and norms, the UN system has influenced the discourse and content of development with emphasis on participation, equity and sustainability. It has also contributed to social dialogue, strengthening of civil society and democratic institutions.

The studies also identify a number of weak points in UN work. These include the lack of an institutional memory and the consequent failure of the agencies to learn systematically from their successes and failures. In particular, far too often successful projects are not followed through to ensure replication at the national and global levels. This is in part due to scarcity of resources. The governments also share blame for this. Furthermore, UN projects typically do not collect baseline or ongoing data to facilitate an assessment of the effectiveness of different approaches and projects. Some country reports criticize UN agencies for being excessively centralized, bureaucratic and hierarchical in their operations. This renders them inadequately responsive to changing situations.

Several studies also commented on the lack of appropriate qualifications of UN staff, especially with regard to integration of gender concerns in development policies and programmes, analysis of poverty and macro-economic situation and formulation of growth strategies. Another weakness brought out in the reports is the tendency for each agency to go its own. The introduction in the 1990s of the United Nations Development Assistance Framework and related initiatives such as Common Country Strategy and Sector Wide Approach (SWAP) have gone some way in promoting greater coordination and coherence in UN activities but more needs to be done to realize the potential gains from more effective cooperation. The cooperation at the country level between the UN agencies and international and regional financial institutions has also improved in recent years. This can be a means for the UN system to tap the macro-economic expertise and financial resources of these agencies in the pursuit of strategies for poverty reduction. It is however important that the UN system continue to emphasize the human and social dimensions of development to counterbalance the economistic bias in the work of the financial organizations.

The UN system can build upon its achievements and comparative advantage to further improve its effectiveness in the future. The system is regarded by the governments, voluntary agencies and the public opinion in the six countries as being objective, neutral and independent. It is also generally considered as being open, sensitive and sympathetic. The

positive image of the UN is in part due to its political and ideological pluralism: the UN is home to a broad spectrum of thinking on social and economic development issues. The UN system also possesses valuable technical expertise and global knowledge in such areas as emergency relief and rehabilitation, health, education, environment, agriculture, industry and technical and vocational training. Expansion of UN activities in these areas can contribute greatly to enhancement of human well being and reduction of poverty. But if these interventions are to make a significant dent into poverty, the UN agencies would need far greater resources than they currently dispose.

The UN system is also a source of increasing expertise in the “softer” areas of human rights, gender equity, participation, civil society and governance. Given the country perceptions of the UN system described above, the UN agencies are especially well qualified to assist countries in handling delicate and sensitive issues of participation, community development, strengthening of civil society, conflict resolution, promotion of human rights, tolerance, accountability and transparency. The system has been particularly successful in awareness raising and advocacy in these areas. It has also shown itself adept at bringing government and different groups together to build consensus on vital political, economic and social issues. Given the growing importance of these themes for equitable and sustainable development, the UN agencies should take steps to strengthen their expertise in these areas.

Beyond improvements in the organization and functioning of the UN agencies at the country level, action is needed to reorient domestic and international policies to accelerate progress in poverty reduction. The world community has never been so unanimous in regarding the eradication of absolute poverty as the most important moral, social and economic challenge of our times. But the gap between official rhetoric and concrete measures has seldom been so stark. The UN system can take the initiative to develop an operational plan for eradication of world poverty. The plan should specify regional and national strategies and international measures in trade, development assistance and finance, to rid the world of destitution in two decades. The multinational corporations should be cajoled to use part of their vast resources of finance, technology, knowledge and skills towards this objective. A comprehensive plan of this nature for attacking world poverty can only succeed if it engages the commitment of top political leadership in all parts of the world.

Section I Concepts and Methodology

This paper attempts a synthesis of the six country studies prepared in response to the General Assembly Resolution 53/192 that asked the Secretariat to review the field work of the UN system as part of the triennial comprehensive policy review of its operational activities.* The terms of reference of the country studies are contained in Annex II. The main purpose of the studies was to make an assessment of the contribution made by the UN system over the period 1985-99 to poverty reduction and capacity building in the countries concerned. The six countries comprised Madagascar, Mozambique, Nepal, Philippines, Tanzania and Vietnam. The titles and authors of these studies are mentioned in Annex I. The synthesis paper has sought as far as possible to capture the central points made in the country studies. This Section examines the definition of the twin concepts of poverty and capacity building and the methodology used to investigate the UN contribution. Section II looks at the country context and performance with regard to economic growth and poverty reduction. The following Section describes the contributions made by the UN system in different countries to their efforts to reduce poverty and build capacity for this purpose. Section IV attempts an assessment of the UN performance regarding poverty reduction, while Section V considers the UN comparative advantage in this field and makes suggestions for improving its effectiveness in the future.

Defining Poverty There is a long and controversial literature on the meaning, content and measurement of poverty. Without going into details, the major difference concerns the scope of the notion of poverty. While everybody can agree that poverty must refer to inadequacy of incomes and resources to meet basic human needs, the disagreement relates to whether additional attributes may be included in its definition. The most basic notion of poverty connotes food inadequacy to meet minimum nutritional needs of individuals, which of course vary with age and activities undertaken. This is sometimes referred to as food or extreme poverty.

The most frequent definition of poverty refers to a level of income inadequate to meet the individual or family needs not only for food but also for other essential goods and services such as clothing, shelter and transport. It also comprises access to basic services such as clean water, primary health, sanitation, elementary education and social protection. The latter concept refers to protection against the effects of natural disasters and social distress caused by sickness, accident, loss of livelihood, death of the primary breadwinner, old age and disability. This definition of poverty is called absolute poverty. The oft quoted one or two dollars per head per day as poverty income is World Bank's measurement of absolute poverty. Some analysts prefer the notion of relative poverty that takes into account income or wealth distribution. Thus, for instance, many industrial countries define poverty as income levels below half the median income. A related notion of poverty sees it as consisting of a series of

* The paper is based largely on the six country studies. It focuses on poverty reduction. A separate synthesis paper has been prepared on capacity building. The data presented in tables and charts are taken from the World Bank. I am grateful to Teresa Iurilli for assistance in assembling the data. I thank Roger Maconick and his colleagues and Gus Edgren and W. Haven North for helpful comments on an earlier draft.

deprivations or diminutions of capabilities such as capability to be adequately nourished, to live a healthy life and to have knowledge and skills for earning livelihood and leading productive and satisfying lives.

Critics of such notions of poverty argue that it neglects many of the key attributes of poverty. These may include such social phenomena as isolation, exclusion, dependence, and lack of control over their lives and of self-esteem. Also mentioned are political factors such as powerlessness, lack of autonomy and inability to participate in local and national decision-making. The definition of poverty may be further extended to include lack of justice, discrimination and oppression. Some analysts put emphasis on the gender dimensions of poverty. There is no doubt that many of these attributes are associated with the state of living in poverty and they draw attention to the underlying factors determining poverty and to solutions that attack their structural roots. But they also make the notion of poverty extremely complex and difficult to get a handle on in discussions of strategy and policy to mitigate poverty. Certainly, most of the available measures and indices of poverty eschew these complications and capture only the dimension of absolute poverty as income levels necessary to meet requirements for food and other essential goods and services.

The six country studies all recognize the complexity and multifaceted nature of poverty but in tracing its evolution and incidence, they perforce use the available data, which mostly purport to measure absolute poverty. For instance, the Mozambique paper works with the UNDP Human Development definition as “the denial of opportunities and choices most basic to human development, reflected in a short life, lack of basic education, lack of material means, exclusion and a lack of freedom and dignity.” The authors of the Tanzania report define “poverty eradication as the end result of a process leading to sustainable and optimised rates of economic growth; an equitable geographical distribution of economic activity; and a socio-economic structure in which the lowest strata of society possess incomes that enable them not only to purchase the basic necessities of life, but also to gain easy access to adequate health and education services, pure water supplies, and affordable housing.” The Vietnam study highlights food, other essential goods and access to basic social services and social protection. The Philippine study stresses the “economistic” bias in the definition, measurement and policies to reduce poverty.

Notion of Capacity Building There is less ambiguity about the definition of capacity building. All studies agree that capacity building pertains not only to individuals but also to organizations and institutions. In this regard, several papers, notably those on Nepal, Mozambique and Madagascar, make the distinction between micro, meso and macro levels of capacity building referring thereby to individuals and small groups, organizations and communities, and systems and environments respectively. The capacities signify skills, knowledge, aptitudes, capabilities, methods and organization of work, coherence and efficiency, rules, procedures, norms and overall environment. The capacity building function is interpreted mostly as ability to analyse development problems and constraints, propose and implement effective strategies and policies and review and monitor progress.

The Philippine study, for instance, defines capacity building as “contributing to a process of enhancing and activating the already existing stock of national competency in policy analysis and problem formulation and solving, and consequent policy making and planning, through whichever modalities and institutions the individual or organization involved consider best suit their purposes.” Likewise, the Tanzania paper defines capacity building as “the process of nurturing and sustaining the ability of individuals and institutions and, through them, of nations to (i) identify opportunities for development; (ii) recognize any constraints to their realization; (iii) undertake analysis; (iv) formulate plans and strategies to implement the policies; (v) organize individuals, groups and systems to ensure the achievement of goals and objectives; and (vi) evaluate and assess the impact or outcome of the implementation process.”

The Mozambique study looks at capacity building from the following perspectives:

- Building the security, capabilities and awareness of individuals
- Strengthening or creating organizations
- Policy awareness
- Changing and creating institutions
- Building capacity systems.

The Vietnam study distinguishes four dimensions of capacity building: skills, knowledge, experience and capabilities of individuals; strengthening of the whole range of institutions from the family to the party; coherence and consistency in public policy making; and creation of an environment that provides incentives for work, saving and investment and that encourages risk-taking, innovation and creativity.

Assessing UN Contribution The main purpose of the studies was to assess the contribution made by the UN system to poverty reduction and capacity building. The terms of reference also requested consultants to consider a series of related questions such as whether the resources allocated by the UN system were commensurate with the results; whether the UN interventions were appropriate; whether the system used a coherent and collective approach; and whether adequate attention was given to issues of gender, environmental sustainability and HIV/AIDS. Even under the best of circumstances, it is difficult to answer these questions reliably, much less to give any quantitative estimates. Two commonly used techniques to answer some of these questions are regression and cost-benefit analyses. Regression analyses attempt to establish correlations between two variables- the independent variable (in this case poverty reduction or capacity building) and one or more dependent variables (the UN contribution). Even when the data are reliable, comparable and of sufficient duration, there are problems of interpretation concerning causality. Cost-benefit analyses are used to estimate rates of return to resources invested in different activities, programmes and projects. They require a demanding set of data relating to costs and benefits over time. Even so, monetary measures may fail to capture important costs and benefits.

It is quite impossible to apply these or similar techniques to assess the UN contribution to poverty reduction and capacity building. First the problems of attribution are horrendous. A complex of factors affect the incidence and trends in poverty. It is always risky to attribute an

outcome to a given event. Furthermore, the UN is a small player in national development efforts. Its contribution to development assistance has been less than 10 percent in the countries examined for most of the years. Not only other foreign agencies are more important but also the government resources dwarf its contribution in quantitative terms. The data on poverty reduction over the period under consideration are available only for one or two years for most countries, are of poor quality and often not comparable. For capacity building, it is difficult even conceptually to devise methods to measure it.

Another difficulty is that, as shown in Section III, the UN interventions cover an extremely broad range of activities varying from training programmes to pilot health projects and from environmental protection to strengthening of judicial systems. The difficulty is further compounded by the different types of interventions made by the UN agencies. These comprise operational programmes and projects, policy advice, research, data collection, awareness raising on new issues and advocacy. For some of these activities, it does not even make sense to ask the conventional questions concerning rates of return and contribution to poverty reduction. Even for operational programmes in the field of agriculture, industry, health, education and natural resources, adequate data are lacking even to make an extremely rough assessment of the impact of UN contribution. Even in the absence of some of these constraints, it would have been difficult to undertake an adequate analysis because of the limited time available for the country studies, which amounted to about four weeks.

It would therefore be unrealistic and sometimes inappropriate to expect a rigorous or quantitative analysis of the contribution made by UN efforts to poverty reduction or capacity building. This is indeed acknowledged by all the case studies, which point to the above constraints to an effective evaluation. The Mozambique study goes so far as to assert: "Our conclusions are therefore more impressionistic and anecdotal than we would have wished." The authors of the Philippines study state that their conclusions are based on the "recollected perceptions" of their interlocutors. And the Tanzania study states: "It cannot be too strongly asserted that, primarily because all the programmes and projects that were evaluated did not contain relevant impact indicators, the evaluators were obliged, in the final analysis, to rely on their own experience in judging the degree to which the UN system had contributed to Tanzania's general and sectoral development."

The evaluations thus represent the considered judgement of experienced specialists on UN activities at the country level based on the variety of sources of information available to them. They are necessarily of a qualitative nature. Indeed for many of the UN activities considered, qualitative assessment is the only valid form of evaluation. The studies shed valuable light on the strengths and weaknesses of UN interventions, highlight success stories, assess the comparative advantage of the UN system in promoting development and capacity building, give useful views on the merits of different modalities of UN operations and provide valuable suggestions for the strengthening of the UN system in its work at the national level on poverty reduction.

The authors of the studies relied on similar sources of information in arriving at their conclusions. The most important source was the publications and documents of the various

UN agencies. These included programme and project documents and evaluations, general statements of objectives and policies, strategy and sectoral reviews, research papers and social and economic data. This information was supplemented by interviews with UN staff in the country and at headquarters, government officials, researchers and specialists, and representatives of other donor agencies, international financial and voluntary organizations. The missions also visited selected development projects that gave an opportunity to see activities on the ground and to have discussions with local authorities, technical departments and not least, ordinary men and women- the “beneficiaries” of the UN activities. The missions often selected a few programmes and activities for more in-depth examination of their impact on poverty reduction and capacity building. Most of the missions were able to discuss their preliminary findings with UN and government officials in formal or informal meetings.

Section II Economic and Social Performance

This Section provides some information on the economic and social performance of the six countries included in this synthesis report. By way of background, there is a brief discussion of some their political and economic characteristics.

Country Background and Context

Madagascar's economic and social indicators place it among the least developed countries. The UNDP's Human Development Index (HDI) in 1998 ranked the country 141 out of 174. This index is based upon indicators of health, education and income levels. The country has undergone a series of important political and economic changes over the past 30 years. After the first decade of independence, the new leadership launched the country on a course of radical political and economic change. The socialist regime carried out a wide-ranging programme of nationalization of businesses in 1975 and practiced a policy of autarky and self-sufficiency. The period 1987-91 witnessed a phase of partial liberalization of economy associated with structural adjustment programmes. These policies were halted or reversed by the new government in 1991-96. This period saw frequent changes among top politicians and civil servants. From 1996, there was a return to the earlier policies of structural adjustment and economic liberalization. Around 70 percent of its population of 17 millions lives in rural areas with agriculture contributing 32 percent of its Gross Domestic Product (GDP).

Mozambique attained its independence in 1975 after 11 years of war against the Portuguese colonial authorities. The country was soon plunged in deep economic crisis with the precipitate departure of 250,000 settlers, predominantly of Portuguese origin, who owned practically all the modern businesses in agriculture, industry and services and provided the managerial, professional, technical and administrative skills. At the time of independence, the country had an illiteracy rate of 93 percent with only 100 indigenous people with a university degree. The FRELIMO Government proceeded to nationalize all modern enterprises and promote co-operative agriculture among the peasantry. It introduced Soviet style central planning. It had to contend with destabilization of its economy and political system by the apartheid regime in South Africa and subsequently with the insurgency unleashed by RENAMO in the southern and central part of the country. During these years, the country

suffered immense destruction and millions of people were displaced. With the peace agreement of 1992, the country entered a phase of relief, resettlement, reconstruction and demobilization. On the political front, Mozambique has successfully organized two multiparty elections. It has dismantled its central planning system and privatized many state enterprises. The country has thus been faced with the challenges of triple transition- from war to peace, from one party to multiparty system and from centrally planned to a market economy. Despite its remarkable progress since 1994, Mozambique has extremely poor social and economic indicators. The UNDP HDI places the country 169 out of 174. Nearly 80 percent of the population of around 19 million live in rural areas.

Tanzania with a population of nearly 32 million is also classified among the least developed countries. In 1998, it occupied a position of 154 in the UNDP HDI. At independence in 1962, immigrants from Europe and Asia dominated the economy. The literacy rate and school enrolment among the indigenous people were at abysmally low levels. After independence, the ruling party TANU instituted a one-party system. In 1967, the government initiated socialist policies with nationalization of a wide range of large enterprises and the introduction of ujamaa villages in the countryside. Despite substantial amounts of foreign assistance, Tanzania experienced increasing economic difficulties in the 1970s that were exacerbated by the war against Idi Amin in 1979. Some earlier attempts to secure IMF and World Bank funding failed because of the government reluctance to implement stabilization and structural adjustment policies. From 1986, the government has followed policies of economic liberalization, political pluralism, privatization and dismantling of co-operative and collective systems of agricultural production.

Nepal is an ancient kingdom. After the dismissal of the first elected government by the King in 1960, the country adopted a Panchayat System, which centralized power in the hands of the monarch and the Cabinet appointed by him. The growing opposition to the system led to the adoption in 1991 of a system of constitutional monarchy and the establishment of multi-party democracy with power vested in Parliament and the Government. The country has since experienced a series of coalition governments with frequent changes of ministers and senior officials and consequent lack of policy continuity. Like other countries, Nepal has adopted a series of stabilization and adjustment programmes with the support of the IMF and the World Bank. With a population of 23 million people, Nepal is classified as a least developed country. Its topography divides the country into two parts- the Terai, the lowlands with 45 per cent of the population and the hills inhabited by pastoralists and subsistence farmers. Ninety per cent of the population lives in rural areas.

Philippines is the only middle income country among those included in this synthesis. The country achieved its independence well before other Asian countries, after being colonized by Spain and the USA. The long authoritarian rule established by Marcos ended in 1986. Since then the country has experienced three multiparty elections and a peaceful transfer of power from an elected president to the vice-president. It has had a market economy with private ownership of means of production. It has been liberalizing its economy since the 1980s with a steadily declining regulation of the economy by the state. Its economy has been affected by a long running civil war confined to two regions of the country and by periodic natural

disasters. Since the mid-1980s, the country has experienced several economic crises. With a population of 71 millions, Philippines ranked 77 in the UNDP HDI.

Vietnam went through a series of wars starting with the Second World War and culminating in the civil war that resulted in the unification of the country in 1976. These wars not only inflicted massive casualties and displacement of millions of people but also widespread damage to physical infrastructure and natural resources. Ruled by the Communist Party of Vietnam, the country formed part of the Soviet bloc until the collapse of communism in Europe in the late 1980s. It adopted the communist model of economy with public ownership of large enterprises and urban property and cooperative ownership of land. The economy was administered through central planning. Growing economic difficulties in the early 1980s led the Party and the Government to adopt a series of economic reforms that resulted in decollectivisation of agriculture and progressive introduction of a market economy. These reforms contributed to rapid economic growth in the 1990s accompanied by increased flows of foreign aid and investment. Despite this progress, the country has very low per capita income. However its social indicators are well above the levels associated with its per capita income, placing it at 110 in the UNDP HDI. Four-fifths of its population of 77 million people live in rural areas.

Some Indicators of Economic Performance Table I gives data for six countries on GDP per capita, export of goods and services and aid receipts as percentage of (GDP) GNP for selected years. Trends in poverty are often closely correlated with growth rates. Mozambique, Tanzania, Madagascar and Nepal are among the poorest countries in the world with a per capita income below \$240. Vietnam started off in 1985 with a very low per capita income but made substantial progress since 1988, reaching a per capita income of \$325 by 1998. In terms of economic growth over the period 1985-98, it has been the most successful of the countries considered here. Madagascar, on the other hand, shows the worst performance: its GNP per capita declined over the period. Tanzania also performed very poorly, showing practically no growth over the period. Mozambique, starting from very depressed levels in 1985, lifted the GNP substantially for the next five years but experienced no growth between 1990 and 1994. In the subsequent period, its economy grew at an extremely rapid pace. Nepal has experienced slow but steady growth in per capita income over the period. Philippines has grown at an even slower pace. On the whole most countries grew more rapidly since 1994 than in the earlier periods.

Table I also shows that all countries increased their export orientation between the mid-1980s and the late 1990s. The greatest change took place in Vietnam, Philippines and Mozambique (but from a rather depressed level), and the smallest in Tanzania. Nepal managed to double the share of exports of goods and services over the period. With regard to aid, the data confirm the extreme dependence of African countries, although there are considerable year to year fluctuations. Aid receipts in Mozambique have ranged between 30 to 40 per cent of GDP, in Tanzania they have declined from 20-30 in the early 1990s to 12-14 per cent in the late 1990s. In Madagascar, they have varied in the region of 10-14 per cent. Aid dependence in Nepal has been around 8-10 per cent and in Vietnam between 4 and 6 per cent in the 1990s. Philippines, being a middle-income country, received much less aid- around 1-2 per cent for most years.

Indicators on Poverty and Human Development Data on the incidence of poverty are not available on a comparable basis and often not on a time series basis for most of the countries. According to the country studies, the greatest progress was made in Vietnam where the incidence of poverty declined from 58 to 37 percent over the period 1992/93 and 1997/98. In Philippines, the rate of poverty fell from 40 to 32 per cent between 1991 and 1997 but rose again to 40 per cent in 1998. Poverty in Madagascar rose from 59 to 73 per cent between 1985 and 1997. In Nepal, poverty was estimated at 42 percent, in Tanzania at 48 percent and in Mozambique at 60 per cent. These data, imperfect as they are, seem to show that only in Vietnam was there a significant reduction in poverty. It is possible that there was also a slight reduction in Nepal.

Complementary and perhaps more reliable and comparable information on human poverty is provided in Tables II and III. Human poverty indicators paint a somewhat more hopeful picture than conveyed by income measures of poverty. For instance, infant mortality per 1,000 live births appears to have declined in all countries over the period 1984-98 except for Mozambique where after rising sharply in 1990, it fell in 1998 but was still above its 1984 level. Nevertheless, infant mortality figures remain at disquieting levels in all countries except Philippines and Vietnam. The Vietnamese figures are quite remarkable given the country's per capita income. However child malnutrition data (low weight for age) show a much more serious situation in Nepal and Vietnam than in African countries. The life expectancy figures show a slow increase over the period 1984-98 in all countries except Tanzania and Mozambique where presumably HIV/AIDS is responsible for lowering life expectancy from 51 to 47 and from 47 to 45 years respectively. Child immunization is one area where impressive gains were made in all countries, especially in the 1980s.

Table III presents a mixed picture on educational progress. While illiteracy declined in all countries, the primary school enrolments worsened in the African countries. Vietnam and Philippines have very low levels of illiteracy. Considering its per capita income, Tanzania has also made good progress in reducing illiteracy. On the other hand, the situation in Nepal is quite serious: in 1998, overall illiteracy was 61 per cent, while female illiteracy was extremely high at 78. Gender disparities are especially marked in Nepal and Mozambique. While Philippines and Vietnam have attained universal primary school education and Nepal has lifted its enrolment rate from 43 to around 80 (although gender disparities remain quite pronounced), the African countries show deteriorating trends.

Table IV presents some data on population. Although they do not bear directly on poverty, these data capture some important elements of social and economic progress. Madagascar not only has a high rate of population growth but it has tended to increase over time, as has in Mozambique but from a rather low level- itself the result of high incidence of HIV/AIDS and conflicts. The decline in Tanzania's rate of population growth between 1990 and 1998 is also likely to be due in some measure to the deaths caused by the rapid spread of HIV/AIDS. Vietnam's low rate and rapid decline in population growth is remarkable as is the high rate and low decline in Philippines. The total fertility data bring out a gradual decline in all countries in the number of births per woman but the progress made in Vietnam is especially

noteworthy. This is in part due to its contraceptive use rate of 75 per cent in 1996/97, compared with 47 in Philippines, 29 in Nepal and much lower figures in African countries.

Concluding Observations Except for Vietnam, the poverty situation in other countries has either not improved or become worse over the period. Human development indicators depict a slightly more optimistic picture. Again Vietnam is remarkable for having relatively high social indicators in relation to its per capita income. Philippines, being a middle income country, has also relatively favourable social indicators except for total fertility rates. Nepal has made slow but steady progress but gender disparities in literacy and schooling remain very high. After nearly four decades of independence and very considerable foreign assistance, the social performance of Tanzania and Madagascar is quite disappointing. The countries have regressed in some important respects such as schooling rates and life expectancy (Tanzania). Mozambique had to content with wars, conflicts and natural disasters. Its economic and social indicators remain the worst of the countries studied here but it has made substantial progress since the cessation of hostilities.

TABLE I - GROWTH, EXPORT AND AID

	1985			1990		
	Growth ¹⁾	Export ²⁾	Aid ³⁾	Growth ¹⁾	Export ²⁾	Aid ³⁾
Mozambique	112	2.9	3.9	136	8.2	42.4
Tanzania		..	14.7	173	12.1	29.3
Madagascar	263	12.2	6.8	263	16.6	13.6
Nepal	167	11.5	8.8	185	10.5	11.5
Vietnam	180	202	26.4	..
Philippines	940	24.0	1.5	1058	27.5	2.9

	1994			1998		
	Growth ¹⁾	Export ²⁾	Aid ³⁾	Growth ¹⁾	Export ²⁾	Aid ³⁾
Mozambique	135	14.0	58.1	178	11.7	28.2
Tanzania	167	19.5	23.8	180	18.4	12.4
Madagascar	228	22.0	10.2	233	21.2	13.4
Nepal	208	23.9	10.9	222	23.2	8.3
Vietnam	253	34.4	5.7	325	44.0	4.3
Philippines	1058	33.8	1.6	1145	55.6	1.0

Source: World Bank

¹⁾ GNP per capita (constant 199

Notes: US\$)

²⁾ Exports of goods and services as of GDP

³⁾ Aid as % of GDP

TABLE II - Health Indicators

	1984			1990		
	Infant Mortality 1)	DPT immunis. 2)	Life Expectancy. 3)	Infant mortality 1)	DPT immunis. 2)	Life Expectan . 3)
Mozambique	125	29	46.5	150	46	43.4
Tanzania	111	67	51.5	99	78	50.1
Madagascar	110	23	52.5	103	71	54.7
Nepal	135	32	46.0	101	80	53.6
Vietnam	50	42	64.5	40	85	66.6
Philippines	46	59	63.0	37	88	65.4

	1998			1995
	Infant Mortality 1)	DPT immunis. 2)	Life Expectancy. 3)	Child Malnutrition 4)
Mozambique	134	61 (97)	45.2	27
Tanzania	85	74 (97)	47.2	30 (96)
Madagascar	92	..	57.8	34
Nepal	77	78 (97)	57.8	48
Vietnam	34	95 (97)	68.4	45 (94)
Philippines	32	83 (97)	68.6	30 (93)

Source : World
Bank

Notes: 1) per 1,000 live births
2) as % of children under 12 months
3) years
4) weight for age as % of children
under 5

TABLE III Education

1985				
	Illiteracy rate		Primary school enrollment	
	male ¹⁾	female ²⁾	male ³⁾	female ³⁾
Mozambique	56.0	85.5	98.7	76.2
Tanzania	27.9	57.0	76.2	74.0
Madagascar	38.0	55.7	99.0 (88)	95.0
Nepal	57.1	89.9	107.8	49.7
Vietnam	6.1	15.7	105.9	99.9
Philippines	8.3	9.8	107.9	106.9

1990				
	Illiteracy rate		Primary school enrollment	
	Male ¹⁾	female ²⁾	male ³⁾	female ³⁾
Mozambique	50.6	81.6	76.5	57.4
Tanzania	23.2	48.5	70.3	69.1
Madagascar	33.5	50.1	102.8	103.1
Nepal	52.5	85.9	132.2	81.1
				103.0
Vietnam	5.5	13.1	112.0	(92)
Philippines	7.0	8.1	113.2	109.3

1998				
	Illiteracy rate		Primary school enrollment	
	Male ¹⁾	female ²⁾	Male ³⁾	female ³⁾
Mozambique	41.6	73.0	70.2 (95)	50.2 (95)
Tanzania	16.7	35.7	66.8 (97)	66.1 (97)
Madagascar	27.8	42.2	91.8 (95)	91.4 (95)
			128.8	
Nepal	43.1	78.3	(96)	95.9 (96)
			115.5	111.4
Vietnam	4.7	9.4	(97)	(97)
			115.1	113.1
Philippines	4.9	5.4	(95)	(95)

Source: World
Bank

Notes: ¹⁾ as % of males aged 15 and above
²⁾ as % of females aged 15 and above
³⁾ gross

TABLE IV Population

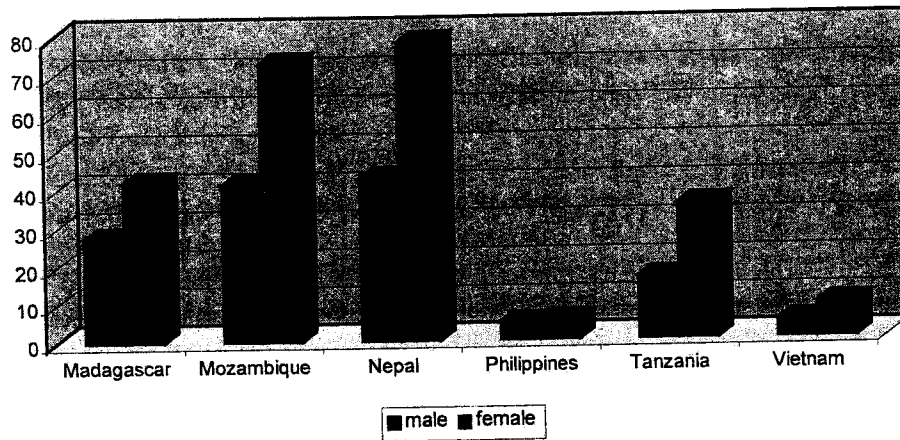
	1984		1990	
	Population Growth ¹⁾	Fertility rate ²⁾	Population growth ¹⁾	Fertility rate ²⁾
Mozambique	1.6	6.3	0.8	6.3
Tanzania	3.1	7.0	3.1	6.2
Madagascar	2.7	6.5	2.8	6.2
Nepal	2.6	6.3	2.5	5.3
Vietnam	2.0	4.7	2.2	3.6
Philippines	2.6	4.4	2.6	4.1

	1998		Contraceptive rate ³⁾
	Population growth ¹⁾	Fertility Rate ²⁾	
Mozambique	1.9	5.2	5.6 (97)
Tanzania	2.6	5.4	18.0 (96)
Madagascar	3.1	5.7	19.4 (97)
Nepal	2.3	4.4	29.0 (96)
Vietnam	1.4	2.3	75.3 (96)
Philippines	2.2	3.6	46.5

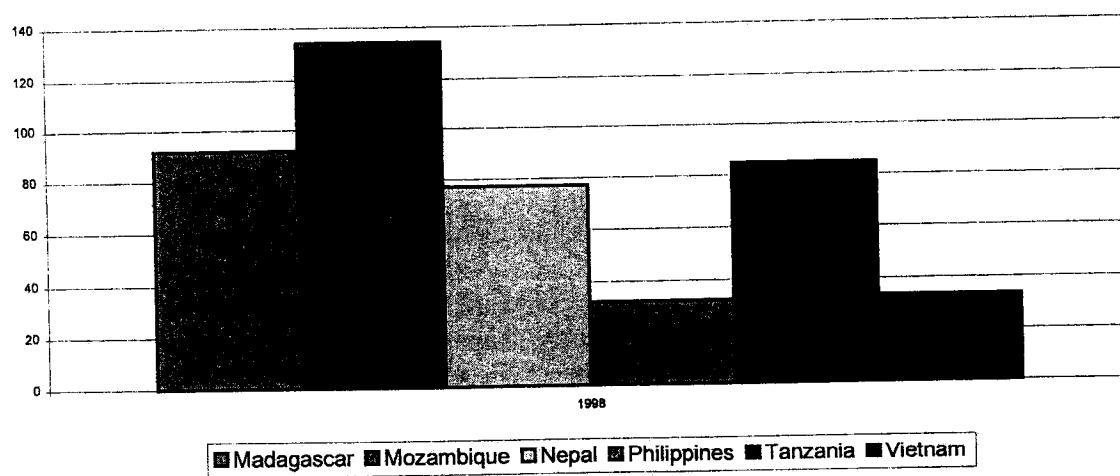
Source: World
Bank

Notes: ¹⁾ % p.a.
 ²⁾ births per woman
 ³⁾ as % of women aged 15-49

Illiteracy rate (% of males and females aged 15 and above)



Mortality rate, infant (per 1,000 live births)



Section 3 UN Activities for Poverty Reduction

This Section examines the activities the UN system has undertaken in the six countries with a view to reducing poverty and promoting social development. It discusses both the thematic areas covered by UN activities and also the different means of action employed. The Section also brings out the evolution over time in thematic areas and modalities of action.

The UN system has undertaken a vast range of activities in the six countries over the period considered. However, the great majority of them can be grouped under the following headings: relief and rehabilitation; health and population; education and training; natural resources and the environment; micro-enterprises and other income-generating projects; macro and sectoral strategies and policies; gender equity; civil society, governance and institution-building. There is some overlap in the above classification; for instance, the last three categories cover at least in part the other thematic areas. The means of action used by the UN system include technical assistance (provision of experts and consultants); training at home and abroad; exchange of experience; supply of equipment; operational programmes and projects; advice on overall and sectoral strategies; research and data collection; facilitation, participation and mobilization; advocacy and awareness raising. The relevance of different means of action has tended to vary with thematic areas. Some major areas of intervention such as health and education have relied upon most of the means action listed above; others such as strategy and policy formulation have relied on fewer modalities. The discussion below is organized around thematic areas.

Relief and Rehabilitation Several UN agencies, most notably UNHCR, WFP, UNICEF and to some extent, WHO, have assisted the victims of wars and natural disasters- refugees, internally displaced persons, and those who have lost homes, belongings and livelihood during floods, droughts, earthquakes and hurricanes. They have helped the victims with food, clothing, shelter, health care, medicines, water, sanitation, tools, seeds, education, skill formation and income generating activities. Such activities of the UN system have the most immediate and powerful effect on poverty reduction. They literally provide the wherewithal of life to those who have nothing. Thus these activities of the UN system must be regarded among the most valuable. All six countries have benefited from this sort of assistance- Nepal, Philippines and Madagascar primarily from relief for victims of disasters, and Tanzania, Vietnam and Mozambique for victims of both disasters and conflicts, in the case of Tanzania assistance for refugees from neighbouring countries. Natural disasters are often regarded as rare events but they seem to be occurring with growing frequency in more and more countries- in our sample in Mozambique, Madagascar, Vietnam and Philippines. The UN activities in this domain have been particularly important in Mozambique and Vietnam.

As noted in Section II, Mozambique suffered from more than a decade of war of independence and for several years from conflicts with RENAMO and destabilization from the apartheid regime in South Africa. In the 1980s and from 1990 to 1994, the bulk of the UN effort in Mozambique was directed at relief, rehabilitation and reconstruction. This included provision of food, shelter, health care and other essential needs of returning refugees and internally displaced persons; assistance in the construction of war-devastated infrastructure;

environmental protection; and demobilization of soldiers. While UNHCR and UNICEF provided help directly, WFP assisted with food as both relief and as food for work for construction of communal facilities and infrastructure and rehabilitation of forests and land.

In Vietnam also UNHCR, WFP and UNICEF provided relief and assistance to refugees-Cambodian and Indochinese- and internally displaced persons. WFP and UNICEF and other agencies also helped victims of typhoons and floods. A good deal of the assistance from the UN system was of this nature in the 1970s and 1980s. In addition to providing sustenance for life, both UNHCR and WFP engaged in training and capacity building and in supporting long term livelihood strategies. For instance, the UNHCR provided financial, technical and capacity building support for 600 small-scale community development projects. The WFP provided millions of jobs for the poor and the hungry in its work programmes that focused on irrigation, reforestation, watershed management and primary health care.

While relief and humanitarian work contributes immediately to sustaining life and alleviating suffering, it can also contribute to poverty reduction in the future. UNHCR and UNICEF often provide training and education to refugees and internally displaced persons. It was noted above that UNHCR projects in Vietnam and Mozambique supported small-scale community development projects with training, materials and funds. The WFP projects everywhere not only provide food or wages to the poor but also contribute to higher agricultural output and productivity through soil preservation, creation of irrigation facilities and reforestation. Thus in some cases relief, rehabilitation and development constitute a continuum.

Health and Population Access to health services is an important component of anti-poverty strategy. Health is important in its own right but also for its contribution to improved work productivity. The UN agencies, particularly WHO, UNICEF and UNFPA, have been active in improving health and promoting population policies in all countries. The focus has been on primary health care, control of diseases, maternal and child health, nutrition, especially for children and mothers, vaccination, family planning, reproductive health, population census and planning. WHO and UNICEF have also played an important part in training health workers and strengthening medical schools. UNFPA has built capacity for family planning and organizing population census. The three agencies led by UNICEF have been especially successful in extending child immunization. All the countries have registered notable progress in this area. In Vietnam, the figure for immunization against diphtheria rose from 42 to 95 percent between 1985 and 1996, in Nepal from 32 to 78, in Mozambique from 29 to 61 and in Madagascar from 23 to over 80.

In Mozambique UN agencies helped put together a national health strategy as part of the shift towards sector wide planning (SWAP). WHO, UNICEF, UNAIDS, UNDP and other agencies also played an important role in first increasing the awareness of the seriousness of the HIV/AIDS threat and then working with the government in developing a policy framework to combat the disease. In Vietnam, the UN agencies were instrumental in preserving a modicum of the rural health services after the collapse of the cooperatives that were responsible for their financing and organization. In Tanzania, WHO helped with the training of senior health specialists and UNICEF with the establishment of child and maternal centres. In Nepal, the

UN agencies helped with strengthening basic health care, clean water supply, disease control, family planning and reproductive health care. Their capacity building efforts extended down from the central government to the district and village levels. In Philippines the UN agencies helped develop capacity and expand programmes in population and family planning and management and nutrition.

Education and Training This is another area of continuing concern of UN agencies such as UNESCO, ILO and UNICEF. Education, like health, is important in its own right but is also essential for work and livelihood in a modern economy. UN agencies have been quite active in this field in all countries. In Tanzania, UNESCO helped with the impressive progress made in literacy reduction. UNICEF has assisted with the Basic Education Programme designed to improve quality, access and monitoring in the areas that have lagged behind. The WFP has provided support through meals and other ways to primary education in drought prone and pastoral areas. In Nepal, UNESCO, UNDP and UNICEF have helped improve the quality of primary education through Basic Primary Education Programme. UNICEF has also contributed to early childhood development programmes, especially by strengthening the capacity of the Village Development Committees and the NGOs. In Mozambique, the UN agencies have made extensive efforts in the field of education through such means as strengthening the technical capacity of the ministry of education, curriculum development, vocational training and the establishment of the Institute for Improvement in Teaching.

Natural Resources and the Environment UN agencies such as FAO and IFAD have long been active in supporting small farmer and integrated rural development programmes. The earlier objectives of improving the productivity, work opportunities and economic security of the rural poor have been reinforced by concerns with rapid deterioration in natural resources—decline in soil fertility, deforestation, reduction in biodiversity and pollution and depletion of water. The UN agencies have helped with the preparation of sectoral strategies and integrated rural development programmes combining agriculture, livestock and fishery production programmes with infrastructural development, credit schemes and community organizations. There has also been a sharpening of focus on poor and women farmers and on developing participatory and centralized approaches.

Because of its serious agricultural crisis, caused in part by a sharp deterioration in natural resources, Madagascar has received extensive assistance in rural development and environmental protection. In 1985, FAO/UNDP helped initiate a rural development project that successfully pioneered agricultural techniques leading to higher yields and improved soil conservation. The government later continued with this project strengthening it further through the creation of farmers' associations. Another project funded by UNDP and UNDCF is developing good environmental conservation practices in another region. The UN agencies have assisted the Government in replicating the lessons learnt in these projects at the national level through the Action Plan for Rural Development. They are also strengthening the National Environment Office in support of its programmes to invigorate decentralized structures for participatory management of natural resources. ILO has for some years been working with the Government on labour-intensive rural roads programme.

Nepal has collaborated with UN agencies in a wide variety of agricultural and natural resources projects. These include the well known Small Farmer's Development Programme and Production Credit for Rural Women, community forestry to control soil erosion and promote watershed management, Parks and People's Programme, National Biodiversity Action Plan, Rural Energy Development Programme and Sustainable Community Development Programme. ILO introduced labour-intensive construction project some years ago. In Tanzania, some of the recent projects in this field include Smallholder Heifer Project and post harvest loss reduction programme. In Vietnam, the UN system has collaborated with the Government in preparing National Strategy for Rural Development, in programmes for reforestation, water conservation, irrigation and a series of rural development projects, one of the best known being the IFAD and UNDP funded Participatory Resource Management Project in Tuyen Quang Province in the northern mountainous region. This project, along with many others, is seeking to focus on the poorest and women farmers, especially from the least developed mountainous and minority tribe areas and to build participatory structures and processes and combine production with credit and infrastructure development.

Micro-credit Projects Although provision of credit to small farmers has formed part of rural development programmes for many years, credit to poor self-employed and informal sector enterprises has become popular with the donor community only over the past 10 to 15 years. It received a new impetus after the World Summit on Microfinance and with the shift in development policy towards poverty reduction. The UN agencies were quite active in sponsoring microfinance in the six countries studied.

Madagascar experimented with a variety of schemes. These include *Entreprendre à Madagascar*, the related project *MicroStart* and the Producers Association for Food and Medicinal Aromatic Extracts. These projects have provided loans for a variety of individual and community projects, helped create local and national capacities and spawned a number of non-governmental associations that are taking responsibility for the management of the projects. In Nepal, the Small Farmers Development Programme and Rural Women's Production Loan, already mentioned above, have been notable successes in lending to poor farmers, women and landless workers for a wide variety of farming and non-farming activities. In Vietnam, revolving loan funds now increasingly constitute a key activity in most rural development programmes. These loans are popular with women's groups and community organizations. In Mozambique, UNDP, ILO, UNCDFD and UNIDO helped establish microfinance and community development projects. These included PROAREA administered by the Institute of Rural Development, a community development programme in Nampula Province and the establishment of institutional arrangements at the national level for microfinance.

Growth and Poverty Strategies For the most part, the UN system has intervened in the development process through discrete projects. Indeed, projects continue to form the bread and butter of most operational activities of the UN system. In recent years, sectoral reviews and strategies containing an analysis of constraints and potential and programmes in particular sectors have become more frequent. Such approaches have been encouraged by the efforts the UN system has made to better coordinate its activities at the national level through such

practices as the Country Cooperation Framework (CCC), Common Country Assessment (CCA) and United Nations Development Assistance Framework (UNDAF). As part of SWAP, sectoral programmes in such areas as education, health, rural development, environment and industry have also served to integrate the work of different UN agencies into more coherent and inter-linked set of activities.

The UN activities in this domain have extended further to embrace the entire economic and social sectors with focus on growth and poverty reduction. Often this has involved cooperation with the Bretton Woods institutions and regional development banks- agencies that have the primary responsibility and expertise in these areas. Since overall strategies provide the framework for operational activities at the programme and project levels, they have a decisive impact on poverty reduction and social development. In recent years, the Bretton Woods institutions have been insisting on the preparation of a poverty reduction strategy by the national authorities as a pre-condition for grants and loans. The UN agencies have been drawn into this process in a growing number of countries. The UN system has also helped this process through support of research and data collection and seminars and workshops and training at home and abroad.

In Mozambique, the UN agencies helped the Government develop a strategy to cope with emergencies-“managing the emergencies to break out of emergencies”. They also helped establish a framework for microfinance and SWAP in education, health and agriculture. The Economic Management Capacity Building Programme sought to build knowledge and expertise to manage the transition from a centrally planned to a market economy. In collaboration with other donors, the UN system helped the Government with the preparation of anti-poverty strategies which included support in areas such as public expenditure surveys, poverty mapping and assessment, decentralized decision-making, civil society and the private sector and strengthening institutions and resource mobilization.

In Madagascar, the UN agencies contributed to the preparation of some key strategy and policy documents that foreshadowed important changes in macro and sectoral policies. Particularly important was the Economic Policy Framework Document containing a wide-ranging statement on governance, rule of law, linking poverty to economic and fiscal policy, budget management and the allocation of public revenue to the social sector. It laid the ground for the gradual disengagement of the public sector from the economy. The preparatory work for the various UN world conferences contributed to the National Strategy for Poverty Reduction. The UN system has also helped with collection of vital data and analysis of poverty. The Permanent Household Survey, a joint activity of the Bureau of Statistics, the UN and the World Bank, has become an important source of data on expenditure, income and poverty. The preparation of the Human Development Reports periodically by the Department of Institute with support from the UNDP also serves to raise awareness, generate debate and collect new data on poverty and human development issues.

In Vietnam, the UN system under the UNDP leadership has made extensive contributions to sectoral reviews in education, health, industry, rural development and population. It helped strengthen economic management in the 1980s and 1990s by facilitating the transition from

the centrally planned to a market economy. The UNDP is also helping the Government with Public Sector Reform. It assisted the Government in formulating the National Programme for Poverty Alleviation and Hunger Elimination that could become the cornerstone for its objective of eliminating hunger by 2010 and reducing poverty to 10 percent. The UNDP, World Bank, Asian Development Bank, the NGOs and other UN agencies cooperated with the Government in producing a key document *Attacking Poverty: Vietnam 2010* that lays down a comprehensive growth and poverty eradication strategy for the next ten years. In support of its anti-poverty policies, the UNDP, along with the World Bank, supported the Government in launching two Living Standard Surveys that provided reliable information for the first time on a range of social and economic data.

In other countries too, the UN agencies have helped with data collection and formulation of poverty reduction strategies. In Tanzania, ILO missions in the 1980s produced reports on employment promotion and meeting of basic human needs. The UNDP assistance to give a human face to the Bretton Woods institutions' policies of stabilization and adjustment through the Structural Adjustment Advisory Teams for Africa and the Social Dimensions of Adjustment anticipated many of the policies that were later accepted by the entire donor community. The UNDP also helped in the establishment of the National Poverty Eradication Secretariat and has assisted the Government in the preparation of Poverty Reduction Strategy Paper.

In Philippines, the UNDP provided help to the Government in its preparation of a key policy document *Growth with Equity: Macroeconomic Policy Reform*. It helped establish the UN Joint Consultative Group on Policy that worked in partnership with the Government to develop an integrated framework for poverty reduction policies. It assisted the Philippines Institute for Development Studies in the preparation of the "National Strategy to Fight Poverty" for the Presidential Commission to Fight Poverty. The UNDP supported the creation of the Human Development Network, an informal multisectoral forum of prominent thinkers and development activists. The Network prepared the Philippines Human Development Reports that have provoked a good deal of discussion at the national level. The UNDP assistance also contributed to the setting up of a community-based monitoring system that uses 21 indicators built around minimum basic needs.

Gender Equity Women's concerns did not receive distinctive and specific attention in most of the development work undertaken by the international development community in the 1960s and most of the 1970s. Within the UN system, the work of UNICEF and UNFPA and later UNIFEM perforce related to women's concerns but little effort was made by the system as a whole to integrate women's distinctive needs in development strategies, policies and programmes. The series of World Conferences on Women- Mexico City, Nairobi, Copenhagen and Beijing- has brought about dramatic changes in awareness of these issues if not in the content of development activities. The UN agencies have played an extremely important role in changing the thinking on gender issues both at national and global levels. Given the cultural sensitivity of these issues in many countries, the UN system has had to proceed cautiously with action programmes preceded by awareness raising and sensitization through advocacy, research and publications. A wide range of activities have been promoted

or supported by the UN system to improve women's capabilities, welfare and equality. The work on primary health care, maternal and child clinics, nutrition, access to clean water, literacy, primary and secondary schooling, income generating and credit programmes, has already been mentioned above. In some countries, UN has assisted with more fundamental reforms in the legal system, property rights and land reform with a view to strengthening gender equity.

In Tanzania, initially small-scale industry, food processing and skill training projects catered to the needs of women. Subsequently efforts were made to add on women's concerns to ongoing projects or to set up "sister projects". The Beijing Conference led the Government to emphasize 12 critical areas of concern including enhancement of women's legal capacity and economic and political empowerment. Institutional changes have been made to address issues of discrimination and equality across board and the Poverty Strategy Reduction Paper shows awareness of gender issues. But in practical terms, the progress has been slow. The UN agency staff themselves have little understanding of the technical aspects of integrating gender into development work.

In Nepal, the world conferences and the advocacy work of the UN has had a significant impact on Government's approach to and policies on gender equity. All UN agencies have tried to involve women in their programmes or introduced small components for women. Micro credit programmes have been especially popular. UNIDO has assisted the Women's Entrepreneurial Association of Nepal and the Association of Craft Producers. Cultural factors have impeded the implementation of Government's progressive policy on women's equality. As stated by the Nepal study: "The attitudinal changes required for effective implementation of policies and programmes have been rather slow to materialize.....The social attitude towards women has not changed much." The truth of these remarks is borne out by the gender disparities noted in Section III, especially with regard to literacy and schooling.

In Vietnam, in terms of health and education indicators, the gender disparities are relatively insignificant. But wage differences persist among men and women and men hold the great majority of higher level jobs in the public and private sectors. Also in rural areas, women are burdened down by their triple load- housekeepers, mothers and workers. The UN agencies have been active in advocacy of gender equality. Most of the work done by UNICEF, UNFPA and WHO helps women directly. But other agencies such as IFAD, UNDP, UNIDO and FAO have also been increasingly devising programmes and projects that benefit women such as credit schemes, training in agriculture and animal husbandry and assisting women entrepreneurs. The new style rural development projects put emphasis on women's participation in decision-making through their organizations.

Governance, Civil Society and Institutional Reform Often the roots of economic stagnation and persistence of poverty lie in poor governance and malfunctioning institutions. Wrong policies and mismanagement and misappropriation of resources reflect underlying political malaise. Even when the policy documents and official plans proclaim lofty objectives and sound strategies, the implementation on the ground tells a different story. This is a familiar experience in many poor countries and is at the root of their poor social and economic

performance. The term governance covers a wide variety of themes such as rule of law; freedom of expression and association; fair and free elections; independent and impartial judiciary; integrity, transparency and accountability of public institutions; sound legal systems and an enabling environment for effort, work, investment, risk and innovation. Until recently, such subjects were taboo for the UN agencies, although it should be recalled that the UN has been assisting member states with reform in public administration for several decades. Even the conditionalities imposed by the Bretton Woods institutions or bilateral donors related to meeting economic criteria such as public expenditure, inflation, government borrowing etc. But with the end of the Cold War, it is becoming common for the international development community including the UN agencies to undertake advocacy, advisory and operational work in these areas. The UN, because of its image of an impartial, neutral, objective, universal and sympathetic organization, is considered especially suited for work in these complex and controversial areas.

UN agencies carried out work relating to governance in all six countries. In Mozambique, the UN agencies undertook mediation work, organized multiparty elections, demobilized soldiers, promoted police, judiciary and legislative reform, strengthened key government ministries, assisted with land reform and strengthened freedom of the press. The UN agencies also built, strengthened and worked with a wide variety of international and local NGOs. They have actively supported the decentralization of government programmes and have assisted community organizations as the base for participatory and sustainable development initiatives.

In Madagascar, as seen earlier, the UNDP supported the preparation of Economic Policy Framework Document that delved into such issues as the rule of law, human rights, civil society, participation and an enabling environment. In 1997, it provided support for the National Programme for Strengthening Governance. In general, UN advocacy, advice and operational work has tended to reinforce efforts to decentralize development activities, as for example with projects on the environment and natural resource conservation and regional rural development programmes such as the Commission for Integrated Development of the South. It has also sought to strengthen or create local and community organizations. The UN has attempted to create new type of institutions that bring together different stakeholders such as the local communities, NGOs, business groups and government agencies. This is illustrated above all by AGERAS (Support to Rational Management of Natural Resources and Regional Planning).

In Vietnam, the UNDP has assisted the Government in reform of the judiciary and the national assembly. It has worked with the Government in developing the legal framework for the market economy. This has involved assistance with legal framework for the private sector, reform of state enterprises, foreign investment regulations and public administrative reform. The UN system has assisted the government in its efforts to decentralize decision-making and resource allocation and shift responsibility for development work to provincial, district and village authorities. The Government has also been open to ideas on participatory planning and management of development activities.

In Philippines, the UN has attempted systematically to promote the participation of civil society institutions in development work. It is now quite common to find multi stakeholder organizations, composed of government officials, private sector, researchers and civil society organizations, vested with policy making and decision taking responsibilities. It was in part due to UN advice that the civil society participation was institutionalized in the Presidential Commission to Fight Poverty. The UN agencies have come together to support the peace-building programmes of the Government in the Mindanao region.

In Nepal, the thrust of the UN effort in this domain has been to support decentralization and devolution of power to districts, villages and municipalities. The UNDP has supported the Participatory District Programme and Local Governance Programme. These programmes have tried to build capacity of the Village Development Committees (VDC) and District Development Committees (DDC) for bottom up planning. The project has provided support to the National Planning Commission as well as operating ministries to monitor and underpin the participatory planning and management at the grass-roots level. It has provided funds, equipment, training and consultants to enhance the managerial, administrative and technical capacity of local authorities. The project has also assisted the creation of community organizations in villages and townships. The UN system has helped NGOs improve their capacities through training, consultancy work and sub-contracting in service delivery or related development work.

Concluding Remarks The Section has sought to bring out the wide-ranging and diverse contribution of UN agencies to development work at the national level. In addition to its usual policy and project work in the fields of education, health, population, training, agriculture and industry, the UN agencies have ventured into the new areas of governance and institutional reform. They are also being increasingly asked for assistance in the preparation of key documents on overall and sectoral strategies. In recent years, they have contributed in various ways to the preparation of poverty reduction strategy papers. Their means of action have also evolved from projects and technical assistance to include advocacy, facilitation, social dialogue, promotion of civil society and empowerment of weak and vulnerable groups.

Section IV Assessment of UN Contribution

The last Section described the principal activities of the UN system with regard to poverty reduction in the six countries studied. This Section seeks to draw a balance sheet of UN contributions pointing to both achievements and weaknesses. The difficulties inherent in making an assessment of this nature, outlined in Section I, should be borne in mind. The evaluations done by the studies should be regarded as the judgment of experienced specialists based on the evidence they were able to amass in four weeks of work. The Section first considers the overall evaluation made by specialists before turning to the perceived strengths and weaknesses of UN work at the country level.

Positive Contribution by UN Agencies Each study makes a number of critical comments on how the UN agencies have done their work at the country level but they appear united in their positive evaluation of the overall contribution made by the system to poverty reduction. The

Mozambique report states: "Virtually every observer of the UN system in Mozambique pointed to the key role of the UN in helping to maintain and strengthen a supportive environment for capacity building especially in the late 1980s and early 1990s." The report also speaks positively of UN contribution in humanitarian assistance, reintegration of combatants, disaster management and delivery of basic social services.

The Tanzania report states: "One cannot but be impressed by the range of activities of the UN system in Tanzania, and with the immense number of projects that its members have embarked upon in their quest to build capacity for poverty reduction.Many of them have been successful, not only in the sense of attaining their immediate objectives and providing the outputs they were designed to produce, but also in the more profound sense of occasioning change, of making positive impacts on the rate and direction of development in Tanzania."

The Madagascar evaluation mentions: "The team has reasons to believe that the UN system indeed made some concrete contributions to government, intermediate and community level capacities, and in key sectors of importance, in eventually addressing the many dimensions of poverty in Madagascar." It specifically highlights UN contributions in strengthening community organizations, promoting participatory approaches and advocacy work on the environment, gender equality and good governance.

The Nepal report states: "UN assistance has been innovative in bringing basic components of health and education, and food security to the most vulnerable, through direct programme delivery." And again: " By promoting local responses to United Nations Conferences and Conventions, the UN system has influenced policy formulation in Nepal, on gender equity, population and health.....Both the Government of Nepal and other external development partners working in Nepal acknowledge that the United Nations system continues to generate new and useful concepts of development and sustainability." The report highlights the special contribution made by the UN system in promoting decentralization, participation and credit programmes for the rural poor.

The Vietnam report makes a highly positive assessment of the UN contribution to poverty reduction and capacity building. It states: "The United Nations has played a significant role in Vietnam's economic and social transformation. Although the credit for taking strategic decisions on economic reform and in other areas must rest with the Government, the United Nations helped in numerous ways in encouraging policy change and implementation." The report especially highlights the UN contributions in assisting the transition from a centrally planned to a market economy; in institutional reform ranging from the judiciary to laws on foreign investment and enterprises; in drawing overall and sectoral strategies for poverty reduction; and in raising rural incomes through integrated rural development programmes with emphasis on participatory processes and gender equity.

The Philippines evaluation states: "In general, UN support for capacity building needs for poverty alleviation over the years of interest was highly regarded by all our interlocutors. They said the UN system successfully:

- facilitated the participation of civil society in decision-making....
- brought together donors to finance poverty alleviation capacity building programmes.....
- contributed norms, standards and targets and helped towards their adoption
- influenced the mindsets of key players through its advocacy efforts.....”

The above selective quotes should not give the impression of uncritical support for UN work. Indeed, as shown below, most reports had many critical remarks to make about its work at the country level. Before considering these, it is useful to address the obvious question, namely how is it that after decades of UN effort so little progress has been made in these countries in poverty reduction and capacity building?

Contributions to Poverty Reduction It is indeed true that apart from Vietnam, the social and economic performance of other countries leaves much to be desired. The incidence of poverty appears to have increased in African countries. In Nepal, at best there is a slight reduction and in Philippines the situation has not changed much. Even with regard to social indicators, the situation has worsened in some respects in African countries.

Poverty reduction is a complex phenomenon. It is influenced most of all by the rate and pattern of economic growth and by the public redistributive policies relating to assets, credit and public expenditure and taxation. The growth rate and patterns are in turn influenced by a whole range of factors such as the composition and rate of investment and savings, inflows of foreign capital and technology, exports and imports, macro and micro policies, the efficiency of the public sector and the pattern of public expenditure and taxation. The overall environment including the legal system, political stability, respect for human rights and transparency and accountability of the public sector, is fundamental in determining prospects for sustained growth.

Given the daunting conditions for sustained broad-based growth and hence for significant poverty reduction, the role that foreign assistance in general and UN in particular can play must remain an extremely limited one. The UN is a small player at the global and national levels. In most of these countries, the UN contribution in dollar terms has amounted to less than 10 percent of the foreign assistance received. Thus the clout that the UN can bear to bring on the policies pursued by host governments is quite modest. Furthermore, growth and poverty reduction are affected much more by macro, investment, trade and public expenditure policies that are the domain of the Bretton Woods and regional financial institutions than by typical UN activities.

Nevertheless, the UN agencies have been able to exercise a positive influence on poverty reduction and human development, despite disposing of limited resources and power. Most UN activities have a direct and immediate impact on poverty reduction. This is true for instance of humanitarian and emergency assistance, provision of basic social services such as primary health, vaccination, nutrition, child and maternal health, family planning, water and sanitation, education, technical and vocational training, microfinance, rural development, environmental protection, labour intensive infrastructure construction and small enterprise

development. At another level, at relatively little cost, the UN has succeeded in influencing the discourse and content of development by injecting new ideas such as environmental preservation, participation, human and social development, gender equity and respect for human rights. The world conferences, programmes of action, norms and conventions have had a profound impact on the thinking and practice of development. The UN has been particularly adept at advocacy of novel and sensitive ideas and approaches. It has also contributed to broad-based development efforts by facilitating social dialogue and stakeholder forums and strengthening civil society and community organizations. Thus it can be argued convincingly that the performance of the five countries would have been even worse without UN interventions. This is of course not to deny that the UN system could have made even greater contribution with the resources at its disposal.

Weaknesses of the UN System The six studies bring to light some important weaknesses of the work of UN agencies at the country level. Most of them concern the operational rather than substantive aspects of their activities. A common criticism made of the UN system is that it lacks institutional memory (reports on Philippines, Madagascar, Nepal and Tanzania). There are few staff members at any given time who know much about what was attempted before and with what results. This is at least in part due to the lack of adequate libraries and documentation centres that collect and make available to the public key studies, documents and programme and project reports. The Philippines study suggests the creation of such centres not only to improve institutional memory but also as a service to the general public interested in development issues and the work of the UN system.

This links to another criticism that the UN system does not learn from either its successes or its failures (Nepal, Tanzania). Thus it appears that the UN system is not good at replicating successful approaches and projects (Vietnam, Madagascar). This is in part because the sheer number of projects undertaken by UN agencies greatly exceeds their ability to monitor and evaluate them effectively. Almost all the reports make the point that very little serious evaluation is made of most UN programmes and projects. A big problem is the lack of baseline data. Nor is provision made for collection of relevant data as the project unfolds. The result is that it is impossible to make any serious cost-benefit or rate of return analysis, even where this makes sense. Some of the UN projects attempt new approaches or methods to increase access to services and credit, raise productivity and improve quality. Thus they are in the nature of research and development. It is inevitable that many of them will fail. But some succeed. It is thus of great importance for agencies to make in-depth evaluation of both the failed as well as the successful projects. All reports cite examples of successful projects in terms of poverty reduction, increase of productivity, conservation of resources, participation of beneficiaries and empowerment of women and ethnic minorities. But it is rare indeed for such approaches and methods to be incorporated into regular development work by government or private agencies. Part of the blame lies with the government and the lack of resources available to UN agencies. But the UN agencies also fail to appreciate the true significance of breakthroughs and push for their national replication. There is no doubt that more adequate evaluation requires more resources in terms of collection of baseline and new data and of time of staff and consultants. But in the absence of such effort, the resources that go into pilot projects are largely wasted.

A few reports commented on the bureaucratic and hierarchical style of operations of UN agencies. Some mentioned that all key decisions are taken at the headquarters level. This makes UN activities rigid and inadequately responsive to different and evolving situations. Even at the country level, there is need to decentralize their operations, especially in countries with big regional differences. This is now being attempted by one agency in Madagascar.

Several studies (Tanzania, Philippines, and Madagascar) commented on the lack of appropriate qualifications of UN staff. The Tanzania report stressed the need for UN staff to be trained in the substance of gender integration into development activities. In varying degrees, this would apply to most UN staff members. The Philippines report talks about the limited expertise of the UN staff in poverty analysis and strategy formulation. It also criticizes the excessively economistic approach of some of the UN work on poverty. Poverty reduction is dependent, inter alia, upon the formulation and implementation of appropriate macro and micro policies. While the UN agencies dispose of expertise in their own particular fields such as agriculture, industry, health, education and training, they generally lack knowledge of appropriate macro policies and of overall strategies for poverty reduction. This raises the question of cooperation with the Bretton Woods institutions- a topic discussed in Section V.

Another area of growing importance where the UN has been asked to play a role relates to "governance". As discussed above, this can cover a wide range of themes such as legal systems, judiciary, human rights, institution building, popular participation, elections, accountability, transparency, corruption etc. It is now recognized that "governance" in the broad sense can be critical in determining the social and economic performance of a country. Most UN agencies lack expertise in most of these areas, as indeed do international and regional financial organizations. In the short run at least, the UN system will need to rely on outside specialists and consultants for their assistance to governments in this area.

Another common criticism concerns the lack of co-ordination among the UN agencies at the country level. While the situation has improved in this respect with the establishment of new arrangements under the United Nations Development Assistance Framework (UNDAF) such as Common Country Assessment (CCA), Common Country Strategy (CAS), Country Cooperation Framework (CCF) and sector wide approach (SWAP), this continues to be a weak point of the system. In this regard, the Philippine report says: "The UN system, seldom if ever, acted as a unified system. Rather the individual agencies went for the most part their own ways, according to their mandates." According to the Tanzania report: "The UN, in Tanzania, has acted as separate and disparate agencies, each seeking to sell its own wares, and to attract special attention to itself."

Some reports, especially on Tanzania and Nepal, also speak of the need to increase "national ownership" of the development process. There is a sentiment that UN agencies seem to control excessively their development activities, are reluctant to decentralize and pass responsibility to nationals. The Tanzania report speaks strongly of the growing dependence of the people and the country on outside assistance: "On almost every occasion on which we asked Tanzanians to proffer solutions to their development problems, the answer was couched

in terms of the necessity for assistance.” And also: “Perceptions of most of the Tanzanian officials are that they are not in a position to choose and determine, not only the nature of their country’s development, but also its course and pace.” The report goes on to say that while all strategy and policy decisions are taken by the UN staff, the Tanzanian officials are left only with implementation responsibilities. Given the emphasis the UN system has put in recent years on “national execution” and the fact that UN agencies do not attach any conditionalities to their assistance, this criticism is rather serious and deserves further consideration and adequate response.

Concluding Remarks This Section has identified many positive contributions made by the UN system to poverty reduction and capacity building. The great majority of its activities inherently contribute to poverty reduction and human development such as relief and humanitarian work, primary health care, nutrition for children and mothers, literacy and basic education, agriculture and industry. The UN system has also enriched the development discourse and objectives through introducing such themes as the environment, gender, participation and governance. There is little doubt that the social and economic performance of the six countries would have been worse without UN interventions. All this does not of course imply that the system could not have achieved more with the resources at its disposal. The country reports bring out many weaknesses in the operations of UN agencies. These include lack of institutional memory, failure to learn from successes and failures, inability to ensure national replication of success stories, small scale of operations, excessive centralization and bureaucratization and poor coordination of activities of individual agencies.

Section V Comparative Advantage and Strengths of UN System

The reports are unanimous in highlighting several features of the UN system that endow it with important advantages as global development agencies. There is also a fair amount of agreement on what additional steps the UN system needs to take to further strengthen its role in poverty reduction and capacity building. These issues are addressed in this concluding Section.

Advantages and Strengths The UN system is regarded by the different segments of the public in the six countries as being objective, neutral and independent. It is also considered, at least in some countries, as being open, sensitive, sympathetic and possessing legitimacy. This perception of the UN system by the governments, specialists and the public opinion in developing countries is an enormous potential asset and has many ramifications for its work. It arises in part because of a sense of feeling among the countries that as member states and contributors, they “own” the United Nations. For some curious reason, this sense of ownership is either absent or much weaker with some other global organizations. The positive image of the UN system is also no doubt in part due to its political and ideological pluralism: the UN is home to a broad current of thinking on social and economic development issues. Again, this openness and tolerance of new currents of thinking can be an important asset in a system dealing with such diversity and complexity of conditions and issues worldwide. The fact that the UN system assistance is given in a grant form without conditionalities is relevant in this

context, as is the fact that lacking the clout of more powerful financial organizations, it appears less dictatorial and threatening to member states.

While UN agencies were well regarded in all countries, they occupy an especially important place in Mozambique and Vietnam. This is so for well-known historical reasons and for the extremely important contribution made by the UN agencies, as seen in the last Section. In Mozambique, the UN system assisted the people in their struggle for independence, it came to their rescue after the sudden departure of all skilled and business people, it helped negotiate peace agreement with RENAMO, supervised the elections and provided essential technical and financial assistance to keep the country afloat. Likewise in Vietnam, the UN agencies were the first to initiate operations after the unification of the country and for many years were the only sources of Vietnamese access to western ideas, technology and specialist knowledge. They continued working there when most western countries pulled out in the mid-1980s and helped them with equipment, experts, refugees and displaced people, natural disasters as well as economic reform, health, rural development, environmental conservation and overall development strategies.

Another asset of the system is its possession of technical expertise and global knowledge in some areas vital for development and poverty reduction. These include agriculture, industry, education, health, environment, social security and technical and vocational skills training as well as the “softer” areas of human rights, gender equity, participation and empowerment of disadvantaged groups.

All these qualities make the system well qualified to make interventions in a broad range of areas relevant for poverty reduction and social development. The UN has of course been working in the “technical” areas of agriculture, industry, education, health, training etc. for long periods and has unrivalled experience and knowledge of conditions in developing countries. But recent developments have also thrust upon it responsibility for assistance in a whole series of new areas that go under the general rubric of “governance” as discussed above. This is a huge area in only some of which the UN agencies can be said to have adequate expertise. Given the importance of governance issues in development and poverty reduction and the likely growing demand for technical cooperation, the UN system will need to acquire and buy expertise in these areas if it is to adequately discharge its responsibilities.

The features of the UN system discussed above also qualify it for playing a useful role in assisting countries in handling delicate and sensitive issues of participation, empowerment, community development, strengthening of civil society, conflict resolution, promotion of human rights, tolerance, accountability and transparency. The studies bring out in particular two modalities in which the UN system has a comparative advantage to handle such complex and sensitive issues. The first relates to efforts aimed at awareness raising and advocacy. The studies show that the UN system has been particularly successful in using these modalities to introduce new development perspectives and policy innovations in such fields as the environment, human rights, participation, empowerment, gender equality etc. The second “tool” the UN seems to be good at using is its capacity as facilitator, broker, moderator and convenor of different groups, constituencies and stakeholders for discussions on key social

and economic policies. With the advance of democracy and pluralism, this function has become more important than ever. At the same time it is essential to give voice to the voiceless, to empower disadvantaged groups, mobilize social groups and tilt the balance of social and economic policies to favour the powerless and the vulnerable. In short, this role of the United Nations is vital to underpin democracy, strengthen social dialogue and achieve consensus on the direction, processes and content of equitable development.

Improving Performance of the UN System at Country Level Since this report has already identified a number of weaknesses in the operation of the UN system, the areas of improvement can be dealt with more briefly. There is need for improving the technical abilities of the UN staff in several areas most notably those relating to integrating gender issues into economic and social policies, analysis of poverty and strategies, programmes and projects to make a dent into poverty. This involves, inter alia, skills in macro-economic analysis relating to growth, adjustment and stabilization. This is an area where there is scope for collaboration with regional and global financial institutions. In fact there has been much greater cooperation and joint activities between the two sets of organizations in recent years than in the past. This cooperation can generate mutual benefits: the financial organizations in the past have taken an approach that puts emphasis on financial stability, budgetary balance and equilibrium in balance of payments. They have also had a mystical faith in the power of markets to solve all economic and social problems.

The UN emphasis on poverty eradication and human and social development can be a useful corrective to their neo-classical approach. At the same time, the UN objective of poverty eradication depends heavily on a good understanding of macro-economic and growth dynamics. A cooperation of sort has naturally emerged around the preparation of the country poverty reduction strategies that are now required by the financial institutions as a prior condition to their assistance to countries. As seen above, the UN agencies have been assisting governments in various ways in the preparation of such documents. It is, however, important, as emphasized by the reports on Tanzania, Madagascar and Philippines, that such cooperation should not become an exercise in the UN system endorsing the neo-classical bias in these reports. The UN contribution should rather be to provide a balance by strongly advocating policies designed to reduce poverty and promote participation and social development. The UN agencies in any case will need to broaden their range of skills to assist countries in their programmes of reform in governance.

Another major and not entirely unexpected area stressed by most country reports relates to the need to improve coherence and exploit complementarity among the UN agency activities. It is clear that poverty reduction policies call for a series of mutually reinforcing policies. There are clearly important gains to be realized by cooperation among UN agencies relating to economies of scale, complementarity, avoidance of duplication and organization of common services. In the past, each agency went its own way. There has been a distinct improvement in this regard in recent years with greater exchange of information, common assessment of the country situation and drawing up of frameworks of action and cooperation in priority areas, as illustrated by the following quotes from some country studies.

The Nepal report states: "Since 1985 the UN system in Nepal has evolved from being largely a provider of diverse and distinct technical assistance under separate organizations, programmes, funds and agencies, to supporting a more coherent set of programme activities with a common development framework." The Philippines report recommends that "joint programming as in Mindanao seems the most effective approach, facilitating management, multi-stakeholder ownership and multi-sectoral approach." The Madagascar report recommends "building on the positive UNDAF process-focusing on improving the effectiveness, coherence and continuity of the UN efforts and working through decentralized UN agencies to support public-private partnerships involving NGOs and Community Based Organizations." The Tanzania report goes furthest in this direction. It recommends a joint UN "assessment of the personnel, institutional, and organizational needs of the country" and that UN agencies "jointly undertake the conceptualization and implementation of a UN Programme for capacity building for poverty eradication in Tanzania". The report eventually sees a fusion of all UN activities into practically one agency with the UN Co-ordinators overseeing and supervising the joint formulation and implementation of policies and programmes.

While greater exchange of information and views, common assessment of the development situation, identification of priority themes, common framework for foreign assistance, cooperation in strategic and sectoral reviews and in major programmes, are no doubt necessary and steps in the right direction, there are also costs of co-ordination and joint activities. It is necessary to be selective- to work together where there are big gains but also to go alone when this is more efficient. Furthermore, each agency has its own distinctive image and character and ways of working. There is some value in preserving this diversity.

World Poverty and the UN System The preceding section proposed ways of improving the effectiveness of the UN system in reducing poverty at the country level. It drew largely upon the six country studies. This section considers what additional initiatives the UN can take, especially at the global level, to give a major boost to poverty eradication.

Economic and social development, at the heart of which is eradication of poverty, has been one of the most important objectives of the UN system since its creation. This objective is reflected in the Charters of the United Nations and the specialized agencies. It is also reiterated in the Universal Declaration of Human Rights, the Covenant on Economic, Social and Cultural Rights, and in numerous other declarations, norms and conventions adopted over the years by the UN agencies. Substantial progress was made in reducing poverty and achieving human development between 1950 and 1980. The last two decades have witnessed stagnation or even reversal of these trends in many countries in Sub-Saharan Africa, Latin America and the Caribbean and the Middle East, although most Asian countries have performed better.

There is now much better understanding of the linkages between poverty on the one hand, and social conflicts, political instability, crime, violence and fundamentalist and xenophobic movements, on the other. The world community has never been so unanimous in regarding the eradication of absolute poverty as the most important moral, social and economic challenge of

our times. The series of world conferences held in the 1990s reached agreement on specific goals for universal minimum living standards, including for gender equality, children's welfare, nutrition, health, family planning, education, clean water and sanitation. The rich countries committed themselves to many of these goals in the 1996 OECD Declaration on "Shaping the 21st century: the contribution of development assistance." The Millennium Summit convened in September 2000 declared its commitment to halving the incidence of world poverty by 2015 and to some other social goals.

Unfortunately, very little has been done at the international level to advance these goals. The distance between official declarations and concrete actions has seldom been so stark. The official development assistance as a proportion of GDP has continued its downward trend over several decades. The trade liberalization measures and negotiations continue to be dominated by the interests of industrial countries. There have been few bold initiatives by the corporate world to devote its formidable resources of finance, technology and knowledge specifically to reduce world poverty. Nor have many developing countries implemented significant measures to restructure public expenditure to expand basic education, primary health, safe water, sanitation and shelter for the destitute, or to provide them with credit, land and other assets. The result has been increasing impoverishment in most developing countries and intensifying inequalities at national and global levels.

It is a cliché to say that no significant change is likely to take place without the firm commitment of the top leadership of powerful countries. Fortunately, the current world situation and the Millennium Declaration by the Heads of Government provide an exceptional opportunity to renew efforts to eradicate poverty within two decades. As indicated above, changes are needed both at the national and world levels to make decisive progress towards this goal. Despite many declarations and reports, what is missing is a comprehensive operational plan for poverty elimination that can engage the commitment and provide a focus for concerted action by governments, development agencies, the donor community and the private and voluntary sectors. The UN system can take the initiative to prepare a world poverty eradication plan in cooperation with developing countries and the international community.

A plan of this nature should set forth time-bound targets for poverty elimination. Drawing upon data on the nature, dimensions and location of poverty, it should propose paths for the achievement of these targets for different regions and countries. It should also set out policies and programmes for attaining these targets in different parts of world. The reaching of minimum income targets will call for programmes to boost production through investment in physical infrastructure and human skills, promotion of small and medium enterprises, technological innovation, land reform, microfinance, export expansion and employment creation schemes in construction, land improvement and environmental preservation. The poverty reduction strategies currently being drawn up by developing countries at the instigation of Bretton Woods institutions and with support from the UN agencies could serve this purpose.

These national efforts must be underpinned and supported by reforms at the international level. The industrial countries should recommit themselves to achieving the 0.7% target for development assistance within a specified time. There should be provision for adequate increases in the budgets of the UN agencies for their work on poverty reduction. The UN agencies, as shown above, have developed a capacity in a number of areas that are vital for human development and raising productivity and incomes of poor people. The continuing reforms in the system and implementation of proposals made earlier in this Section should enhance the efficiency and effectiveness of the UN agencies in assisting governments implement policies and programmes to reduce poverty.

These reforms must extend to international trade and finance. Removal of tariff and non-tariff barriers on exports from developing countries, especially of labour-intensive ones, could lead over time to big increases in export earnings and employment opportunities in developing countries. In this regard, special efforts must be made to improve the competitiveness of Sub-Saharan and least developed countries to enable them to benefit from expanded flows of trade. Measures are also required at the international level to reduce the volatility of speculative surges of capital that have caused so much damage to economic growth in developing countries.

Foreign private investment by multinational corporations has played an important role in some countries in expanding production, exports and employment. But most of this investment has gone to a handful of countries. Hopefully with improved economic management and better physical infrastructure and human capabilities in a growing number of developing countries, the benefits of foreign investment will spread more widely. But over and above such investment, the multinational corporations could be cajoled to use part of their vast resources of finance, technology, knowledge and skills for voluntary contributions to poverty reduction. These can take such forms as research into new products, development of social and physical infrastructure, assistance for small enterprise development and grants for promising social and economic initiatives. Perhaps the Global Compact initiated by the UN Secretary General could over time serve this purpose and develop into a powerful tool for poverty reduction.

The implementation of appropriate domestic policies and productive use of international opportunities depends ultimately on "good governance" in developing countries. Achievement of "good governance" is a complex and long-term process. There is no doubt that with rising domestic pressures for freedom and justice, and growing international consensus on democracy, human rights, participation, civil society, transparency and accountability, there will be steady progress in the domain of "governance." However, the present framework regulating the relations between donor and developing countries is inefficient and unfair. The ever-increasing list of conditionalities is inimical to both responsible government and good policy. At the same time, there is no accountability of governments in donor countries except to their parliaments. The global governance for international co-operation urgently needs an institutional forum for joint examination of policies and performance around agreed goals and commitments. The participants should include not only donor and recipient countries but also other stakeholders, especially representatives of the poor. Hopefully such arrangements can

bring to light for public scrutiny both successful policies and notable achievements as well as failed strategies and misuse of resources, thus providing incentives to good performance.

There is justifiable skepticism of ambitious plans. But all major achievements- technological breakthroughs such as landing individuals on the moon, social triumphs such as eradicating small pox, and dazzling business innovations such as those pioneered by Microsoft- require bold visions, single-minded pursuit of goals, and imaginative strategies and operational programmes. The world has the resources, technology and knowledge to remove destitution from the face of the earth. What is needed is strong commitment and support from the world leadership.

Conclusion The UN system possesses many advantages and strengths. Governments, specialists and the public opinion in developing countries regard the UN system as independent, neutral, objective, sensitive and sympathetic. They have a sense of "ownership" of UN agencies. The system also disposes of unrivalled experience and knowledge in fields such as education, health, gender, human rights, training, environment, agriculture and industry. Because of these qualities, the UN is increasingly requested also to provide assistance in issues relating to governance. It is also able to play the role of a mediator, facilitator and broker to promote social dialogue, build consensus and strengthen civil society. The UN system can improve further its performance by strengthening its skills, competence and knowledge in a number of areas such as gender mainstreaming, institution-building and macro-economics. There is also a great deal of room for improvement in the co-ordination, coherence and joint planning of UN activities.

Beyond improvements in the organization and functioning of the UN agencies at the country level, action is needed to reorient domestic and international policies to accelerate progress in poverty reduction. The world community has never been so unanimous in regarding the eradication of absolute poverty as the most important moral, social and economic challenge of our times. But the gap between official rhetoric and concrete measures has seldom been so stark. The UN system can take the initiative to develop an operational plan for eradication of world poverty. The plan should specify regional and national strategies and international measures in trade, development assistance and finance, to rid the world of destitution in two decades. The multinational corporations should be cajoled to use part of their vast resources of finance, technology, knowledge and skills towards this objective.

Annex Country Studies

Meena Acharya and Art Wright, An Evaluation of the Impact Of the United Nations System on Capacity Building for Poverty Eradication in Nepal 1985-2000

Gus Edgren and Dharam Ghai, Capacity Building for Eradicating Poverty in Vietnam: An Impact Evaluation of UN System Activities in 1985-97

M. Taghi Farvar and Roy A. Stacy, Un-doing the Web of Poverty? Report on the Impact of the United Nations System's Support to Capacity Building and Poverty Reduction in Madagascar 1985-1997

Kenneth King and Leena Kirjavainen, The United Nations System and Capacity Building for Poverty Eradication in Tanzania

Peter Morgan and Sara Mvududu, An Evaluation of the UN System Interventions in Capacity Building and Poverty Eradication in Mozambique 1985-1999

Celia Reyes and Raymond Apthorpe, Giving More Space, Opportunity and Legitimacy: UN Responses to Capacity-Building Needs for Poverty Alleviation in the Philippines 1985-1999: A Forward-Looking Evaluation

Chapter 4

ON FIGHTING INCOME POVERTY REFLECTIONS ON SIX COUNTRY EVALUATIONS

by Eugene Smolensky

INTRODUCTION AND SUMMARY

My task is to provide a personal view from the academy of someone sympathetic to the goals of the UN system. I have spent 40 years thinking about the causes, consequences and cures for poverty largely from the perspective of the OECD countries. I have had a little, a very little, hands-on international experience with the World Bank. I suppose that one idea guiding the structure of this set of papers is to give you two extreme views of the anti-poverty work of the UN, one from a skilled, and experienced insider and one from a naïve outside scholar—reality versus perceptions, perhaps.

A central theme of these reflections is that anti-poverty policy turns out to be an area in which common sense, or the conventional wisdom, goes a long way relative to other areas of economics. Of course, it took many decades to discover this seminal fact. Still some areas of conventional wisdom, those that are really instances of the triumph of hope over experience, have proved to be wrong. I will put considerable emphasis therefore on laying these plausible but false ideas to rest.

As practitioners, you may have thought it all along, but it is quite significant for the academics that a major lesson economists have learned, after pursuing many counter-intuitive but plausible (to them) ideas, is that ideas that get you tenure at a University may be too rarely relevant to be useful to practitioners. What's so significant about barking up a forest of irrelevant trees for six decades? Well, it's this: if poverty policy is an area where common sense turns out to be right with great frequency, it follows that we people of common sense know what needs to be done. When we started out, we thought that was the battle. We now know it was at most half the battle. The intellectual struggle that remains is political implementation: how do we mobilize the political will and the institutional resources to get done what has to be done? We don't know the answer to that question, so, even in the academy, the battle is far from won. That being the case, what's the appropriate role of the UN system? It can popularize that which is right to do through consultation, conferences, pilot projects and the like. It can fulfill a norm setting role via global conferences, their preparation and follow up. To some degree it can be an advocate as is the UNDP for human development and UNICEF for the rights of the child. It can play an operational role in programs funded with UN system resources and in its technical support. Most important for the arguments in this paper, it can help build institutional capacity, which is quite important. It is widely agreed upon, however, that the UN system lacks the resources to directly reduce poverty by itself and it cannot create, or even explicitly foster, political support to attack poverty within an unwilling client country. Perhaps the best the UN system can do is to play a sympathetic, responsible game of patience. It needs to be

watchful for opportunities to assist as soon as a client country has demonstrated the will and to seize upon the historical convergence of governmental commitment, political stability, emerging economic incentives and human capacity.

Such an opportunity presented itself in Vietnam, where a strong government, equipped with capable human resources, committed itself to reform within a stable political climate. Perhaps a significant factor in Vietnam's unusual success is that its development efforts were not triggered by a sudden shift in political power, but rather were undertaken by a longstanding, stable government. Against this backdrop of political stability and political will, the UN system was able to provide the government with information, expertise, technology, and training to facilitate the transition to a market economy; advocate for and support the development of policies and strategies relating to issues such as population control, public administration reform, and the promotion of private enterprise; and build sustainable capacity by assisting in the development of human resources and the strengthening of institutions through structural reform (Edgren and Ghai). Supported by both UN system activities and stable conditions, the Vietnamese government was able to implement economic policy changes and institutional restructuring that have resulted in impressive growth and significant reductions in poverty.

In contrast, the UN system's efforts have proven less fruitful in the other five countries evaluated. But it is different circumstances, rather than different strategies that caused the variation in results. In Madagascar, the potential of "world class" technical, scientific and professional people, as well as [its] talent and experience in civil society" were "lost or misappropriated in the course of numerous government changes and policy swings" (Farvar and Stacy 9). Similarly, frequent shifts in political coalitions and an entrenched and resistant bureaucracy have inhibited Nepal's government. Tanzania lacked the human capacity. The UN report on Tanzania notes "the psychological dependency which permeates the country". The report observes: "Members of the government, the civil service, the private sector, and the ordinary citizenry seem automatically to turn to foreign countries and institutions whenever a problem arises, not only for financial and human resources, but also for ideas for its solution" (King and Kirjavainen 8). The government of Mozambique, although characterized by UN evaluators as committed and capable (Morgan and Mvududu 62), had only recently emerged from repeated bouts of war and political strife, and continues to be plagued by natural disasters such as the recent floods. The Philippines, too, have been rocked by climatic stresses, as well as a political corruption.

In short, much of a country's progress is beyond the UN system's control or influence, rooted in internal national issues, acts of God, and the residuals of history. The UN system can only fortify and support an existing framework, until a host government has sufficiently stabilized its institutional structure. The UN system's best strategy is to maintain a constructive relationship with all relevant elements in the society. It should conserve its resources, both financial and moral, and deploy them when and where circumstances in a country are such that they can be used effectively.⁷²

⁷² The UN could support research on the politics of implementation.

Gary Fields in the latest version of his excellent book, *Distribution and Development: A New Look at the Developing World* offers a menu of actions to take and actions to avoid in pursuit of economic growth with equity (222-224). Here is his list of to dos that relate to the micro-economic issues in poverty and growth as I have briefly re-stated them.

1. Invest in human capital infrastructure as a pre-condition for growth.
2. Do not distort prices.
3. Emphasize exports, not least of all to obtain access to technological advances.
4. Recognize that low inequality promotes growth.

Here's what not to do:

1. Be hostile to the private sector.
2. Prematurely raise labor costs.
3. Foster unstable industrial relations,
4. Kleptocratic government, or
5. Runaway Populism.

And reach out to the disadvantaged as producers and consumers:

1. Give priority to basic education.
2. Supply health care, nutrition, housing, potable water, sewerage, and other public health measures.
3. Encourage self-selection in public programs.
4. Provide social insurance and assistance programs.

The implication of this list reinforces my judgment of the state of academic discourse. His "to do", "not to do", and "how to especially reach out lists" are hardly controversial and require no academic analytical firepower to assemble and defend. The central problem is for governments to find the will and the way to adhere to these injunctions. Below, I will give special emphasis to what Field calls reaching out to the disadvantaged as producers and consumers.

(i) Despite the difficulties, it is a matter of simple common sense that if we want to reduce income poverty, the most direct and obvious way is to put a floor under everyone's income—in these six countries \$1.00 per day/per person. Countries do not do so because it would reduce the incentive to work directly and because the need to tax to get the revenue would further reduce work effort as well as capital formation. Nevertheless, the most direct and immediate way to reduce extreme poverty is to funnel income to the poor. A way must, and I believe can, be found to supply income protection to the very poor, which does minimum damage to incentives to work, save and invest in human and physical capital.

(ii) Why do I limit the discussion to *income* poverty? No one believes that the afflictions of the poor in these six countries would be satisfactorily resolved if only everyone had a guaranteed income of one dollar per day. On the other hand, no one can believe that potable water, elementary education, and polio shots can substitute for that same income of one dollar per day. Poverty cannot be ameliorated to any significant degree without an

income floor, just as an income floor in and of itself cannot eliminate poverty. Because an income floor is necessary, though not sufficient, concentrating limited time and space on it as I do in this paper hardly needs extensive justification.

(iii) In devising strategies to counter income poverty, at least four components are required. In virtually any contemporary society markets must be made to work, which implies a key role for government. Second, the systems of law and institutions need to be adapted to meet the needs of the poor. The poor must have meaningful suffrage rights as full members of a citizenry, for example. Taxation should be progressive, etc. Third, the poor must adapt to the market. The attitudes, values, motivations and life-styles of the poor need to adjust so as to accommodate the demands of the labor market, for example. Finally the distress of the poor must be addressed directly. To that end, countries must maintain an effective social safety net including cash assistance. These four approaches are to some degree in competition, but mostly they are complementary. As this paper progresses toward an argument for the UN system to incorporate income maintenance into its capacity building activities, it assumes, of course, that the UN system will continue to press for the publicly provided goods, and the rights and privileges that are the complements to income in raising the quality of life of the poor (Lampman 8-12).

The remainder of the paper is organized into three main sections: Income Poverty and Markets, Safety Nets, and Political Economy. Each section takes up the conventional wisdom that should be embraced. Warnings of false if plausible ideas will surface throughout. A weak but hopeful conclusion ends the paper.

In the section on Income Poverty and Markets I will argue that the often cited trade off between redistribution and growth should not deter the UN system from supporting safety net programs institutionalized in the national governments of emerging economies. However, the section on social safety nets sounds a loud warning that designing appropriate social safety nets is difficult. The final section on political economy raises the further alarm that well designed safety nets can get terribly distorted by interest-group politics in both democracies and autocracies. Nevertheless, the conclusion argues for UN experimentation with national social protection under specific circumstances with care taken to evaluate the outcomes. The UN system should add these experiments to its on-going role of capacity building.⁷³

⁷³ I use the term capacity building in the same way that it is used by Peter Morgan, "... a pattern of capabilities which enables a country, organization, group or individual to effectively address poverty issues over time as perceived by their stakeholders and/or beneficiaries/clients" (Morgan 10).

INCOME POVERTY AND MARKETS

Conventional Wisdom about Markets It is conventional and correct to begin any analysis of the causes, consequences and remedies for poverty by delineating the role played by markets. It is with the rewards created by markets, and with the incentives of the marketplace that almost all governments must joust as they formulate their anti-poverty agendas. It is logical to ask therefore how much poverty coexists with markets at any place at any point in time. Since it is anticipated that markets will generate growth, it is the natural follow up question to ask to what degree, if any, will market-driven economic growth cure the poverty associated with markets. Intervening between growth and poverty is inequality more generally, for poverty is often a particular manifestation of inequality. Further, while poverty in no way is growth enhancing for market economies, many have believed and some still believe that inequality may be an incentive for growth enhancing activities in the private sector as well as a necessary pre-condition for growth. Inequality, therefore, plays an increasingly central role in the literature on markets, growth and poverty.

No necessary arithmetic relationships connect growth, inequality, and poverty as they are conventionally defined and measured. While poverty and inequality may be highly correlated over a short period, they are distinct concepts. Figure 1 illustrates the distinction. A measure of income inequality characterizes the shape of the depicted distribution. The poverty rate, in its most common measure, corresponds to the area under the curve to the left of the poverty threshold. If the shape of the distribution were invariant, that is, if inequality does not change, the poverty rate would nevertheless fall as economic growth shifted the distribution rightward. That is the story, in gross terms, of most developed economies over the long term. For a long time, this simple arithmetic relationship was what analysts expected to find whenever they turned to the data. They thought so for two reasons. First, for a very long time, it was thought that inequality was fairly fixed through time and for that reason did not matter very much⁷⁴. Second, even when we discovered that inequality could vary quite a lot and quite quickly, no necessary implications for the relationship between it, growth and poverty followed. Conceptually, inequality measures could change in too many ways, some of which would increase poverty and some of which wouldn't. And, for the same reason, growing inequality is a normatively ambiguous concept (Welch 1-17). While inequality is normatively "unlovely", it may be required for growth to be rapid and rapid growth might make for growing inequality. Or, at least, that was the state of theory at the time it became feasible to estimate the relationships found in the data among these three variables. The resulting statistical estimates and the conflict surrounding them are one example of plausible but rarely observed phenomena eventually being overcome by common sense in academic circles.

⁷⁴ This instance of manifestly wrong conventional wisdom was an artifact of the data. Data on inequality was for a long time reliably available in intervals a decade long, and even then for only a few decades. When annual data over long periods, became available, the volatility of inequality could be observed, and when observed found to be large.

The Great Trade-Off For many years, the conventional wisdom was that growth and income inequality are locked in an unavoidable trade-off. The logic came straight from neo-classical theory. Adding to physical capital was a prerequisite to growth. Adding to physical capital required domestic investment. Domestic investment required domestic saving. Since only the rich saved, inequality assisted growth. Further, domestic investment required a high post-tax rate of return to compensate for risk, so taxation to reduce inequality would be doubly counter-productive. This logic, which today we might challenge at every step along the way, seemed totally compelling for a very long time. The conventional wisdom coming out of current research is that the great trade-off between inequality and growth as predicted by neo-classical economics is not to be found in the data. Aghion, Caroli, and Garcia-Penalosa, after a careful survey of the recent empirical literature, conclude: "Recently the view that inequality is growth-enhancing has been further challenged by a number of empirical studies, often based on cross-country regressions of GDP growth on income inequality. They all find a negative correlation between the average rate of growth and a number measures of inequality" (1615). The phenomenon is not limited to OECD countries. Using a sample of 29 developing countries and 17 developed countries, Alesina and Rodrik conclude: "inequality in income and land distribution is negatively associated with subsequent growth." (485). Deininger and Squire, with a similarly mixed sample of developing and developed countries, find a more ambiguous result: "Initial income inequality is not a robust determinant of future growth. By contrast, initial equality of assets, as proxied by the distribution of land, has a significant [positive] effect on subsequent growth both in the overall sample and for developing countries separately." Perhaps the result with the greatest support is that greater equality at the take-off stage is associated with more rapid growth (Fields 200-203). Many point to the rapid growth of the Asian tigers in support of this view.

These findings are new, so it is not surprising that many still cling to the view that the great trade-off is fundamentally correct. I do not believe that, and since I find the great tradeoff to be a piece of false conventional wisdom, I am less hesitant than I might otherwise be to propose an expanded role for social safety nets in general and income maintenance programs in particular. Still, as we shall see, there is much to be concerned about when designing a safety net. While the data doesn't reveal the great trade-off to be very pertinent in practice in developed economies, there can be no doubt that redistribution policies can be crafted which would seriously adversely impact growth.

I now shift the discussion from inequality to poverty. Although not arithmetically inevitable, inequality and poverty are, however, highly correlated in the data over long periods, and increasing inequality has become an accepted fact in the developed world over the past three decades. Other things equal, increasing inequality raises a concern that poverty too is increasing.

Theory throws up at least ten potential causes for the increases in inequality, but contemporary data-driven academic poverty research has settled on three phenomena: (1) expanding international trade, or globalization more generally, (2) the PC revolution or technological change more generally, and (3) the role that some believe is played by redistributive policy.

Briefly, the emerging conventional wisdom is that expanding the international division of labor and the impact of technological change has been growth enhancing but dis-equalizing on market determined wages in nearly all countries, but that redistribution policies can offset, or even more than offset, the growing inequality in labor earnings.⁷⁵ Redistributive policy varies more across countries than the wage consequences of trade and technological change. Consequently, while inequality in wage income has grown in nearly all OECD countries, inequality in post tax and transfer income has not grown across all countries. Caminada and Goodsward have very recently summarized the data this way: "In all OECD-countries post-tax and transfer disposable income is more equally distributed than market income. Changes in taxes paid and transfers received—due to changes in tax and transfer structures in many countries—largely offset the changes in the distribution of market income (pre-tax and pre transfer)" (399). These data are not available for LDC's, but it is undoubtedly true that, where markets are important, inequality in earnings is growing.

An obvious implication from the OECD countries is that governments have a choice, that they can craft policies to offset the increasing inequality without doing great harm to their growth prospects. Whether they are doing so, in general, we do not know, but the six countries examined here, as I shall show shortly, have a mixed record of seeking to offset the poverty that increasing inequality may be generating. Even in the developed countries it must be said, however, that the sentiment is growing that international competition constrains the options for inequality-offsetting policies dramatically.

Among policy-makers, emphasis on inequality is declining, while emphasis on poverty is growing⁷⁶. This trend follows from the emphasis on trade effects and the fear that, since the US is increasingly aggressive in narrowing its welfare state and in aiding capital relative to labor (particularly unions), other trading countries will be put at a competitive disadvantage if they support labor—i.e. their middle classes. In this policy environment that certainly typifies the EC, directing attention to poverty as opposed to welfare state policies becomes politically attractive. As opposed to welfare state policies, anti-poverty policies can be both efficiency and equality enhancing. While welfare state policies may promote greater equality, they are not as likely to be efficiency enhancing. The difference here is this. Poverty policies frequently involve health and education programs that, if effective, will raise the income of the poor by raising their average productivity. Raising the average productivity of any significant segment of the population increases growth. Welfare state policies often involve substantial transfers from one group in society to another in order to enhance the latter's economic security—e.g. paying social security benefits to the middle class elderly. Raising productivity is neither sought nor expected, while taxing to pay for the transfer may result in slowed growth. Nevertheless, I agree with

⁷⁵ If Aghion et al are correct, and we think they are, the relationship between inequality and technological change is complicated. Greater inequality will promote more rapid investment in new technology but, in the short run, that will increase inequality.

⁷⁶ See Anibal Cavaco Silva, "Equity Policy and Political Feasibility in the European Union," 57th Congress of the International Institute of Public Finance, Linz, Austria, 2001.

Dani Rodrik that welfare state policies of some form are necessary for globalization. Welfare state policies are “social bargains” that cushion the increased economic risks posed by participation in the world market in exchange for political stability and an enabling domestic environment (“Where Did” 12-13). “Global capitalism has to be complemented by social policies at home if we want to maintain political legitimacy – that means safety nets, social programs, and investments in education and training” (“Where Did” 18-19)⁷⁷. Aghion, Caroli and Garcia-Penalosa, provide further supporting theoretical arguments for the proposition that equality is growth enhancing. In the main they emphasize failures in the credit market that equality would help to mitigate. More particularly, they argue that (a) inequality reduces investment opportunities, (b) that inequality worsens borrowers incentives, and (c) income inequality generates macro-volatility. “Redistribution to the less endowed, by reducing inequality, can therefore be growth enhancing”.... (1621 ff.) Even more explicitly they add: “We have just put the traditional incentive-redistribution trade-off upside down, since we have shown that in the context of an imperfect credit market with moral hazard, redistribution enhances growth” (1627).

These findings on trade, technological change and redistribution policies are most commonly derived from samples of OECD countries. The story, at least in the short term, may not apply to countries in the very early stages of economic development. Many developing countries are overwhelmed when they become integrated into the world trade system. As the UN system seeks to support the entry of the poorest countries into world trade, it needs to be aware that the Kuznets curve⁷⁸, in miniature, may once again be relevant.

Definitions and Arithmetic are Significant It is to be expected that academic researchers seek to explain those factors affecting poverty and inequality that take theoretical power and econometric prowess to disentangle. In the day-to-day world of the practitioner, however, simple arithmetic and first-round direct effects of program interventions have the greatest salience. Consider the effects of increasing inequality or economic growth on alternative operational definitions of income poverty.

What are we to mean by income poverty and why is the definition important? If income poverty is defined in relative terms, as say 40 or 60% of median income, the effect of growing inequality on poverty can be inferred rather directly, assuming we know what is happening to the relationship between the median and the mean of the distribution. If that gap is growing, we can reasonably expect that poverty is increasing. If income poverty is defined in absolute terms, e.g. a dollar or two dollars a day, the effect on poverty of growing inequality is indeterminate, although some measures of inequality have been constructed to emphasize the changes occurring in the lower left-hand tail of the distribution. If poverty is

⁷⁷ Two IMF volumes edited by Vito Tanzi have also been influential in raising the prospect that appropriate redistribution policies to combat poverty can enhance growth. .

⁷⁸ The Kuznets Curve is an empirical generalization asserting that inequality will increase in the early stages of economic development and then decreases as industrialization proceeds. For an explanation of why it is that inequality might increase for a short period of time, see footnote 4.

defined in absolute terms, growth, however, generally reduces both the number of those who are poor and the extent of their deprivation. It is for that reason of course, that governments and international organizations raise the poverty line as mean income rises. So, over time, a succession of absolute measures, it can be hoped, will prove equivalent to having had a relative measure in place over the period.

An absolute definition of poverty, for example the headcount of persons below the \$1.00 a day per person threshold, implies a path for the incidence of poverty as growth proceeds. Returning to Figure 1, if the poverty threshold lies near the lower left hand tail, as in the figure, as growth moves the distribution rightward poverty declines, but at a decreasing rate. If the poverty line is to the right of the mean, as in the six countries evaluated here, growth will have an ever more rapid effect on reducing poverty, until the poverty line passes the mean. Of course, long before then, the poverty threshold is likely to be raised. Among these six countries only one of which experienced growth, the distribution was shifting leftward. Thus, the shape of the distribution probably led to smaller increases in poverty than would have been experienced in wealthier countries experiencing similar declines in income. More generally, the relationship between growth and poverty (inequality unchanged) is in the expected direction, but it is not linear as many regressions implicitly assume. The relationship between growth and inequality is generated in part by the shape of the income distribution, which is, of course, highly non-linear.

As the distribution moves relative to the definition of poverty, who are among the poor and in what proportions change. Populations vulnerable to poverty, landless peasants, small farmers, women, children, the aged, and the urban unemployed are not equally poor. If programs to help the poor are targeted on dimensions other than income, like age, region or rural-urban, they need to be recalibrated over time and their funding proportions need to be altered. Similarly, if poverty is defined not simply as income poverty but with respect to the array of publicly provided goods, like elementary education, or access to the political process, then who are the poor and their extent of deprivation hopefully, will again have to be recalibrated along the growth path. Income maintenance programs however, that treat all the poor in the same way can be invariant to the mix of the poverty population as growth proceeds.

Two major themes of this section carry forward into the next. First, the UN system is free to consider supporting well-designed income maintenance programs without fear of severely sacrificing growth. Second, the UN system will have to be sensitive to the different definitions of poverty and the attendant characteristics of the poor, and calibrate its array of responses if a member nation seeks to target its anti-poverty efforts at narrowly defined groups.

SOCIAL SAFETY NETS

Safety Nets in Developing Countries Development assistance has supported an array of strategies that attack the multiple dimensions of poverty encompassed in its broad conception of “human development.” Specifically, UN system resources and efforts have been most notably and nobly directed at erecting schools, strengthening public health services, building roads, and organizing micro-credit programs. That such projects can reduce poverty over the longer term is indisputable. However, success has been tempered by the persistent lack of basic individual security in the short and medium term. Several of the UN evaluations observe that the insecurities that families face “frustrate most returns from social sector investments” (Farvar and Stacy 5). For instance, education programs are underutilized because children are less inclined to sit at a desk than tend the farm for their family’s subsistence. The Nepal report comments on the difficulty of retaining “children from economically and socially disadvantaged groups in schools because they have a very high opportunity cost of time” (Acharya and Wright 54). Madagascar has encountered similar problems, as reported in its UN evaluation: “Under the extreme conditions of livelihood insecurity in rural Madagascar, even social service expenditures may end up re-enforcing poverty at the household level. School costs, including the opportunity costs of reducing manpower in the farms, for instance, have been shown to be a significant factor in the further impoverishment and indebtedness of the poor” (Farvar and Stacy 8). Evaluating efforts to increase nutritional levels, the UN team in Nepal observed the incongruity of teaching families about balanced diets when there is often nothing to eat at all: “It is difficult to target nutritional programs to the needy in a country like Nepal, where the majority lack adequate food” (Acharya and Wright 54).

The upshot is that the lack of a baseline of economic security for families diminishes the benefits derived from other development efforts. Income floors offer a cushion against immediate costs and risks, and thereby encourage families to make the most of social sector investments. Although the value of holistic and multifaceted poverty reduction strategies cannot be overstated, efforts directed at these newly recognized fronts – the potable water, the elementary education, and the polio shots – must complement rather than replace the old-fashioned but nonetheless critical building blocks of poverty reduction: economic security, income maintenance, and redistribution – welfare state policies.

Of course, it is an article of faith within the UN system that national priorities determine the strategies that the UN system will support in any country. I certainly would not quarrel with the UN system taking that stance. On the contrary, I applaud it. Nevertheless, the country evaluations reviewed here seem to imply that the emphasis on projects and infrastructure investment emanates from the System and not the local governments. Whatever the truth is, The UN system should, to the extent it is compatible with national priorities, put a high priority of its own on the development of *government-based* welfare systems in its policy advocacy and institutional capacity building⁷⁹. By capacity building, I have more in mind than advocating for social assistance, training

⁷⁹ The World Bank appears to be moving toward making social safety nets administered by the central government an integral part of their operations. See, Robert Holtzmann and Steen Jorgensen.

bureaucrats in the capital and caseworkers in the field, and supplying the accounting and computer systems necessary for an efficient and effective income maintenance system. I have in mind a collaboration among the UN system, the Bretton Woods Institutions, and other donors to support national governments as they go about creating organizational structures and operating procedures consistent with the unique complexities of delivering income maintenance in each particular country and its regions, consistent with the norms and values of the particular member country (Morgan 25ff).

At the operational level, various UN system agencies have operated or developed poverty assistance programs but too often these have been either temporary UN relief efforts or localized field projects, rather than institutionalized government programs for the entire nation. The evaluation team in Vietnam cited this weakness, recommending that UN system agencies evaluate the existing pension and welfare systems in Vietnam for possible improvements because “with the best efforts in the world there will remain a category of people who will depend upon family, community, and state support for means of sustenance” (Edgren and Ghai 54-55).

In certain contexts, however, governments may not be capable of instituting and administering a welfare system, as in when war and political strife have destabilized the national government. In such instances, social and economic support may best be provided at the local level by non-government organizations (NGOs) and community groups. In fact, community-based efforts have advantages – such as local responsiveness and accountability – that may make them seem more attractive, whether or not the national government is functioning. But operating solely at the community level entails an opportunity cost – namely the national scope, the institutionalized sustainability, and the financial resources that are built into government-based programs. Therefore, even when programs are developed and administered locally, the goal should be to expand successes outward, from one community to the next, and (subject to its stability and capacity) to eventually secure government “buy-in,” with all its attendant benefits. In Nepal, for example, the slow pace of decentralization has prompted the UN agencies in the country to base most of its programs at the community level, relying heavily on partnerships with NGOs and donors. Several projects have achieved localized success and expanded to include more communities and more beneficiaries, but the government “buy-in” stage remains tentative. The Rural Community Infrastructure Works (RCIW), which supports improvements in the trail systems of remote rural areas, has evolved from a UN-run relief project to a collaborative effort that is grounded in local communities and local governments, with NGO and donor assistance. Plans for the 1996-2001 phase have the program operating in 25 districts. Although the UN system study for Nepal cites the Ministry of Local Development as the RCIW contact within the national government, its participation is downplayed, which seems to reflect lingering difficulties (Acharya and Wright 69). Although, at this point, distance from the central government may be the only way to ensure service delivery and responsiveness to local needs, in time the national government may well make an attractive partner, as decentralization and capacity-building progress. As the Nepal study notes: “Current efforts by UN agencies to bypass the central government and work directly at the local level cannot solve the country’s problems in the long run” (Acharya and Wright 66).

The Design Problem Designing a social protection system is fraught with technical difficulties and political traps. The initial motivation is to provide an adequate level of living for the most vulnerable segments of the society. Always the most vulnerable include children and the elderly, but rural peasants and the urban unemployed too elicit humanitarian and egalitarian concerns. From this perspective an adequate floor to levels of living becomes one goal of any social protection system.

Once the notion of helping the most disadvantaged is taken up by policy analysts, however, a second goal immediately arises—that the social protection system should not reward behavior that violates the collective sense of fairness and appropriateness. Appropriate behavior by benefit recipients becomes a second goal to be sought after along with adequacy. Providing benefits, and the rules that determine who gets them and in what amount, will alter many of the choices recipients make. In the developed world, social assurance systems have been shown to reduce the incentive to earn money, to save, to marry, to defer the birth of children, to limit family size, to obtain education and to live with one's children.

These behaviors are a matter of concern for several reasons. One is cost. If, as in most social protection systems benefits depend on earnings, if individuals choose to earn less, program costs rise. Cash aid for poor single mothers may be an inefficient way to alleviate child poverty if it prompts more women to become single mothers. Reasonable cost then, becomes a third goal in the design of modern social assurance systems. The cost to taxpayers should be no higher than necessary. Taxation hurts incentives in the rest of the economy and money spent on social assistance must be diverted from other uses, public and private. Moreover, in many economies, a significant number of taxpayers may have incomes not much higher than the incomes of many families receiving social assistance.

These three goals each seem reasonable enough, but the potential for disagreement is patent: What level of income is adequate? What characterizes appropriate behavior? How much or how little cost to taxpayers is reasonable? Even if everyone agreed on the answers to these questions, social assistance design would still be difficult because of the inherent conflicts among these goals. Adequacy, behavior, and cost are linked in an iron triangle. We cannot change one relationship without changing the other two. Tradeoffs among adequacy, behavior and cost are inevitable and political differences arise when decision makers set out to decide the tradeoffs.

The goals of adequacy and low program costs are straightforward notions, and the tension between them obvious: Other things equal, raising benefits raises costs, both the direct costs and the deadweight loss to society of raising the taxes to pay those costs.⁸⁰ The matter of behavior is more complex. Suppose, since aid is for the needy, the lower one's income the larger the welfare benefit, and as one's earnings rise the benefit drops. Or imagine that, for example, a government worker is displaced by structural adjustment to an IMF loan. Imagine further that the government will pay a basic benefit for several months,

⁸⁰ The "deadweight loss" is the reduction in GNP due to the incentive effects of higher tax rates.

but will lower the benefit as time passes and the worker remains unemployed, say after six months, and will lower it again every three months thereafter. Obviously, the incentive of the displaced worker to find a job is very much affected by the benefit level relative to the wage she is likely to receive in her next job, and how long it will be before the benefit falls significantly below that wage. Lowering the benefit of course lowers the cost to taxpayers and increases the incentive to work, but threatens adequacy. Letting the woman work and receive benefits at the same time, increases her work incentives, but also raises taxpayer costs.

The iron triangle holds metaphorically for other eligibility criteria as well. Restricting benefits to former government employees steers workers from the farm to the city, and from private to public employment.

Of course incentive and behavioral concerns go far beyond caseload and cost. Who benefits and their behavior may violate many people's sense of fairness. In the example of public employees, for example, many will feel that this was already a privileged and perhaps abusive class in the first place. Taxing peasants to pay their benefits may seem unseemly to many.

In the developed economies the costs of social protection schemes and their effects on growth are embedded in the great trade-off debate. Even in the United States, a country with a notoriously small social assistance sector, the annual reduction in GNP due to induced behavior has been measured as equivalent to a small but permanent recession. (That effect doesn't seem to be large enough to show up in the aggregate macro-measures relating redistribution and growth.) And, in the US as in most developed countries, a large proportion of redistribution constitutes a re-shuffling of income within the middle class. Gordon Tullock calls this the "charity of the uncharitable", an exercise with high associated deadweight losses that could be avoided with better targeting. Nevertheless, even those who have found that redistribution does not seem to significantly affect growth rates are chary of income maintenance programs (Alesina 216-234). It is appropriate to ask therefore if countries setting out to develop an income maintenance system virtually from scratch can do better than has emerged from trial and error and the interest group politics that produced systems now in place in the developed world.

Instructive Models The assurance of a safety net is essential to encourage acceptance of the deferred benefits (e.g., foregone wages of children in school) and risks (e.g., the uncertainties of new industries and new technology) that are inherent in the growth-inducing investments currently and appropriately advocated by the UN system. The evidence presented earlier that redistribution as practiced may have been growth enhancing on net, can only be the case because its growth promoting attributes outweigh clearly inefficient behaviors induced by social safety net policies. It cannot be denied that poorly designed social safety net strategies could retard growth. While it is obvious that many countries have managed to keep the inefficiencies of their social safety nets small enough to escape detection in international cross-section regressions, it is no easy task to structure a safety net so as to minimize its innate impediments to efficiency and growth. Economic theory throws

up a conceptual solution⁸¹ and a useful standard from which to evaluate operational policy proposals.

What are the lessons for practitioners from the theory? First, benefits should be universal. Although targeting certain groups such as children and mothers may be tempting as a means of limiting assistance to those less able to help themselves, such practices increase administrative costs, create perverse incentives (e.g., fathers living apart from children), and leave “gaps” in the net through which many in need may fall. universal coverage means easy administration and implementation, as well as no implicit incentives with regard to household structure. Second, the accounting unit by which benefits are allocated should be the individual rather than the household. Basing the distribution of benefits on individuals offers a further measure of neutrality in the program’s potential influence over family living arrangements. Third, the safety net should be simple, with as few individual programs as is politically feasible – preferably a single program. In contrast, the U.S. safety net, for example, is a patchwork of overlapping programs with varying rules and requirements, so that some of the needy receive no benefits, while several layers of assistance insulate others. Furthermore, for families covered by more than one program – for instance, a family receiving cash assistance, food stamps, and subsidized healthcare – each dollar earned may reduce the household’s total benefits – the accumulated reduction in their cash assistance, food stamps, and healthcare – by more than a dollar. In essence, this structure imposes a tax on recipient earnings of more than 100 percent, and thereby creates a strong work disincentive.

If a country decides on more than one program, every welfare program in its safety net should have comparable benefits, in terms of the level of economic security provided and the rate at which benefits are reduced as income rises. Further, the receipt of benefits in any one program should preclude benefits from all other welfare programs. This prevents the inefficiency and work disincentives related to accumulating benefits from multiple sources, as discussed above.

As an example of how this way of thinking can be used when evaluating a welfare program, consider one of Mexico’s welfare programs, *Progresa*. *Progresa* offers examples of both safety net “do’s” and “don’ts” as applied to the specific needs of developing countries. It also offers the opportunity to address a welfare program that is only partly cash. (Mexico’s purely cash transfer system is called Procampo.) To address the persistence of poverty in Mexico’s rural areas, the government developed *Progresa* as a single, experimental program incorporating: 1) nutritional supplements aimed at widespread malnutrition among infants and children, 2) educational grants to encourage school attendance and stabilize families that would otherwise be dependent on their children’s labor, 3) access to health services, with a focus on preventive care, and 4) cash assistance.

Progresa’s explicit goals are twofold: the immediate alleviation of current poverty and the encouragement of investments in human capital that will pay off in the long term.

⁸¹ See Smolensky et al.

To induce such investments and absorb the associated opportunity costs, the program is built on a “conditioning” scheme that ties the provision of cash and in-kind benefits to desirable behaviors. Educational grants are terminated if children do not attend school. Nutritional supplements and cash benefits are contingent upon recipients meeting a regular schedule of visits to public health clinics. This program design, combining “sugar” and “medicine,” is an implicit recognition that long-term investments in growth require an initial baseline of economic security.

A comprehensive series of studies of *Progresa* by the International Food Policy Research Institute (IFPRI) found that the program has been relatively successful in achieving its explicit goals – namely, increasing children’s schooling, promoting access to and utilization of health services, and decreasing malnutrition among children. But what of the indirect effects – the inefficiencies and perverse incentives – that plague most welfare systems? How does *Progresa* measure up against the guidelines for efficient safety nets discussed above? In accordance with those recommendations, *Progresa* is structured to provide comprehensive support within a single program, and recipients are required to forego the benefits of other welfare programs. The IFPRI found that, as *Progresa* increasingly replaces distortionary food subsidies, the Mexican economy enjoys a net gain in efficiency and social welfare (Coady and Harris).

On the other hand, *Progresa* is not a universal program. To husband its limited resources, the Mexican government has implemented the program in selected regions, targeting the poorest rural areas and, within those localities, the poorest residents. As noted in one IFPRI study (Coady), this intensive targeting has created substantial horizontal inequities – urban poor versus rural poor, the “moderately poor” versus the “extremely poor.” Another IFPRI study found dissatisfaction in certain communities regarding the selection of beneficiary families. Occasions in which some of the neediest were missed, and the less needy admitted, were blamed on faulty practices and cultural misunderstandings in administering the local selection survey (Adato et al). Such inconsistencies in treatment are characteristic of targeted welfare programs.

Progresa’s extensive use of a targeting system also results in a complex and large administrative structure, particularly when coupled with the extensive monitoring required for conditional benefits. The danger with such an imposing bureaucracy is that high administrative and program costs may drain limited resources. Surprisingly, *Progresa*’s administrative costs are relatively low for such a complex structure, at approximately 8.9 percent of the total program budget. However, of the total administrative costs, fully 30 percent is spent on targeting and an additional 26 percent on monitoring compliance with program requirements (Coady 28). Although innovation in program design is commendable and probably necessary for developing countries, policy-makers need to be mindful of bureaucratic bulk.

Evaluation and Data Collection Even the most developed countries find it a formidable task to evaluate their income poverty strategies and assess the parameters required to make informed judgments about the trade-offs forced by the “iron triangle.” But the evaluation and

data collection process is a necessity for effective administration of any income maintenance program. What can and should be done to monitor the effects on poverty of UN system programs now operating in low-income countries? More particularly what more can be done now than is evident in these six country evaluations? By and large, the data in the evaluations about poverty reduction and poverty indicators come from the World Bank. The UN system can do better.

The UNICEF Innocenti Research Centre in Florence has been making use of a social survey repeated every three years in Indonesia to track educational outcomes, labor force participation, and health indicators of children. The "100 Villages Survey", like the data for the Progresa evaluations, comes from household surveys. To determine the quality of life of the people and how it has changed over the recent past, there is no substitute for going directly to households. Having UN experts talk to middle level managers in the capitol, and to other administrators of donor funds is useful, but hardly definitive and potentially highly misleading. On the other hand, a national random sample is very expensive and difficult to mount. Significantly, the "100 Village Survey" is not a random sample, but it is informative. Known biases can be corrected for in an informal way.

A question then becomes, how small can the sample be and still be informative? My guess is quite small. If I were field representative in say Nepal, I would make it my business to visit a different village in a different region each month with a local graduate student in tow and talk with the villagers. I would have an open-ended questionnaire prepared and memorized and I would try to get respondents to give current, retrospective, and prospective judgments about specific aspects of their lives. I would be very much interested in how much food they consumed and after food what other goods did they consume and in what quantities. And how did that ratio between food and other goods consumed change over time. I would ask about health and water and schools. If I could I would weigh every body I could and leave the scale behind. I would go to the school and count the children and find out what the teachers were doing. I would look into the fields to see if the children were working there during school hours. And I would retreat to my Mercedes to enter what I learned into a laptop computer. I would come back every year until the government got the idea and tried to make these twelve villages into Potemkin villages, at which point I would vary some of the towns. In the course of a few years and with the World Bank data I think I would have a plausible feel for changes in the quality of life and the reasons for it. Several graduate students would know how to do field research, would be designing questionnaires of their own, administering them in towns other than those in my sample, and planning to go abroad to get their doctorates. The database would enlarge and some capacity building would have begun.

Of course the UN system is also interested in building the capacity of organizations to deliver services. I would use my household surveys to get some notion of how the villagers perceive the effectiveness of the organizations with which they came into contact. When, as a UN field officer, I went about my usual task of interviewing local officials. I would pass on the perceptions that I had gathered to them, without judging their validity, to get their own perspectives on the same issues. I would learn how and when governmental

units were effective in this country at this time and how they convey that to their constituents and I would share that information with those governmental units in a totally value free way. In none of the six country studies was anything like this kind of “on the ground” data gathering and sharing revealed.

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POLITICAL ECONOMY

Recently Stiglitz has succinctly and accurately described the current state of economic thinking about the role of government as contemporary economists see it. It's worth quoting from his exposition at some length.

- Government has a distinctive role to play in the economy in promoting performance at both the macroeconomic and microeconomic levels. Markets are the best way of organizing the production and dissemination of goods and services, but there are important instances where they fail to produce efficient outcomes. Many of the most successful examples of development, however, have entailed governments' responding to these failures not by replacing markets but by working with them, complementing them and even helping to create them.
- Government has an important role in promoting equity, but modern views emphasize the importance of individual responsibility in an environment that ensures economic opportunity to provide resources and opportunities. Appropriately designed policies, such as those promoting education and training, can increase equity at the same time that they promote economic efficiency: there need not be a trade-off. And indeed the countries of East Asia have shown that equalization policies that promote equity can be growth enhancing.
- While market failures are more prevalent in less developed countries, government's ability to remedy these failures may be more circumscribed. Both what the government does and how it does it must be carefully tailored to prevent abuses, such as those commonly associated with rent-seeking (Stiglitz 23).

In other words, governments can make things better, they can redistribute income without sacrificing the benefits of markets, indeed they can enhance the efficacy of markets, but depending on how they choose to proceed they can make things worse. The body of theory on which Stiglitz is drawing is sometimes called "incentive theory" to which he was a major contributor. It gets its name from its central precept: governments should set the rules so that responsible individuals face those incentives which will lead them to choose those actions that will promote the social good while enhancing each decision makers well-being. This modern version of the invisible hand is far more modest in its expectations of the miracles markets can perform than the earlier market failure literature, and hence requires less from government actions to judge them successful. This new view envisions governments, firms and households as engaged in a game in which governments set the rules and firms and households seek to take any personal advantage they can of those rules. In this game, firms and individuals have the advantage of knowing more about themselves than governments can know. But, the government knows historical probability distributions, can mandate participation and can assess penalties. It's a perpetual struggle, but governments can make things better.

The potential for abuses abound, and a large body of theory, now often called Political Economy, has produced formal models by which these abuses arise and are contained. Stiglitz alludes to one of the problems this literature addresses, rent-seeking. Frequently the gains of government action are large and can be concentrated in a few hands, while the costs are widely distributed and small for each of the losers. In such a circumstance some will be willing to spend a lot to increase their chances of capturing the gains. Pursuit of such gains is called rent seeking. Rent seeking diverts resources from productive pursuits, and, of course, breeds corruption. It invites those in political power to make rules for the sole purpose of generating rent-seeking behavior that will take the form of gifts to those with the power.

Another problem endemic to the game is called the principal-agent problem. Voters in a democracy delegate decision making to a legislature. The voters are principals and the legislators their agents. Legislatures delegate decision-making and require actions from the bureaucracy. The legislators are now principals and the bureaucrats the agents. Principals and agents may have different objectives. The principals may have limited capacity to observe the behavior of their agents and to discipline them if they do not perform as desired. The failure to align the incentive of principals with agents, and the limited ability of principals to discipline their agents is an endemic problem for governments. Legislators find ways to turn the goals of their electors to their own self-interest at the expense of the voters. Similarly, bureaucrats can find ways to turn the intent of the legislature to their own self-interest.

Finally, not all members of the society participate equally in the setting of the rules of the game. Special interests get special advantages. Legislators have many incentives to enlarge the activities of government beyond their efficient size. Of course, constitutions are written and legislatures establish procedural rules for themselves and the bureaucrats intended to constrain the potential for private gain at public expense. The game is played at many levels. The outcome cannot be the pristine goal of achieving the Holy Grail—a Pareto Optimum⁸². But, out of all the game playing with its attendant waste of resources, nevertheless, aggregate social welfare can be higher as a consequence of how the rules are set.

William Easterly's recent and controversial book illustrates many of the issues raised by incentive and political economy theories for the strategies the UN system must choose among when seeking to promote economic growth along with poverty reduction. Easterly makes no explicit reference to these theories, but their essential elements have been revealed to him by twenty-five years of experience in the field for the World Bank. (Proof once again that it's not academic fire-power but good old common sense that counts.) In chapter after chapter, Easterly seeks to illustrate why it is that every anti-poverty and pro-growth program for the tropics has failed to achieve its promise. In nearly every case, it is not the ideas driving the public programs that fail. Programs fail because they are

⁸² A Pareto Optimum is reached when no feasible alternative allocation of resources is preferred by at least one person and liked at least equally well by everyone else.

improperly implemented. They are improperly implemented because the economies into which they were introduced were inappropriate. In these economies the appropriate incentives to get administrators and potential beneficiaries to behave as the planners predicted they would behave were absent. Easterly doesn't tell us enough to know where all the breakdowns occur—in the legislature, in central government offices, in the “street-level bureaucracies”, by private sector rent seeking, or because the incentives are perceived to be insufficient by the potential beneficiaries. He always points to one or more of these, but the complete picture is rarely presented.⁸³ Here are some examples.

In explaining why promoting education has not achieved its objectives, he writes: “In an economy with extensive government intervention, the activity with the highest returns to skills might be lobbying the government for favors. The government creates profit opportunities by its interventions” (82). That is, education that should have gone into productivity enhancing private sector activities was diverted to rent-seeking. A more general problem is also posed by mandating public education. “Administrative targets for universal primary education do not themselves create the incentives for investing in the future that matters for growth. In an economy with incentives to invest in the future, students will apply themselves to their studies, parents will monitor the quality of education, and teachers will face pressures to teach, that is to perform as their principals expect. With out appropriate incentives to invest in the future, students will goof off in the classroom or sometimes not show up at all, parents will often pull their children away to work on the farm, and teachers will while the time away as overqualified babysitters.” In short, he is asserting a string of principle-agent problems. Teachers, agents of the state, take leisure when they are expected to work. Students and parents here also agents of the state, though implicitly so, also fail to perform as expected by their principals. The capacity at the center to observe behavior in the field and hence to discipline improper behavior is limited. The solution is to align principal and agents incentives.

On subsidizing condoms Easterly concludes: “The answer for those worried about population growth is to raise the incentive to invest in people. Parents will then want to reduce the number of children they have, without the international do-gooders having to hand out cash for condoms” (98). Condoms, after all, are pretty cheap compared to the costs of children, and when investments of time and money by parents will justify these activities given their opportunity costs, the investments will be made. Or so Easterly believes.

On foreign donors Easterly has this to say: “As countries' incomes rise because of their favorable policies for economic growth, aid should increase in matching fashion. This is the opposite of what happens in actuality. A country with destructive policies and declining income gets more concessional terms on aid” (119). Finally on debt forgiveness, which is once again high on the agenda for the IMF: “Debt forgiveness grants aid to those recipients that have best proven their ability to misuse that aid” (136).

⁸³ Perhaps more importantly, since these failures of implementation are inevitable, Easterly should tell us whether despite them the program benefits might have exceeded the costs. He does not, though he does urge us to soldier on

His ultimate conclusion: "The way forward must be to create incentives for growth for the trinity of government, donors and individuals" (280). "The international organizations must change its reward structures to helping the poor rather than making loans." In this instance, the evil is goal displacement. Since we cannot monitor the outcome of our activities we count inputs like the number of loans made. Once again the incentives facing principals and agents are improperly aligned.

I provide these examples from Easterly not to endorse his analysis so much as to show how rigorous attention to the incentives that the relevant actors actually confront is crucial to the success of government programs. One implication then of the application of incentive and political economy theory is that good policy is contingent on where and by whom it is to be installed. To be perfectly plain about it in this context, no single textbook best-practice working model for implementing an income maintenance program can usefully exist. The incentives in dollars and cents for the power brokers in the capital, the bureaucrats in the center and in the field, and those of the intended beneficiaries all need to be known and taken into account. After all of that, bad things will still sometimes happen, but the poor can yet be made better off.

A troubling feature of Easterly's argument is that his concept of appropriate incentives is that the potential beneficiaries have tangible evidence that real growth is occurring and that there are clear and visible high real rates of return to investments by parents in their children, farmers in their land and manufacturers in their investments in equipment. That is, he implies that success will come to the efforts of the UN system in a member state only after success is already evident. In addition to observing good intentions and adequate institutional development the UN needs also to see some tangible evidence of growth so that the intended beneficiaries too will see the benefits of participating in the health, education, low interest rate loans and other UN system programs and put these programs to their intended use. True as far as it goes, probably, but I think the UN system need not wait quite that long.

Income maintenance programs can in some instances serve the purpose that growth serves in Easterly's analysis. If as in the Progreso example, cash assistance is made contingent on appropriate behavior then the assistance becomes a substitute for growth. In Easterly's education example, cash assistance to the family near to but somewhat less than the opportunity cost of the child on the farm will presumably achieve the required school attendance. Parents will then demand that teachers be qualified and that they teach. How the experience would affect population control is more problematic, but then so is Easterly's analysis. If schooling per se has a high rate of return and only children can be schooled, then getting the kids into school and demonstrating the gains from schooling could raise birth rates. Subsidized condoms may not be so bad an idea. Cash maintenance to women may give them the economic independence to insist on their use. Finally, the IMF might accept a well-designed income maintenance programs as an acceptable quid pro quo for debt forgiveness by donors under the Highly Indebted Poor Countries Initiative. To sum up—paying attention to incentives is crucial. All the other players in the game are acutely attuned to the incentives they confront and will act upon them for better or for

worse. The UN system too must therefore be acutely attuned to the incentives on the ground, at the particular place and time that any government initiative is put in play. Nowhere is this more important than in the design of social safety nets.

Having raised alarm upon alarm, it is important to close this section with this reminder. The OECD countries have managed to institute safety nets that may be growth enhancing. Low levels of inequality helped propel the rapid growth of East Asia. It's doable.

CONCLUSION

Ultimately, the UN is on the right track. The elimination of poverty by 2025, or at any time at all, may not be possible, but significant poverty reduction is a feasible goal. The strategy for achieving that goal is rooted more in common sense than econometrics: economic growth tempered by a minimally disruptive redistribution of resources to the poor.

The UN system's multi-faceted efforts to ease market transition, promote legal and institutional reform, raise living conditions, and expand access to social services, all form a solid foundation for both economic growth and poverty reduction. But the patch that has been chronically missing from the developing system of safety nets is government-based income maintenance. By providing a baseline of economic security that encourages risk-taking and eases opportunity costs, income floors are a necessary complement to the holistic investments that now form the bulk of international assistance. Although many countries are hesitant to commit to an effective safety net and all its attendant inefficiencies, adherence to well-established program design principles can minimize the negative side-effects traditionally associated with income floors and may even promote economic growth. My message has been that the potential benefits of social safety nets outweigh the costs – both budgetary and economic – the UN system should more actively incorporate income maintenance and redistributive mechanisms into its various roles as a trusted facilitator of progressive economic change.

But knowing what to do about poverty is only half the battle. Putting ideas into practice requires a political and institutional readiness, as well as substantial economic resources. Both are difficult to come by and both are only indirectly affected by the UN system. Nature, politics, and markets can easily overwhelm the UN system and has repeatedly done so in most of the six countries under review. Perhaps the most obvious conclusion to be drawn from the six country studies is that the UN's role as a trusted counselor is significant. The UN system's quiet support during hard times forms the basis for a more active advisory role when opportunities for change arise. Clearly, individual countries, themselves, will win or lose their struggles against poverty, but the UN system's reputation for empathetic global leadership will keep it an important player in this most humanitarian of efforts.

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Part 2

THE EVALUATIONS

The executive summaries of the six evaluations make up chapters 6-12 below. The complete texts of these reports can be accessed on line at

http://www.un.org/esa/coordination/full_report.htm

Chapter 5

UN-DOING THE WEB OF POVERTY? THE IMPACT OF THE UNITED NATIONS SYSTEM SUPPORT TO CAPACITY BUILDING AND POVERTY REDUCTION IN MADAGASCAR 1985-1997

by M. Taghi Farvar and Roy A. Stacy

EXECUTIVE SUMMARY⁸⁴

(2) Poverty in Madagascar

Despite four decades of external assistance from many sources including the United Nations, Madagascar remains extremely poor. In 1998 its GDP per capita per year was only \$556, to compare with \$1,064—the average GDP per capita of the world's least developed countries. In constant 1995 dollars, in fact, the country's GDP per capita has steadily fallen from 1975 to 1998. Madagascar does not fare better on more composite indicators. The UN Global Human Development Index ranks it 141st among the 174 countries listed for the year 1998. In the same year, the under-five child mortality rate was 157 per thousand, to compare with 93 per thousand for all the developing countries. Half of the children in the country are chronically malnourished. Clearly, neither the United Nations nor Madagascar's other international partners have yet made a major positive impact on the national efforts for poverty reduction.

In most rural areas, soil fertility and farm productivity are declining and there are indications that as much as 70% of Madagascar's population face a deteriorating food security situation. The poor and vulnerable are not gaining from the liberalised markets (many live still completely isolated in remote and inhospitable environments), and the gap between the rich and the poor is widening. This is true in rural as well as in urban areas, where the poor benefit minimally from existing services and are generally subjected to new and insidious risks (pollution, accidents, contagious diseases, loss of social relationships and cultural identity).

Despite significant national and international investments in social services such as primary health care and basic education, results in health status and formal education in the rural areas are not encouraging. In 1999 the average life expectancy was only 40 years for about one third of the Malagasy population. Maternal mortality is very high compared with other developing countries, and less than one third of households have access to potable water. Half of the population is illiterate. The poor do not send their children to school, and when they do it is for short periods, with no appreciable learning results. In fact, low rural productivity appears to frustrate most returns from social sector investments.

⁸⁴ The complete text of this report can be accessed on line at
http://www.un.org/esa/coordination/full_report.htm

Madagascar—steward to a great deal of the world’s unique biodiversity—is losing it at an alarming rate due to loss of habitats and pollution. The economic value of biodiversity is still highly unexplored and unexploited, but soil is eroded at massive rates, deforestation is rampant, mangroves are destroyed, fisheries are depleted, coral reefs are being damaged and freshwater bodies are impoverished, silted and polluted. The main production system in the country remains primary, extensive, highly inefficient, labour-toiling and environmentally destructive agriculture. As if this were not enough, Madagascar’s poverty is aggravated by many climatic and other risks, including cyclones and locust outbreaks and by endemic human diseases, such as malaria and plague. Last but not least, the financial indebtedness of the country is severe both at community level, where the phenomenon of usury is maliciously widespread, and at the national level, where, in 1999, the debt service was eating up about one third of fiscal revenues in the country.

(3) Capacity building for poverty reduction

In the face of such daunting challenges the United Nations has attempted to have an impact by assisting national capacities for poverty reduction. Our Mission analysed those capacities at community, “intermediate” and policy level, considering that the micro and meso levels of capacity building are at least as important as the macro level, and that the three levels play essential complementary roles to each other. Community capacity building, for instance, involves the development of local institutions competent to face a variety of problems and opportunities, from natural resource management to preventive health care, from the seizing of economic opportunities to grassroots battles for policy change at higher levels. Such local institutions are often rooted in traditional organisations, and represent important elements of both continuity and evolution with respect to the local culture⁸⁵. Capacity building at the meso level (e.g. at the level of the rural municipality) is similar and, if possible, even more complex. It involves the development of mechanisms for participatory democracy around very concrete issues, interests and decisions, as well as the development of various types of partnership among civil society and governmental actors. At the macro, national policy level, capacities need to be created to provide an enabling environment for action. We did not explore whether the UN has influenced the capacities to relieve poverty at the international level—an area that requires a study of its own

(4) Efforts at the community level

The Mission found that some promising results have been achieved with local, participatory initiatives for rural development; support to micro-credit and micro-enterprise; and the development of pluralist platforms to plan for sustainable development at regional and sub-regional levels (examples and lessons learned are highlighted in the text). It is the belief of the Mission that capacity of sufficient quality and quantity at those levels is what makes the difference in terms of overall poverty reduction in a country. Unfortunately, the UN-assisted results are still far from the necessary critical mass.

⁸⁵ Among the elements of evolution may be a variety of mechanisms for participatory assessment, planning and evaluation brought about by various external agents. See UNDP/ UNICEF, *Planning and Monitoring of Capacity Development*. Final Report of a UNDP/ UNICEF Workshop. Harare, November 1999.

In general, UN-supported initiatives at the field level have been characterized by relatively small initiatives, supported with limited resources and endowed with a pernicious “project mentality”. The project mentality is nourished by lack of budget flexibility to respond to local needs and opportunities, reliance on expensive consultants providing convenient overhead for the commissioning agencies and lack of in-built incentives for the creation of effective local capacities. UN agencies in Madagascar should make every effort to get out of such a negative predicament and channel their resources on community initiatives that directly address the causes of poverty by mobilising the strength and management capacity of the local communities themselves (in addition to helping create an enabling national environment for this to happen).

One way to foster a larger impact when the financing requirements exceed the UN budget availability is to catalyse the interests of various partners in supporting follow-on programmes designed around successful UN pilot projects. In this way small investments can have significant multiplier effects. This has actually happened for some UN-assisted initiatives. Another way is to dedicate more time and resources to assure, for each UN project, a well-structured strategy for learning and follow-up—including lateral transfer of competences, sustainability of gains, and multiplication and scaling up of successful experiences. This strategy for learning and follow-up should be developed for all UN projects while they are in operation, i.e. not too early or too late in their life cycle. The principal way towards a substantive impact, however, remains the focusing of scarce resources towards effective initiatives that tackle in an integrated way all the crucial factors that generate and sustain poverty. It was the impression of this Mission that the UN has rarely attempted to do so, and that sector priorities and conventional models have had the lion share of the resources. And yet, when the UN agencies ventured out of the beaten track of development interventions, such as in the case of the UNDP’s support to *Entreprendre à Madagascar* and the AGERAS programme, they have achieved some of their most remarkable and potentially long-lasting results.

(5) Efforts at the policy level

At the policy level the government can, and should, provide an enabling environment for communities, groups, businesses and individuals to gain their means of sustainable livelihood. The UN has importantly contributed towards this goal by assisting national policy change, helping to link national and international policies, mobilising various sources of financing and helping to build capacities for data collection and analysis. Again, efforts are commendable but still fall short of removing the multiple obstacles that maintain poverty at the national scale.

In recent years there has been an increased UN emphasis on assisting in policy development towards an impact in poverty reduction. A series of important statements were produced in 1996-1997, including the Economic Policy Framework Document (DCPE), the National Programme for Strengthening Governance (PNRG), the National Programme for Strengthening Economic Management (PNRGE) and the Special Programme for Extended

Food Security (PSSAE). These were major institutional learning steps for crafting the new National Strategy to Reduce Poverty (SNRP). Many institutions and agencies played capacity enhancing roles and offered expertise for the realisation of these policy platforms. On issues of particular sensitivity, however, the UN's neutral role enabled an advocacy that resulted in added capacity and confidence of government, and political will, to articulate new policies after years of failure. Examples are the National Health Plan and the National Population Programme.

Included in the DCPE mentioned above was a major statement on governance, personal security and rule of law: poverty was clearly linked to economic and fiscal policy, budget management and the allocation of public revenues to the primary health and education sectors. The DCPE also provided a clear government statement in favour of a market economy, and the creation of an economic environment conducive to private investment. This watershed policy paper was designed to renew economic growth and stimulate the market by beginning the disengagement of the state from productive sectors of the economy. The paper, in fact, set the theoretical justification for the current standard neo-classical approach, with emphasis on economic growth and comparatively less attention to issues of distribution of wealth, equity, priorities among poverty-alleviation interventions and true political decentralisation at the grassroots.

The Mission believes that the real test of the UN capacity building activities at the national level – including advocacy, policy dialogue and assistance in the preparation of country papers that would receive political validation in new policies— lies in the quality and effectiveness of the overall National Strategy for Poverty Reduction (SNRP). In fact, the assistance UNDP provided in the development of the SNRP is rather limited, a careful choice in view of assuring its national ownership, but the quality and effectiveness of the strategy relate, indeed, to the quality and appropriateness of all the preceding analyses and policy steps.

The Mission had an opportunity to examine the November 2000 version of the Strategy [*Document Interiminaire de Stratégie de Réduction de la Pauvreté*]. We are concerned regarding the standard “neo-classical” approach it embraces. The Strategy sets out to pursue strong economic growth by attracting foreign investments and implementing action programs in conventional priority sectors (education, health, water supply, rural roads). It largely ignores issues of equity in the distribution of resources (natural as well as financial) and the known fact that economic growth, without fundamentally re-organising the distribution of old and new wealth, is likely to be absorbed mostly by the rich and urban citizenship. To be sure, the Strategy identifies some work directions supposed to profit specifically the poor, but those are not likely to take the lion's share of efforts and budgets. In fact, under the extreme conditions of livelihood insecurity of rural Madagascar, even social service expenditures may end up re-enforcing poverty at the household level. School costs, including the opportunity costs of reducing manpower in the farms, for instance, have been shown to be a significant factor in the further impoverishment and indebtedness of the poor. In this sense, the UN could well assist the Malagasy government in further reflections

on the most appropriate sequencing of interventions to optimise their poverty reduction efforts.

The *Document Interiminaire* of the Strategy stresses the importance of decentralising the government administration, sharing responsibilities with local social actors and improving governance mechanisms and overall government accountability. These are all very promising elements, on which to build upon. There is also a specific emphasis on the need to involve the civil society in the development of the strategy itself, responding to some specific advocacy of the UN, for which it deserves praise. The Mission, however, has no means to judge whether such participation is and will be actually effective in influencing policy direction and budgetary lines (we are still far from direct democracy models such as the participatory budgeting of municipalities in Brazil) and could not find mentioning or regard for the importance of supporting action and initiatives at the local community level (*fokonolona*). We could find the mentioning of local micro credit but nothing on more effective approaches (such as community investment funds and community managed credit schemes that build upon the strengths of local communities as holistic actors). In such areas the UN should still pursue some substantive advising.

In all, the UN assistance to policy development appears to have promoted the following results:

- Steps towards economic liberalisation and a more limited state role in the economy.
- The acceptance of international norms and principles for good governance and the place of decentralisation in overall governance policy.
- The creation of an environment more likely to accept that civil society participates in policy formulation and solutions by consensus.
- The identification of national priorities within sector policies in primary education, health care and public security.
- An on-going dialogue among various actors on the nature of poverty in Madagascar.
- The placing of poverty reduction and sustainable human development objectives at the heart of national considerations, an important achievement in the face of competing priorities (e.g., export growth, conservation of bio-diversity, etc.).

The proof of the impact and durability of these UN contributions to national capacity will be in the quality of the final plan and actual implementation of the SNRP. To the credit of both the Madagascar government and its UN advisors, the World Bank and IMF decided that the SNRP is already of sufficient quality that the Breton Woods Institutions will accept it as the interim Poverty Reduction Strategy Paper (PRSP)—a new document required for both debt reduction and future World Bank/IMF operations. This decision puts Madagascar on a faster track for High Indebted Poor Countries (HIPC) debt reduction, which, according to World Bank estimates, can provide Madagascar with as much as an additional \$100 million a year for allocation to poverty reduction from debt service savings.

(6) Capacity building or capacity use?

Madagascar has an international reputation for “world class” technical, scientific and professional people, as well as talent and experience in the civil society, but such human resources are not yet effectively mobilised for the challenges ahead in poverty reduction. Over the years, UN-assisted training had been provided in a broad range of areas but, unfortunately, in the course of numerous government changes and policy swings, important capacities were lost, or were not given adequate authority over the policy areas that would normally concern their expertise. The reasons most cited for this loss of capacity were governance choices by the leadership and limited opportunities to change policy.

In most of our interviews, the lack of continuity in projects was cited as a frequent problem. The successful results of projects were not necessarily built upon in ways that would encourage replication in other parts of the country, nor were the lessons of failures adequately taken into consideration for future programming. For reasons we could not determine, successful interventions were recorded as “completed” projects but not given the financial means to spread and diffuse beyond the immediate project arena. In addition, results of important policy analysis, such as the *National Technical Assistance and Capacity Analysis* and the *National Long Term Perspective Study* have hardly been built upon.

Another problem impeding the optimal use of UN resources is the very “project mentality” we mentioned above. A UN specialised agency is usually in charge of design, technical approval, and eventually, the implementation of projects for the country. The pressure on the specialised agencies to become financially self-sufficient implies they have to rely increasingly on income from services rendered, acting like consulting firms in the private sector. No wonder most of them show little effective enthusiasm about endogenous approaches that do not rely on expensive expatriate expertise and inputs. The project mode also means international and national personnel on salaries, giving individual incentives that relate more to the sustainability of the position and income from the projects than building effective local capacity. A serious emphasis on developing such capacities, in fact, would actually mean cutting dependence on external people and resources.

(7) Agricultural productivity—the central limiting factor in poverty eradication—and community empowerment to tackle it

Poor agricultural productivity, a phenomenon with multiple interplaying causes and consequences, is central to creating and maintaining the web of poverty in Madagascar. The understanding of such complexity, and of its regional and local contexts and variations, ought to form the basis of action to create national capacities to combat poverty. This needs to be done by the concerned society, organised at various levels as multi-stakeholder platforms. The tasks cannot be delegated to foreign or national “experts” alone. In other words, successful poverty reduction depends on some level of participatory democracy in Madagascar. The UN can greatly assist a country in the above process by advocating and supporting it with a view to assure that it is both fair and effective.

According to the New Constitution of Madagascar, by the year 2000 the governmental services should be decentralised to six autonomous provinces (*faritany*). It is widely believed that such a decentralisation process will play an important role, as poverty in Madagascar is also associated with a lack of political influence and an inability to participate. In this sense, the UN has begun to contribute by promoting pluralist platforms for discussion and action at various intermediate levels (*région, fivondronana, fivaisana/commune*) through the PNAE's AGERAS programme supported by UNDP. Answers are still needed, however, to the many implementation questions surrounding Madagascar's decentralisation programme, to ensure that the various administrative levels (*faritany, fivondronana, fivaisana* and *fokontany*) have the resources and competencies they need. In fact, the most important UN role in the process of decentralisation may well be in advocacy and institution building at the level so far most neglected, namely the one of the local community (*fokonolona*—often corresponding to a *fokontany* administrative unit). With appropriate support, especially through the civil society, poor communities can empower themselves and mobilise to enhance productivity and improve their livelihood.

Most local communities in Madagascar have been dis-empowered by a succession of colonial and national policies that did not consider them worthy of any recognition, attention and support⁸⁶. Yet, local communities are the basic unit of social life, the bearers of culture and identity and potentially the most powerful actor in the sustainable and equitable development of the countries. Promoting and supporting community empowering mechanisms would help them recover their roles and restore their dignity in the fight against their own poverty. Despite the rhetoric sprinkled in the documents of the UN and most other aid agencies, nothing is rarer to find in the field than effective, non-superficial support to local communities. In Madagascar some initiatives, even if ridden with implementation problems, are beginning to address the task. These initiatives include legal mechanisms to assure local communities access and security of tenure to natural resources and capacity building in a variety of context-relevant technologies and approaches. What are still sorely missing, however, are innovative community-financing mechanisms—an area where the UN could initiate work with tremendous potential for results and follow up.

The rural areas of Madagascar are short of financial capital, and the little capital that exists is usually concentrated in very few hands. For many peasant households the only chance to acquire cash to respond to social obligations, access basic services and/or attempt to improve their farming systems is to recur to unscrupulous individuals who provide short-term loans at very high, and often simply ruinous, rates of payback interest. This usury problem, whose dimensions cannot be underestimated, is both a consequence and a cause of poverty, and now plagues most of Madagascar.

In the usual neo-classical development model the solution may appear to be the promotion of micro-credit schemes to be disbursed to local individual entrepreneurs. This model, however, does precious nothing to protect and build upon the social, cultural and natural

⁸⁶ The only Head of government who staunchly believed in strengthening local communities lasted in power only about a week.

wealth of local communities. And yet, alternative financing mechanisms that directly assist poor communities exist, have proven excellent in other countries (including some exemplary UN-assisted programmes), and could well be tried out in Madagascar. Community Investment Funds and alternative monetary systems and institutions are an especially powerful instrument for helping local communities set up their own sustainable and growth-oriented mechanisms for financing.

(8) Building upon the unique role of the UN system

The UN is a trusted neutral development partner that has a unique and respected role to play in policy advocacy in the country. It has successfully carried out advocacy work in sensitive topics such as governance, population, human development, gender equality, environment and partnership with civil society. The Mission encourages the UN to continue this role, and indeed to enlarge it to even more sensitive areas such as the allocation and management of domestic revenues. The real test of the laudable policy papers recently produced with UN assistance will be the role they will play in shaping the national budget and in promoting the transparent and accountable allocation of domestic revenues. Without responsible management of expenditures and income—including the revenues from mineral deposits (e.g., sapphire)—the recent governance progress in Madagascar will be of questionable value to the poor.

The United Nations system should consider a strategic working relationship with Madagascar to assist in capacity building to improve revenues, taxation systems and budget management at various levels. The objective would be to improve conditions and investment choices to increase the productive capacities of the poor themselves (such as pro-poor laws). Through such a strategic approach, the Malagasy government and the UN could expect a major impact on poverty by acting directly upon its fundamental causes. Significantly, at no time prior to 1996 did the United Nations have the opportunity to contribute to capacity building and poverty reduction during a period of sustained economic expansion and growing government revenues. Now that this opportunity exists, the UN should seize it with full strength.

In the last few years, the UNDAF process brought the UN agencies to concentrate their assistance towards one broad objective— sustainable development and poverty reduction— and five priority areas— food security for vulnerable populations; good governance and human rights; access to basic social services; job creation; capacity development. Within the scope of the new National Strategy for Poverty Reduction (SNRP), the UN can take the UNDAF process further, advancing joint programming among UN agencies to assist Madagascar in tackling the root causes of poverty and in integrating rural development and sound natural resource management efforts. In this sense, the SNRP should incorporate and not duplicate the efforts of the Action Programme on Rural Development (PADR) and National Programme for Environmental Action (PNAE).

(9) Recommendations for UN priority attention in Madagascar

In the light of our analysis of the poverty problem in Madagascar and the identified strengths of past UN interventions, the Mission recommends that a number of subjects receive priority attention for future UN support. These subjects include:

- Promoting and sustaining community empowering mechanisms-- including processes to secure legal tenure to natural resources; capacity building in a variety of context-relevant technologies; and innovative community-financing, such as Community Investment Funds;
- Tackling the rural productivity crisis-- by supporting decentralised pluralist platforms to understand and act upon the regionally and locally specific factors at the centre of the poverty web in specific rural contexts.
- Furthering decentralisation-- with emphasis on the neglected grassroots level (*fokonolona*);
- Actively pursuing an enabling policy environment for local empowerment and the integration of rural development and natural resource management initiatives within the national poverty alleviation strategy;
- Managing national revenues for pro-poor growth; and
- Building on the positive UNDAF process-- focusing on improving the effectiveness, coherence and continuity of the UN efforts and working through decentralised UN agencies to support public-private partnerships involving NGOs and CBOs.

The United Nations is organisationally well equipped to be an effective partner of the Malagasy government in the National Strategy for Poverty Reduction (SNRP) as well as in the Action Programme for Rural Development (PADR) and the National Programme for Environmental Action [PNAE]. With a sharper strategic focus on the complex dimensions and causes of poverty, a fresh and unaccustomed look at approaches that work and strategies to adapt and spread them, and with the UNDAF process and the prospect of stronger joint programming and harmonised budget cycles among the major agencies, additional resources could produce some real multipliers in terms of local, intermediate and national capacity building, and, consequently, significant poverty reduction in Madagascar.

B. General recommendations for UN agencies working in countries committed to poverty reduction

The authors hope that this report will be primarily useful for professionals working at the front lines of poverty reduction and capacity building in Madagascar. Some general recommendations, however, are highlighted here for the possible use of the UN Headquarters and the General Assembly. They are meant for the consideration of UN agencies in countries committed to reduce poverty in their midst.

(1) Focus on communities as key actors in poverty reduction strategies

The primary and necessary actors in poverty reduction strategies are the local communities who bear the burden of poverty. Too often communities are invisible to the eyes of policy makers and UN agencies, which prefer to select the individual entrepreneurs and bank upon their unique qualities and skills (micro-credits, etc.). Communities, on the other hand, embed invaluable social and cultural wealth and are the most appropriate caretakers and managers of local natural resources. They should be identified as the crucial subjects for support and capacity building.

(2) Provide communities with integrated political, technical and financial support

Support to local communities for reducing poverty demands an integrated approach. In many current historical situations in developing countries communities need to obtain (or rather restore) their legal control over natural resources. They also need to enrich and innovate their productive capacities while maintaining the unique cultural values that developed together with them (e.g. by locally adapting some new technologies). Last but not least, they need access to appropriate financing mechanisms, such as Community Investment Funds and alternative monetary systems, which build upon and do not suffocate community identity and solidarity.

(3) Support pilot initiatives and develop a follow-up strategy as soon as they prove successful

The UN, in partnership with civil society and the government (and not the government only), can spearheaded many pilot initiatives for poverty reduction and capacity development at the local, sub-national and national levels. Typically the overall impact of pilot initiatives is limited because of fragmentation and lack of continuity. Most such initiatives have no follow-up—nor a follow-up strategy—even after a proven success in the field. Assumptions that the government will give priority to replication of successful pilot initiatives within the public investment programmes of national budgets can prove extremely disappointing. The UN should enhance its efforts to design and prepare for appropriate follow up strategies while the successful initiatives are still in operation. In this, the development of new civil society institutions and public-private partnerships should be emphasized. The UN should also assist governments in revenue, taxation and budget management decisions consonant with the lessons learned in the successful pilot operations.

(4) Support multi-stakeholder platforms for analysis and planning

Successful poverty reduction requires a comprehensive understanding and tackling of the local, sub-national, national and international dimensions and causes of deprivation and livelihood insecurity. This needs to be done by the concerned society organised at various levels as multi-stakeholder platforms. The tasks cannot be delegated to foreign or national “experts” alone. In other words, successful poverty reduction depends on some level of participatory democracy in a given country. The UN can greatly assist a country in the above process by advocating and assisting it with a view to assure that it is both fair and effective.

(5) Question conventional development wisdom

Most of conventional wisdom in development thinking does not work when it comes to poverty eradication. Investment in social services such as health care, education and family planning are important but unlikely to show effective and sustainable results unless the poor themselves are assisted to organise as communities and to take charge of improving rural productivity and their own livelihood. In addition, local communities should have a controlling say on education and health care systems, making them supportive and not alienating.

(6) Promote accountability in governance

In many countries, governance problems are the major constraint limiting the impact of UN interventions. Even when the UN manages to make positive contributions to a country’s stated policies and strategies, the essential questions remain with the implementation. In other words, is there a political will to implement the policies and strategies? In this sense, progress in poverty reduction is not so much a policy issue as it is a governance issue, which will be proved only as policies are implemented. The role of the UN in advocacy is generally well understood and accepted, and the UN contribution in assisting governments to prepare policy papers should not be underestimated. The credibility and neutrality of the UN as an interlocutor and convener can be used to encourage governments to take development coordination seriously and to establish transparent processes for the efficient utilisation of domestic resources for poverty reduction, and for the strengthening and use of capacities of civil society for planning and implementing sustainable development initiatives.

(7) Pursue collaboration and synergy among the UN agencies in the country

The UNDAF and the Common Country Assessment exercises can be very useful in defining a set of objectives common to all UN Agencies. UNDAF exercises need to arrive at joint programming, a fact that can take full advantage of the positive steps made by each agency. Joint programming is likely to mean enhanced efficiency in resource use and greater impact among the poor.

I. ABBREVIATIONS

AGERAS	Support to Rational Management of Natural Resources and Regional Planning (<i>Appui à la Gestion Rationalisée des Ressources Naturelles et à l'Approche Spatiale</i>)
AGETIPA	Antananarivo Urban Works Programme
AIS	Association of Organisations Working in the South (<i>Association des Intervenants du Sud</i>)
ANAE	National Association for Environmental Action (<i>Association Nationale d'Actions Environnementales</i>)
CBO	Community-based Organisation
CGDIS	General Commission for Integrated Development of the South (<i>Commissariat Général pour le Développement Intégré du Sud</i>)
CIDSE	International Committee for Development and Solidarity (<i>Comité International pour le Développement et la Solidarité</i>)
CIRAGRI	Government Agricultural Agency (<i>Circonscription Agricole</i>)
DCPE	Economic Policy Framework Document (<i>Document Cadre de la Politique Economique</i>)
DFID	(1) Department for International Development, United Kingdom
EAM	Entrepreneurship in Madagascar (<i>Entreprendre à Madagascar</i>)
FAO	Food and Agriculture Organisation of the United Nations
FID/ UNCDF	United Nations Capital Development Fund (UNDP) (<i>Fond d'Investissement pour le Développement - PNUD</i>)
FMG	Malagasy francs (<i>franc malgache</i>)
GDP	Gross Domestic Product
GOV	Government of Madagascar
HIMO	Labour Intensive (<i>Haute Intensité de Main d'Œuvre</i>)
HIPC	Highly Indebted Poor Countries
ILO	International Labour Organisation (of the United Nations)
IMATEP	Madagascar Institution for Technological Planning (<i>Institut Malgache pour les Techniques de la Planification</i>)
IMF	International Monetary Fund
INSTAT	National Statistics Institute (<i>Institut National de la Statistique</i>)
MTEF	Medium-Term Expenditure Framework
NAC	Community-Based Nutrition Project (<i>Nutrition à Assise Communautaire</i>)
NAMANA	A Malagasy rural NGO
NATCAP	National Technical Co-operation Analysis and Programming
NGO	Non-governmental organisation
NLTPS	National Long-term Perspective Study

NORAD	Norwegian Agency for Overseas Development
ONE	National Office for the Environment (<i>Office National pour l'Environnement</i>)
PADR	Action Plan for Regional Development in Madagascar (<i>Plan d'Action pour le Développement Rural</i>)
PE	Environmental Programme (<i>Programme Environnemental</i>)
PFU	Financial Participation by Users (for social services) (<i>Participation Financière des Usagers</i>)
PIP	Public Investment Programme
PNAE*	National Programme for Improvement of Education (<i>Programme National pour l'Amélioration de l'Enseignement</i>)
PNAE*	National Programme for Environmental Action (<i>Programme National pour l'Action Environnementale</i>)
PNLCP	National Programme to Combat Poverty (<i>Programme National de la Lutte contre la Pauvreté</i>)
PNP	National Population Programme (<i>Programme National pour la Population</i>)
PNRG	National Programme for Strengthening Governance (<i>Programme National pour le Renforcement de la Gouvernance</i>)
PNRGE	National Programmes for Support to Economic Management (<i>Programme National pour le Renforcement de la Gestion Economique</i>)
PNS	National Health Policy (<i>Politique Nationale de la Santé</i>)
PRSP	Poverty Reduction Strategy Paper (World Bank/IMF)
PSSAE	Special Programme for Expanded Food Security (<i>Programme Spécial de la Sécurité Alimentaire Elargie</i>)
SECALINE	Programme of Expanded Food Security and Nutrition (<i>Sécurité Alimentaire et Nutrition Elargies</i>)
SNAD	National Secretariat for Self-Advancement and Development (<i>Secrétariat National à l'Auto promotion et au Développement</i>)
SNRP	National Strategy for Poverty Reduction
SYPEAM	Producers Association for Aromatic Food and Medicinal Extracts (<i>Syndicat Professionnel des Producteurs d'Extraits Aromatiques</i>)
UN/ ONU	United Nations [<i>Organisation des Nations Unies</i>]
UNDAF	UN Development Assistance Framework
UNDP/ PNUD	United Nations Development Programme [<i>Programme des Nations Unies pour le Développement</i>]
UNEP/ PNUE	United Nations Environment Programme [<i>Programme des Nations Unies pour l'Environnement</i>]

* Two national programmes happen to have the same French acronym in Madagascar. Unless otherwise stated, PNAE shall denote the National Programme for Environmental Action.

UNFPA/ FNUAP	United Nations Population Fund <i>[Fonds des Nations Unies pour la Population]</i>
UNICEF	United Nations Children's Fund <i>[Fonds des Nations Unies pour l'Enfance]</i>
UNOPS	United Nations Office for Project Services
VCT	Food for Work <i>(Vivre contre le Travail)</i>
WFP (<i>PAM</i>)	World Food Programme <i>(Programme Alimentaire Mondial)</i>
WHO	World Health Organisation

Chapter 6

AN EVALUATION OF THE UN SYSTEM INTERVENTIONS IN CAPACITY BUILDING AND POVERTY ERADICATION IN MOZAMBIQUE 1985-99

By: Peter Morgan and Sara Mvududu

EXECUTIVE SUMMARY

INTRODUCTION

This evaluation was carried out under the guidance of GA Resolution 53/192 para 53 which asked the Secretariat to review the field work of the UN system as part of the triennial comprehensive policy review of operational activities scheduled for 2001. During this round of studies in as many as twenty countries, the focus will be on the impact of the UN system at the field level in capacity building and poverty eradication. Mozambique is the first of this second series. An overview publication will synthesize the findings for a broader audience.

This study on Mozambique was commissioned by the Department of Economic and Social Affairs of the UN Secretariat and was carried out by Peter Morgan, a Canadian national and an independent consultant and Sara Mvududu, a Zimbabwean national and the Regional Coordinating Officer of Women and the Law in Southern Africa, a regional NGO headquartered in Harare with offices in six other countries including Mozambique. The work took place between February 6 and March 22, 2000 and included visits to UN organizations in New York, Geneva and Rome as well as the field work in Mozambique.

Given the broad scope of both the Terms of Reference (see Annex 1) and the development issues involved, it is important for readers to be clear about the purpose and boundaries of this study. It *does* try to answer the following general questions as the analysis proceeds.

- How did the work of the UN system in Mozambique in capacity building and poverty reduction evolve and change over the almost fifteen year period from 1985 to 1999? In brief terms, how did the UN system's approach change over the period?
- What can be said about the main impact of the UN system's work? What were the main results and accomplishments?
- What could have been done better? What has been learned? What could be improved in the future?

This report faced a series of constraints, both in actually carrying out the work in the field and in meeting the standards of an impact evaluation. The terms of reference proved extremely broad to carry out in the time available and many issues could not be analyzed in

any detail. The calamitous floods that hit Mozambique early in the course of the work severely limited the time that most UN staff in the field could give to an evaluation as well as the opportunities of the evaluation team to travel. The UN system in Mozambique, as a system, has still to develop a collective way of monitoring, evaluating and aggregating the overall results of its work in capacity building or poverty alleviation. There was thus little organized information on the longer-term impacts of UN system activities over the period especially in capacity building⁸⁷. And the Government of Mozambique (GOM) has faced genuine constraints in producing accurate information on its programmes. Few evaluations could be easily compared and it was thus difficult to trace UN system performance over time. Our conclusions are therefore more impressionistic and anecdotal than we would have wished. We address the need for the UN to be more systematic about monitoring and evaluation in the final section on recommendations for the future.

Most of the work consisted of interviewing people (See Annex 2 for a list of those consulted) and reading background material (see Annex 3). A structured interview format was not used given the wide spectrum of issues, individuals and experiences. We looked at a number of projects and programmes in somewhat greater detail to get a more immediate sense of the dynamics of, and constraints facing, the work of the UN system in the field. The selection of these projects and programmes was made mainly on the basis of the availability of people and documents and we do not suggest that the projects set out below represent an accurate cross-section of UN systems interventions in Mozambique. They are, however, illustrative of a number of issues that we discuss in the course of the report.

THE DEVELOPMENT CONTEXT IN MOZAMBIQUE

Non-specialist readers of this report need to have a sense of Mozambique's astonishing and turbulent history over the last two decades and the influence of its development context on the work of the UN system. All countries are unique and special but none more so than Mozambique. It is impossible to arrive at any kind of useful judgments about the contribution of the UN system in Mozambique during the period 1985-1999 without a sense of this history and context which we set out in the main body of the report in greater detail.

By the conclusion of the peace negotiations between FRELIMO and RENAMO in 1992, Mozambique had been left with a legacy of physical and social destruction that one estimate has put as equivalent to 250 years worth of exports at the 1992 level or 50 times the annual influx of foreign aid⁸⁸. UNICEF estimated that by 1989, GDP was only half of what could reasonably have been expected without the war. The period 1992-1994 is usually described in Mozambique as one of relief, demobilization, rehabilitation and reconstruction⁸⁹. The country accelerated its efforts to push ahead with three major simultaneous transitions: from

⁸⁷ One example of an impact study is Michael Hopkins, *An Independent Thematic Evaluation: ILO's Employment Intensive Programme*, February 1998

⁸⁸ Devereux, p.2

⁸⁹ According to figures supplied by the UN Reintegration Support Scheme, 80% of the 90,000 demobilized soldiers now feel integrated, 5% do not and there is no information on the other 15%.

a command to a market economy, from a one party state to political pluralism and from war to peace. Any one of these transitions, let alone all three simultaneously, required major changes in public policy; the pattern of public expenditures, the organizational infrastructure of both the public and private sectors and the personal behavior of individual citizens. These changes also led to rapid transitions in donor programming as part of the effort to keep pace with the unfolding events.

The third and final stage of the period under review, i.e. 1994 to 1999, can be described as one of development and more rapid change. The privatization of the economy continued with 1700 of the 2000 state companies being sold. Multiparty elections took place in 1994 and 1999 with FRELIMO winning the latest one with 52% of the popular vote. Continuing efforts were made by the Government and the international community to rebuild the physical, organizational and psychological structures of the country, most of which had been ripped apart over the previous decade.

Virtually all the major multilateral (10) and bilateral donors (23) and international NGOs are active. Most give Mozambique priority as a country of concentration. 80% of the development budget is donor funded. 50% of all recurrent costs in health and 90% of capital in the health sector. In total, this amounts to 49% of GDP in 1998 as compared to 65% in the early 1990s. Aid levels fallen over the last half of the 1990s but more slowly than in other countries. Grants and loans declined from \$1,141 million in 1995 to \$835 million in 1998 and to about \$800 million in 1999. One third of the grants and loans are for development projects: nearly one third are for balance of payments support. Aid flows in 1999 are now calculated at about 20% of GDP compared to 50% in 1995. This 1999 figure is still significantly higher than that of for other Sub-Saharan countries (7% in 1997) and for other low human development countries (10% in 1997).

What factors need to be kept in mind when we assess the UN impact on capacity building and poverty eradication over the last fifteen years? Mozambique remains one of the poorest of the poor despite its efforts over the last half decade. Mozambique's Human Development Indicator (HDI) actually slipped from 166 to 169 out of 174 countries. 69% of the population live under the poverty line and 30% of these under extreme poverty. Per capita income is now estimated at about \$140.00 per person compared to about \$185 in 1990 and 1991. Despite the large flows of aid funds in the late 1990s, the general level of rural poverty is not improving and in some cases, appears to be worsening. The National Poverty Assessment Report commented that in essence, Mozambique was starting from scratch. With so few roads, health facilities, schools and widespread poverty, it seems that everything had to be done at once to create the conditions for physical, human, financial and social capital necessary for progress.

The constraints and challenges in the Mozambican development context can draw attention away from the assets and strengths of the country which have served it well over the last decade. Some of these strengths are the following:

- Mozambique has a recent track record of good economic growth. Per capita GDP growth in the past three years has been 8.8%, 9.7% and 7.3%. Support from the international community remains strong both in terms of the volume of aid flows and also the degree of substantive agreement on Mozambique's development policies. The quality of the partnership between the Government and the international funding community is one of the best in the developing world. Further evidence of this confidence is the recent granting of debt relief to Mozambique under the Highly Indebted Poor Countries (HIPC) Initiative⁹⁰.
- Compared to most other countries at its level of economic and institutional development, the Government of Mozambique has a sense of direction and self-reliance⁹¹. Most international staff point to the high caliber of top Mozambican officials and their ability to craft strategies in sectors such as public sector reform, land ownership and stabilization.
- Based on the outcome of events since 1992, Mozambicans as a people have a collective ability to adapt, innovate, forgive and survive. The reaching and honoring of the peace agreement, the subsequent demobilization and the return of the refugees from neighboring countries remain signal achievements not fully understood in the rest of the world. Few other countries anywhere in the world have managed the type of transitions that Mozambique has navigated since the early 1990s. The country is also open to new ideas. Mozambique is one of the few countries in Sub-Saharan Africa with access to both a free press and the Internet.

OVERVIEW OF THE UN SYSTEM PROGRAMMES IN MOZAMBIQUE

The first UN organizations were established in Mozambique soon after Independence with UNDP in 1976 and UNICEF in 1977. Most of the remaining ones followed through the late 1970s and early 1980s. Virtually all the UN agencies have projects and programmes in Mozambique including UNDP, UNICEF, IFAD, WHO, ILO, UNHCR, UNAIDS, UNFPA, UNIDO, UNV, UNCDF and UNESCO⁹². All except ILO, UNIDO and IFAD currently have their own offices in Maputo⁹³. Most have been focused on health, water and sanitation,

⁹⁰ In recognition of Mozambique's demonstrated record of economic and social reforms, the World Bank's International Development Association and the International Monetary Fund approved debt relief package worth \$1.7 billion. The package will reduce Mozambique's actual debt service between 1995 and 1998 to an average \$73.0 million over the next five years. But debt payments will still amount to 17% of the government budget and will be greater than health spending. In the future, cancellation could rise to as much as \$2.0 billion lowering debt service obligations to an average of \$55.0 million per year over 1999-2004.

⁹¹ See for example the efforts of the Government in the 1980s (The Tete National Emergency Meeting) to avoid the straight food aid solution. Ratilal, p.63

⁹² For the purposes of this study, the World Bank and the International Monetary Fund are not treated as UN agencies. UN system organizations such as The International Drug Control Programme do not fund major activities in Mozambique.

⁹³ ILO has regional offices in Harare and Abidjan. IFAD does not have representatives abroad.

agriculture and food security and governance. It is also important to remember that the UN system, while an important actor in many ways in Mozambique, supplies only about 3% of the official development assistance (ODA) to that country, a figure that has dropped steadily over the period under review⁹⁴. The UN system as a whole spends less in Mozambique than ten of the major bilateral donors.

The UN selected Mozambique in 1998 as one of the 18 countries to pilot the United Nations Development Assistance Framework (UNDAF). Since that time, the various UN organizations have moved rapidly to extend their existing patterns of inter-organizational collaboration. A Country Strategy Note (CSN) was produced in 1995 and a Common Country Assessment (CCA) in 1997. The Country Management team (CMT) produced the first UNDAF program covering the period 1998-2001. Eleven thematic groups were established. Programming and budgeting cycles have been synchronized.

THE CONTEXT OF CAPACITY BUILDING IN MOZAMBIQUE

We deal first with the work of the UN system in capacity building. By the term 'capacity', we mean the ability and the power to perform, to deliver value to the public, to set and achieve collective objectives. The term 'capacity building' refers to the processes set in motion at different levels of a society that helps to induce or strengthen these abilities. In analyzing the work of the UN system in these areas, we look at the contextual factors in Mozambique that shaped the UN interventions in capacity building, the entry points or levels of intervention and the pattern and evolution of these interventions over time.

We also need to see the Mozambican case from a long-term perspective and as one that requires building many of the basic organizational and institutional structures *and* the supporting conditions that sustain them. The report looks briefly at the governance and political system, the public sector, NGOs and the private sector and traditional and modern institutions as part of the capacity context in Mozambique.

⁹⁴ This is lower than the comparable figure (4.3%) on the Pakistan programme and lower than the top ten bilateral donors to Mozambique. It should be noted, however, that the UN system expenditures towards the social services are somewhat larger being 20% in 1995, 11.5% in 1996 and 14.4% in 1997. In the social sector, the UN is a significant player. These UN contributions include funds channeled from bilateral donors.

ANALYZING THE RESULTS OF THE UN SYSTEM INTERVENTIONS FOR CAPACITY BUILDING

We look at the capacity results from the following perspectives.

- Building the security, capabilities and awareness of individuals
- Strengthening or creating organizations
- Policy awareness
- Changing and creating institutions
- Building capacity systems

Building the security, capabilities and awareness of individuals

The wide scope of these interventions at the level of individuals makes it difficult to specify their overall effectiveness. But a number of broad conclusions can be made:

- The contribution of the UN in helping individuals to achieve some sort of basic physical and economic security appears to have been an important one especially during the process of demobilization in the period 1992-1995⁹⁵. The UN and the Government of Mozambique did achieve a good deal of success in using emergency situations to lay the foundations for longer-term development. 70% of the demobilized soldiers who received training ended up with secure employment after their departure from the camps. The more conventional forms of capacity building such as organizational development clearly would not have had the same chance of success without the efforts of donors such as the UN to stabilize the condition of individuals.
- Most of the evaluations of UN system programmes looked briefly at the effectiveness of the training components but we could not find any analysis that looked at the overall effectiveness of different kinds of training⁹⁶. But it seems reasonable to conclude that most of the results of the UN training in Mozambique mirrored that of other countries. Simply put, such training efforts were necessary but by no means sufficient to build any kind of sustainable capacity. Training, especially the extended foreign variety, tended to distance the individual from his/her home organization and increase their market value once they returned from formal training. In some cases, they raised expectations on the part of staff that could not be fulfilled. Return and retention rates dropped, especially for middle level staff of public organizations in the 1990s. The end result was in some cases a weakening of the very organization(s) that donors such as the UN system were trying to strengthen through training. A number of the more effective UN programmes such as the one on land tenure offered no training in the early stages as part of a conscious effort

⁹⁵ The Reintegration Commission (CORE) was chaired by the UN.

⁹⁶ There are a number of anecdotal analyses of various training programmes such as the 1992 donor evaluation of UNICEF's work in Mozambique which pointed out the 'shopping list' approach to training selection. But no systematic work on training effectiveness has been done along the lines, for example, of Donald Kirkpatrick, *Evaluating Training Programs; The Four Levels*, 1998.

to match the right solution to the right problem. In a context in which organizations and institutions were themselves fragile and unproductive, training *by itself* could not make the crucial difference. Part of the reason for this limited impact of training is that countries such as Mozambique face a daunting 'knowing-doing' gap that makes it difficult to harness individual capability knowledge to improve organizational performance.

The building or strengthening of organizations

The UN's work with individual organizations shows, not unexpectedly, a complex pattern of results. The constraints to rapid progress and definitive judgments with respect to capacity building that were discussed earlier in this paper in Section 2. come into play here.

- The outcomes of the 'first generation' interventions at the organizational level appear to be mixed. In some cases, i.e. the Ministry of Finance and Planning and the statistical services, a combination of Mozambican and UN commitment over the medium and long term generated some sustainable capacities that remain in place today. In others such as disaster management, deeper constraints in the public sector combined to limit progress. In some cases, the objective of UN technical assistance appears to have been simply to maintain some sort of organizational stability and continued functioning, particularly in the period 1985-1994.
- We can see the UN's comparative advantage coming out in some of the cases. Some of the first generation examples, e.g. assistance at the university level in the 1980s, do not seem to have been within the UN niche and would have been better left to bilateral donors. In many cases, the UN appears to have had no particular and unique contribution when it came to the technicalities of change and reform at the level of individual organizations. Where the UN could make a difference was in assisting organizations with sensitive governance issues such as the police or legislatures where the relationships required clear neutrality and sensitivity.
- The UN system also had mixed results in improving the capacity for service delivery of various ministries and departments especially in health and education. Most of the efforts in the late 1980s and early 1990s targeted the capabilities of technical staff and involved a sectoral focus, a heavy emphasis on training, the provision of supplies, a vertical approach to service delivery and little attention to non-state actors. It is also difficult to assess the value of the 'second generation' work in the public sector in the mid to late 1990s for two reasons; first, the crisis of incentives for government personnel - and the ensuing brain drain out of the public sector - began to constrain all outside efforts at capacity building. And many of these initiatives are still at a formative stage and not sufficiently advanced to assess adequately.⁹⁷ But we do sense a greater sense of

⁹⁷ For a discussion on some of these issues, see *Final Evaluation: Establishment of Port Training Institute: Phase III*, ILO, June 1995

'fit' between the UN initiatives in the mid to late 1990s and the UN comparative advantage in areas of governance and certain types of public sector reform.

- The UN system moved slowly to build the capacity of the NGOs with whom it worked. UNICEF and WHO worked with groups such as the Mozambican Soccer Association on polio prevention, with the Rotary on malaria and with AMODEFA on safe motherhood. For most of the 1990s, the UN system tended to enter into contractual agreements with such NGOs to improve effectiveness and efficiency of its own program delivery. By the end of 1997, UNICEF, for example, worked with 56 NGOs and disbursed 8% of its program budget through these groups. Towards the end of the 1990s, the UN system was trying to shift its relationship with Mozambican and international NGOs from one of provider and contractor to one of partner. More efforts were being made to build NGO capacity through activities such as workshops on financial management, community participation and child rights issues.

Policy advocacy and awareness raising

Policy advocacy became one of the UN system's key contributions to capacity building especially after the peace negotiations in 1992 and the demobilization in 1994. Since that point, the UN system worked with the Government of Mozambique on a variety of policy issues including the examples mentioned above. Effective policy advocacy in the Mozambique context required a combination of attributes including credibility among a wide range of participants, a reputation for objectivity, command of, or access to, technical expertise and financial resources, operational field experience and the ability to mediate and promote consensus. With the exception of the provision of funding, the UN system was able to marshal all these capabilities in the Mozambican context. The traditional strengths of the UN system - its objectivity, neutrality and legitimacy, its sponsorship of the global conferences and its technical command of certain subjects - reinforced this role in Mozambique⁹⁸. UN organizations were also in a better position than other international organizations to take a rights-based approach to development issues that the GOM had already agreed to support in other international fora. The potential ability of the UNDAF approach to concentrate and harmonize UN system efforts has had the beneficial effect of increasing these advantages. We can begin to see here the emergence of the key capacity building role of the UN system, that of an intermediary, a policy innovator and catalyst and a support to the GOM as it tries to mainstream new approaches into its operational work.

The building or strengthening of institutions⁹⁹

⁹⁸ UN system and the Ministry of Foreign Affairs and Cooperation have undertaken the task of updating the UN's inventory of Mozambique's participation and follow-up to global conferences and conventions and through the interministerial working group constructing guidelines for common standards and procedures to ensure that Mozambique's coordination of participation and reporting are improved.

⁹⁹ By the term 'institutions', we mean norms, behaviors and rules of conduct accepted by the society that serve collective interests.

The UN system has generated some important results useful on the institutional side particularly in the land reform case described above. In countries such as Mozambique with a weak capacity at all levels, the need is for external funding agencies to be able to assist both with the building of formal organizations and with the evolution of formal and informal institutions. While it remains too early to make any definitive judgments about the longer-term impacts and effectiveness of this institutional work, results to date look promising. Part of the reason for the progress to date has to do with the same comparative advantages of the UN system that showed themselves on the policy side. Work on the renovation or development of institutions such as the land tenure law required a capacity for mediation, facilitation and patience. In an increasing number of cases, the UN system in the 1990s was able to support complex processes of debate and consensus-building within Mozambique that slowly created a shared understanding about institutional change.

Building capacity at the sector-wide or systems level

Most of the serious UN efforts at programme and sector-wide approaches began in the mid-1990s and only preliminary judgments can be made now on their effectiveness.

- The impacts of systems approaches to capacity building such as SWAPs have the potential to be important in Mozambique. In theory, they can help governments and funding agencies to build critical mass by working to a shared set of objectives. The fragmentation of the project approach - long a constraint to capacity building - will hopefully diminish. Special implementation units can be eliminated. Communication and learning is increased. The transaction costs of development cooperation - endless reports, different accounting systems, a stream of visiting missions - decline. And perhaps, most important, the central coordinating and controlling role of government can induce greater ownership and the sustainability of outcomes including those to do with capacity building.
- Systems or sector-wide approaches also come with their own inherent constraints especially those that are located in the social sectors¹⁰⁰. Multiple actors and agendas, the absence of clear blueprints, extended time frames, complex information requirements, difficulties in performance measurement, huge coordination issues and barriers to shared understandings confound many efforts. SWAPS are also seen in many quarters in Mozambique as exercises in top-down management, which works against current efforts at decentralization. Some public sector officials also are concerned about the increased potential for intervention that such arrangements can potentially give to donors.
- In the case of the UN system, the approaches on land tenure and HIV/AIDS have produced two key capacity results; first, an awareness of the need for a more comprehensive view of these complex, multifaceted issues and second, a growing

¹⁰⁰ For an analysis of these constraints and complexities, see Joan Nelson, *Reforming Health and Education: The World Bank, The IDB and complex Institutional Change*, Overseas Development Council, Policy Essay #26, 1999.

network or task community composed of government officials, NGO representatives, private sector staff and community activists who gained knowledge and experience in these two areas as the process of debate and discussion proceeded.

- The evolution of SWAPs in Mozambique is still at an early stage. No evaluations have been carried out and no definitive judgment can be made about their impact to date. The UN system has to date shaped its participation in the SWAPs in Mozambique with a good deal of caution given its perceived need to maintain clear lines of accountability for its expenditures. UN participation in SWAPs in Mozambique is currently under review and over the course of the next year, the UN will need to decide on its potential longer-term involvement in these kinds of activities as implementation experience is gained.

THE EFFECTIVENESS OF UN SYSTEM PROCESSES IN SUPPORT OF CAPACITY BUILDING

Capacity building, as discussed earlier, refers to processes of change set in motion at different levels of a society that helps to induce or strengthen the abilities needed to make developmental progress. What can we say about the evolution of UN system processes in Mozambique over the period 1985-1999? Did the UN alter and adapt its own processes as needs and situations changed? And how did these processes relate to the interventions already discussed above?

Approaches to organizational and institutional change

The UN system, in common with most international funding agencies, did alter its approach to organizational and institutional change over the fifteen year period. Much of its work in the earlier period 1985-1994 relied on the conventional techniques of capacity building including a heavy reliance on training, technical assistance and equipment supply. The underlying assumption of this period was that of the existence of 'gaps' or resource shortages, especially technical and financial, that needed to be filled to induce improved performance. These outside resources could be focused at the individual, organizational and policy levels for best effect. In the period after 1994, these assumptions were supplemented by other perspectives. The limits of the 'gap' theory became better understood. The UN system began to focus as much on broader systems issues and the political and human dynamics of large-scale change. It also began to work more at the institutional levels.

The growing attention to national ownership

We can see the UN system in Mozambique move slowly to change its own approach to the design and management of its interventions in order to encourage more local ownership¹⁰¹:

¹⁰¹ The same trend can be seen in the work of the World Bank. See, for example, *Rebuilding the Mozambique Economy: Assessment of a Development Partnership* and the subsequent management response

Parallel implementation structures were discouraged and more UN organizations moved to national execution. Greater use was made of national NGOs and consultants. Organizations such as the UNDP shifted to the programme approach and began to reduce their large inventory of individual projects. The role of the UN system shifted gradually from one of implementation and delivery to one of facilitation and support. TA was designed to support an organic process of organizational development. The emphasis in the late 1990s became more on meeting demand than generating supply.

Changes in the design and use of technical assistance¹⁰²

The debate about the use and effectiveness of technical assistance (TA) on the Mozambique programme mirrored the wider debate in the development cooperation community in the late 1980s and early 1990s¹⁰³. TA began in the 1950s, as the name implies, as a means to transfer technical knowledge and techniques to individuals and countries. Training and skill improvement for national staff was to be accomplished through the use of counterparts. By the late 1980s, the UN system program in Mozambique supported a large number of TA personnel in line positions in the central government especially in the ministries of finance, agriculture, health¹⁰⁴, education, planning and industry¹⁰⁵. The UN system, along with other donors, altered the nature of TA after the peace treaty and demobilization in 1994. Isolated long-term TA was phased out in favor of program and project-based interventions. Mozambican project managers replaced expatriate chief technical officers. By the end of 1999, FAO relied more on short-term experts and had only 8 long-term experts in the field. Towards the end of the 1990s, TA was focusing increasingly in facilitation and consensus-building rather than the introduction of technical systems. Indeed, the intermediary role of the UN came into play more and more in the mid to late 1990s.

The shift to greater participation

The UN organizations moved to more participatory forms of programme design and management during the 1990s including the use of participatory rural appraisals, social marketing, beneficiary assessments and focus group interviews. We say more about this shift in the chapter on poverty eradication. But it is also important to be aware of some of the constraints to participatory approaches in the Mozambican context. Many programmes still struggled to make techniques such as relevant, affordable and accessible to all the local participants.

SUMMARY OF RESULTS IN CAPACITY BUILDING

¹⁰² *Technical Assistance Policies and Requirements in Mozambique - UNDP/NATCAP Report* dated August 1988

¹⁰³ The GOM started at NATCAP exercise towards the end of 1987.

¹⁰⁴ in 1989, the MOH estimated the type of donor support as the following: TA (41%), drugs and other consumables (38%), capital expenditures (12%), local consumables (9%), cited in Cliff, p. 238

¹⁰⁵ The figures are not easy to come by for the late 1980s. One estimate put the total number of long-term TA personnel in central ministries at about 180.

We can sum up the results of the UN system's work in capacity building as follows:

- Virtually every observer of the work of the UN system in Mozambique pointed to the key role of the UN in helping to maintain and strengthen a supportive environment in Mozambique for capacity building especially in the late 1980s and early 1990s. The Mozambique case remains one of the best examples of African peace keeping and strengthening and the UN contribution to that process in terms of achieving some sort of basic physical and social peace in the period 1992-1995¹⁰⁶ remains a strong legacy more than half a decade later. The more conventional forms of capacity building such as organizational and institutional development clearly would not have had the same chance of success without the efforts of donors such as the UN to stabilize the condition of individuals. This contribution leads to a second point about comparative advantage. In some respects, the UN system appears to do some of its best work during periods of instability and disorder.
- We can see the capacity-building role of the UN system shifting in Mozambique in the face of severe cuts in UN system allocations and changing needs at the field level. The UN agencies increasingly acted as a policy catalyst and an advocate across a wide range of policy and organizational issues. They became less project-focused, less operational and less interventionist. Their comparative advantage shifted to consensus-building, to facilitation and mediation in support of capacity building. Their role was more to coach, to provide access to knowledge for national participants and to help create policy and programme alternatives through piloting¹⁰⁷. In this sense, the UN system acted more towards the end of the 1990s as a generator, demonstrator and modeler of new ideas to do with capacity development.
- These two trends – the legacy of political credibility and the shift to advocacy and modeling – pushed some of the UN system work towards a greater involvement in areas of sensitivity such as governance and mediation. Other funders could bring greater financial resources and comparative technical skills to the table. But few could command the access and trust that the UN system had earned over the period. This accounts, at least in part, for the continuing role of the UN system in areas such as democratic development, the building of capacity in the media and the mediation of conflict over land reform.
- There appear to have been few formulas or blueprints for capacity building in Mozambique. But some principles or themes kept recurring during the field work, none of which are new or surprising. Efforts at capacity building had to be owned by Mozambican participants. The pattern of incentives mattered. Outsiders needed to

¹⁰⁶ The Reintegration Commission (CORE) was chaired by the UN.

¹⁰⁷ For a detailed analysis, see *1990 Annual Report by the UN Resident Coordinator for Mozambique*. Also C. Tanner, *Some Thoughts on the Role of UN Development Assistance and carrying Out the CSS*, CSS Working Group, Sarajevo, January 2000.

understand the context in which they work. Efforts needed to be made to consult stakeholders in advance and bring them on board. A clear coordinated strategy of organizational development needed to underpin the work. Well-targeted training needed to be provided. Adaptiveness, flexibility and a willingness to learn and experiment were crucial. Short-term gains were important but needed to be part of a long-term approach that received consistent application over time.

POVERTY ERADICATION

This section looks at the UN system intervention in Mozambique in support of poverty eradication. The analysis begins with some definitions and a review of the current context of poverty in Mozambique. We then look briefly at the poverty interventions of the Government of Mozambique. This is followed by a discussion on the UN intervention's including some descriptions of specific projects implemented over the period of evaluation (1985-1999). Finally, we set out some assessments of the outcomes of the UN system's work in poverty eradication.

The first national poverty assessment study in Mozambique in 1999 revealed that in 1996 the net results of the war and the subsequent economic adjustments led to an increase in absolute poverty from 10-15% in 1987 to more than 66% in 1996. These levels of extreme poverty in Mozambique have a variety of roots including the historical development of the economy, the resulting structural problems, the cumulative impact of the insecurity particularly since the 1980s and natural disasters such as floods and drought. More specifically, the Mozambique National Poverty Assessment Study in 1999 outlined the main determinants of poverty in Mozambique as low levels of education, low productivity in agriculture at rural household level, high demographic dependence ratio, underdeveloped infrastructure (roads, markets, banks, shops and communication systems) and limited employment opportunities and other sources of income.

The UN system in Mozambique pursued different approaches to poverty intervention during the early part of the period 1985-1999. During the period of civil war, the UN system and other bilateral and multilateral donors could only assist in areas under the control of the government. After the conclusion of the peace agreement, the UN system shifted from emergency relief to a broader approach to socio-economic development. This meant the building of national capacities and the facilitation of the country's own efforts to overcome the emergencies and to manage the period of transition from war to peace. UN system assistance included reintegration and resettlement programmes and the rehabilitation of its social service infrastructures such as health posts and schools. Poverty interventions such as social service expenditures, education, health, family planning, safety nets and food distribution were also supported. The support helped the government of Mozambique to improve the design and implementation of poverty eradication programmes.

The UN Common Country Assessment completed in 1997 identified the 11 areas of common development assistance as population, health, water and sanitation, education, agriculture, fisheries and forestry, food security and nutrition, gender and development,

environment, governance, media and social communication and HIV/AIDS. As part of this emphasis on poverty eradication, the UN system in collaboration with donors assisted the GOM with the preparation of anti-poverty strategies which included support in the following areas: public expenditure reviews, poverty mapping and assessment, the setting of national goals and targets, dialogue between government, civil society and the private sector, reviews of policies and budgets, decentralized decision-making, strengthening institutions and coordination mechanisms and resource mobilization through aid coordination and other fora.

Poverty eradication became in the mid-1990s the central priority for the UN and other donors in Mozambique. The UNDAF framework gave UN country teams the mandate to target poverty eradication as the principal crosscutting goal of multilateral development assistance. The framework built on the Government's goal of pro-poor growth and on the three priorities identified in the Mozambican national poverty reduction strategy: improvement in rural livelihoods; investment in human capital; and reduction of the vulnerability of the poor to natural disasters through safety nets and nutrition. The Mozambique UNDAF emphasized the strategic roles that the UN system needed to play with government and development partners to help reduce poverty. The objectives identified for poverty eradication over the period 1998-2001 included: increasing employment; the access to, and quality of, basic social services; supporting democratic processes and practices of government and the capacity of civil society organization; promoting the sustainable management of resources and improving household food security.¹⁰⁸

The UN interventions can be set out in the following categories.

(8) Disaster preparedness and rehabilitation:

This UN intervention focuses on reducing the vulnerability of people to disasters and covers the UN system role in demobilization and reintegration of combatants, reintegration of refugees and displaced people, de-mining and disaster management.

- The involvement of humanitarian assistance agencies in aspects of the demobilization and reintegration of the combatants was a unique feature of the UN operation in Mozambique. The support to soldiers in the assembly areas was through the provision of water, food and transport, equipment for health centers, recreation activities and implementation of short-term literacy programmes. Such activities were carried out and coordinated by UNICEF, WHO, WFP, and International Organization for Migration. 1994 saw the demobilization of over 92,000 soldiers who benefited from a range of programmes such as civilian clothing, food for three months, vegetable seed and agricultural inputs, cash payment over two years, occupational skills training and small grants. In total over US \$94.9 million was spent to support the reintegration into civilian life of soldiers between 1993 and 1997. The Government of Mozambique provided for US\$10.35 million.

- De-mining was part of the UN strategy for post war recovery and the reduction of the vulnerability of the poor. In August 1992, a UN expert estimated the presence of about two million landmines in Mozambique. Land mines represented an enormous burden on the poor and those who were internally displaced. The mine clearance needs were included in the 1993/94 consolidated Humanitarian Assistance programme for mine awareness, a national mine survey, the clearance of priority roads and the establishment of a Mine Clearance Training Center. UNDP/DAA and Halo Trust supported by Norwegian People's AID started implementation of demining activities in 1993. The launching of the 1994 Accelerated Demining Programme saw the clearing of 10,000 mines covering over 2, 700 000 square meters of land in three provinces. This programme benefited the poor by making the area safer for people as well as allowing agricultural activity to take place and public service structures and roads to be rehabilitated and constructed. The demining programme was a joint undertaking of the UNDP and the Government of Mozambique with an annual budget of US\$3 500 000 and a staff complement of 493 Mozambicans.
- We can see shifts taking place in the UN system response to disasters and emergency relief. In the mid-1990s, the World Food Programme (WFP) developed a new focus centered on " food security for the hungry poor". The intent was to implement activities through Mozambican partners using a people-centered approach and moving away from the former conventional emergency response. WFP in collaboration with the Government, other UN agencies, NGOs and donors began to focus on developing national policies on disasters, rebuilding economic and social infrastructure and reducing food security in health and the education sector. The WFP, however, still provided food supplements to malnourished children, obstetric-at-risk women, HIV/AIDS patients and their families, and the students and staff of secondary boarding schools. Food for work and food for training were two major implementation modalities. A Vulnerability Analysis and Mapping (VAM) Unit was established. This shift in WFP programmes was directed towards improved integration and consolidation of infrastructure, health and education as well as disaster policy management and preparedness. Its support of emergency operations especially drought and flood still continued. The UN system also worked to improve disaster monitoring as part of its efforts to reduce the impact on the poor.

(9) Sustainable Livelihoods

- In the mid-1990s, the UN system began to pilot the use of participatory methods at the field level that would allow people in some designated field sites in Mozambique to analyze local problems in activities such as food security and environmental management and then consider the macro policies that would best support their efforts. An example is that of the Integrated National Social Action, Employment and Youth programme. It provided employment opportunities and alternate ways of generating employment; e.g.

¹⁰⁸ UNDAF 1998 United Nations Development Assistance Framework Mozambique 1998-2001

food for work that are oriented towards rehabilitating or construction of infrastructure, micro-enterprises, and micro-finance for self-employment. The Ministry of Social Action designed the programme with assistance from ILO, UNFPA, UNDP, UNESCO and UNVS. It specifically targets vulnerable populations, including youths, adolescents and the unemployed, for local based vocational, educational and employment enhancement. UNFPA, UNICEF, UNDP, and UNESCO also supported the development of a multi-sectoral development of a national plan for action by the Ministry of Social Action.

- UNDP also linked the fundamental objective of poverty eradication with participatory programmes relating to governance, environmental sustainability and gender equality. The following sub-programmes are being supported: education (primary school teacher in-service training); health (capacity building within the Ministry to deliver improved health service and provide health care personnel to those neglected areas in the north and central regions); HIV/AIDS (national and UNAIDS programme) and gender equity (promotion of implementation of gender equity measures).

(10) Capacity building

Security issues, for the most part, prevented the UN system from providing assistance to Mozambican efforts at capacity building at the community level during the late 1980s and early 1990s with the exception of a number of UNICEF projects. In the mid-1990s, we can see an increase in this aspect of the UN system's work in Mozambique.

- The ILO and the UNDP began to collaborate on the strengthening of the capacity of Mozambican microfinance sector in 1998. At the national level, they supported the responsible ministry and the Bank of Mozambique in setting up the institutional arrangement that would allow microfinance to operate legally in Mozambique.
- The latest generation of UNCDF projects were designed to help integrate planning at the local, regional, and national levels. The goal was to promoting economic growth and reducing poverty through a decentralized participatory system and support to institutions that provide credit to the emerging small-scale entrepreneurs. The support was therefore aimed at the national (macro) level and at the meso (institutional and suppliers level).

(11) Improving Infrastructure to Stimulate Investment

The ILO has used public works and labor for the creation of productive assets and employment in Mozambique. Such an approach appears to offer advantages particularly in countries such as Mozambique with high levels unemployment. Where micro initiatives are supported by government macro-policy, for example the UNDP/ILO jobs for Africa programme addresses both the long – and short-term benefits of the poor. The establishment

of infrastructure projects such as rural roads, bridges and irrigation works provides immediate employment and income. It also leads to further trade and economic opportunities for the communities and facilitates getting produce to the market.

The UN has made great use of the employment-intensive infrastructure works in Mozambique. During the process of reintegration, it was used to create employment for demobilized soldiers and returning displaced persons and at the same time facilitate the rehabilitation of infrastructure. ILO has also shown that this can also be a powerful tool for employing women on the traditional men's jobs such as road construction.

(12) Community Participation through Small Projects or Plan for Rural Action

FAO is implementing a programme of community management of forestry and wildlife under the sector-wide approach known as PROAGRI. FAO has given technical assistance to the Government of Mozambique in the formulation of new laws and policies on agriculture, forestry and natural resources including the National Development Strategy of Forests and Wildlife (April 1997), The New Land Law (1997), the Environmental Law (1997), the Forest and Wildlife Law (May 1999) and the National Forests and Wildlife Investment Programme.

(13) Empowerment as an approach to poverty reduction: education

UNICEF pursues a human rights approach to poverty reduction, which looks at the welfare of people and potential areas that relate to their violations. Major areas of UNICEF's anti-poverty intervention include basic education, health, nutrition, water, sanitation, policy advocacy, micro-credit. WHO, UNFPA and UNICEF have been attacking poverty issues through the provision of assistance to the health sector.

- A key focus has been on the more endemic diseases such as malaria, cholera, diarrhea, parasitic diseases that are the primary contribution to malnutrition and infant mortality and leprosy. Advocacy work has been mainly directed at ensuring the implementation of essential drug policies and reducing risks through a broader approach to public health. WHO has offered technical assistance to the Ministry of Health in the revision of the National Health Policy, the development of a strategy for the rehabilitation of the health delivery system and the strengthening of the primary health programme in the rural areas. Another initiative has been the establishment of a sector wide approach (SWAP) in the health sector. At one time in 1989, the Ministry of Health had 119 separate projects supported by donors being implemented in the sector alone. The resulting lack of coordination showed up in activities such as procurement of drugs.

(14) Empowerment as an approach to poverty reduction: gender

The gendered nature of poverty is now widely known as the 'feminization of poverty' based on the increasing evidence that women have high incidence of poverty than men and that women are increasingly becoming impoverished at a faster rate than men in sub-Saharan Africa. The 1997 *Human Development Report* shows, at the aggregate level, the link between gender inequality and overall human poverty. Inequalities between men and women serve to generate and perpetuate poverty both within and between generations. It is important therefore that poverty reduction programmes should deal with issues of women's low status, lack of ownership and control over resources and marginalization.

The gendered approach to poverty eradication by contrast makes it possible to look within the household at the ways in which resources such as food, education or health services as well as productive assets are distributed among family members and that capabilities are provided or denied and through its structures. Poverty is increasingly being seen as a violation of human rights.

The Gender Theme Group of the UNDAF has adopted gender mainstreaming as a strategy. UNICEF, UNDP, UNFPA and WFP have, for example, jointly conducted a study for a new collaborative gender pilot programme in Zambezia province in the central region of Mozambique. UNDP, UNIFEM and UNFPA have also assisted the government to make the first report on the progress made to date with respect to the Convention on the Elimination of Forms of Discrimination Against Women (CEDAW).

RESULTS OF THE UN SYSTEM WORK IN POVERTY ALLEVIATION

We would emphasize the need to make interim judgments on the UN system results. Most UN agencies adopted poverty eradication as an explicit programming only in the mid-1990s. Many of the resulting programmes are still comparatively young. Given this situation, what can be said about the results of the UN system work in poverty alleviation?

- We repeat here the same conclusion that appeared in the Section on capacity building. The achievement of peace in Mozambique and the role of the UN system in securing and sustaining it remains the single most important contribution to poverty alleviation over the period 1985-1999. A environment of physical security allows Mozambicans to return to their daily lives and also allowed domestic and international organizations to begin reconnecting ideas and behaviors in support of poverty alleviation that had been severed during the years of instability.
- The work of the UN system in area development programmes have assisted local authorities and groups to generate significant benefits for selected beneficiaries in terms of health, agricultural production, micro enterprises and others. Examples are the UNICEF Area Based Rural Development Projects, UNCDF Local Development Fund

and the UNDP PROAREA projects discussed earlier in this report. All these projects have been evaluated and set out a promising set of results.

- In common with the work in capacity building, the UN system role in advocacy and policy dialogue appears to have been critical. Given the various institutional and policy disconnections in Mozambique, organizations that could generate learning and insight at the field level, combine this knowledge into policy recommendations and bring it to the attention of policy makers at various levels of Government could make a significant contributions. UN advocacy was particularly effective when exercised by the UN as a system using the UNDAF approach. The UN system contributed throughout the period to a series of policy formulations including poverty alleviation strategies in 1990 and 1995, the five year plan 1995-1999, and the National Poverty Assessment Study in 1999.
- Labor-intensive infrastructure development has been a major vehicle for employment creation and improved incomes. Some of the employment-intensive programmes have been criticized for being too downstream and failing to have outcomes at the policy level. But Hopkins (1998:16) argues that the strong links between the down and upstream levels constitute one of the major strengths of these programmes. He further maintains that the ILO has managed to build a vast knowledge base and experience from which provide lessons for policy level interventions.
- The UN system developed two areas of comparative expertise in Mozambique with respect to poverty alleviation, which were used to supplement its existing technical skills in areas such as population activities and primary health care. The first was in capacity building at the local and community levels including interrelationships amongst community groups, district administrations, NGOs and provincial governments. The UN system also encouraged the poor to play an active role. To do this, the poor need to engage in the processes of development along the lines of the Land Campaigns. This means community and resource mobilization at the local level. Poverty reduction should be seen as the building of social capital in order to integrate the poor into the development process. The second was the impact on poverty alleviation of a series of crosscutting issues including gender and human rights¹⁰⁹.

ISSUES FOR THE FUTURE

It may be useful for us to set out a few general conclusions that the UN system may wish to consider as it plans for the next Common Country Assessment for the period 2002-2005. We set these points out in no particular order of importance.

Sustainability and aid dependence

¹⁰⁹ See, for example, *Programming for Children's Human Rights: Community Capacity Development for UNICEF in Mozambique*, UNICEF Maputo, November 1999

It would seem advisable for the UN system to think through the issue of Mozambique's aid dependence and the ways in which the UN system could, over the long term, plan and manage its interventions to encourage greater self-reliance and sustainability. The following questions might be useful to consider during the forthcoming discussions on the CCA and the negotiations with the Government.

- What must Mozambique do over the medium and long-term to become more independent of donor assistance?
- What should the UN system do now (that it is not now doing) on its own programs to encourage this eventual independence?

Strategic niches for the UN system

We were struck during our work in Mozambique by the efforts of a number of UN organizations to focus their programmes and clarify their niches of comparative advantage in Mozambique¹¹⁰. Being clear about 'niches' and comparative advantage remains a useful principle for the UN system. We do not recommend specific changes for UN organizations in this paper. But we do urge the UN organizations to maintain the momentum of change that is now evident at the field level.

The benefits of the UNDAF

The Mozambique programme is on the point of moving to the 'third stage' of UNDAF development. In this stage, the UN agencies will give more attention to the following:

- Accelerating the process of shaping individual agency programmes in order to generate greater programme coherence at the system level:
- Making the Government a more involved partner in the design and implementation of the UN system programme:
- Using the UNDAF to promote inter-agency learning in areas such as capacity building and poverty reduction:

We had a sense during our work in Mozambique that the UNDAF approach was starting to generate genuine benefits for both Mozambique and the UN system especially in terms of inter-agency collaboration. The next round of programming should accelerate this trend.

Sector-wide approaches

¹¹⁰ For analysis of this issue, see *UNDAF Strategic Objective Review 1*, Section 7. For an outside view of the reform efforts of the UN system, see The Dutch Government report entitled *The Quality of the UN as a Channel for Development Cooperation*

The growth of SWAPs present a challenge to the UN system. Other external agencies with much greater financial resources are likely to take leadership positions. The UN's complex bureaucratic and financial procedures may limit the UN's ability to meld its programmes into SWAPs¹¹¹. And a number of bilateral donors may cease channeling support through UN agencies and instead provide it directly to the GOM who, in turn, may or may not approach UN organizations. The point here is that the UN needs, in the short and medium term, to think through its willingness and ability to participate in SWAPs and to be clear about how best to make its contribution given the constraints.

The core competencies issue

Given the evolution of the UN system programmes in Mozambique, four skills - organizational and institutional analysis, piloting and mainstreaming, facilitation and consensus building and social marketing are becoming critical to effective performance. They need to become 'core competencies' of the UN system organizations in Mozambique. UN organizations need focus as much on their core skills as they do on their programming niches. They need to be clear about implications of building such skills for staff training and selection, organizational structure and support systems.

Building UN system learning capacities at the field level

This report does not propose sweeping remedies to improve organizational learning in the UN system. But some modest steps could be taken at the field level. Using the UNDAF, the Country Management Team could craft a learning agenda for the year ahead, which could focus on one or two issues of particular relevance for the UN system in Mozambique. Particular projects and programmes could be selected for monitoring and evaluation, the results of which could be synthesized and disseminated within the UN agencies in the country. UN relationships with local NGOs or the effectiveness of differing approaches to training or change management might be possible topics.

Performance measurement

The UN system in Mozambique needs to deal with the issue of performance assessment or measurement of its projects and programs that support capacity building. At present, the UN system has no systematic way of assessing its efforts in this area¹¹². Different UN organizations in Mozambique - indeed, different projects in the same program in the same

¹¹¹ The key procedures are planning and budgeting, accounting, audit and financial control, performance monitoring and progress reporting, procurement and contract administration and the terms and conditions both for local and expatriate consultants.

¹¹² Project Performance Evaluation Report, Support to the Ministry of Finance, Oct 1992 for the development accounting on outputs with little analysis versus the policy document

organization - use quite different approaches to monitoring and evaluation¹¹³. While a rigid format is obviously not advisable, it should be possible to put in place an approach with some common principles¹¹⁴.

Relationships with NGOs

The UN system, particularly UNICEF, UNFPA and WHO, entered into a wide variety of organizational relationships with Mozambican NGOs, mainly to implement particular programmes and projects of interest to both sides¹¹⁵. While we have no objection to these kinds of functional relationships, it was not clear that the UN system has had a clear idea of how to structure its relationships with NGOs to encourage more capacity and sustainability in the NGOs with which it works. Simply put, the UN system needs to broaden its relationships with the Mozambican NGO community. More creative strategies are needed that go beyond implementation and service delivery. The setting up of an UNDAF thematic group on NGOs might be a place to start, which could explore new ideas, do some small-scale research and try out a few experimental projects.

¹¹³ see for example, the difference between *Report of the Evaluation Mission, Support to the Economic Management Capacity Building Programme*, MOZ/95/009 andthe police

¹¹⁴ For an example at the headquarters level, see *Final Report of the UNDP-UNICEF Workshop on Planning and Monitoring of Capacity Development*, Harare, November 1-5, 1999

¹¹⁵ In 1997, UNICEF worked with about 57 local NGOs.

Chapter 7

THE IMPACT OF THE UNITED NATIONS SYSTEM ON CAPACITY BUILDING FOR POVERTY ERADICATION IN NEPAL 1985-2000

By Meena Acharya and Art Wright

EXECUTIVE SUMMARY

This impact evaluation of operational activities of the United Nations System is one of six undertaken in response to United Nations General Assembly Resolution 53/192. It will be reviewed by the General Assembly in 2001 in the Triennial Policy Review of Operational Activities. The evaluators conducted interviews, reviewed documentation and made field visits in November 2000. This evaluation focuses specifically on UN activities that seek to enhance human and institutional capacity for poverty eradication. The evaluators also recognize the importance of income and environmental capacity to address economic and ecological poverty, but do not address these issues in detail. In addition this summary Chapter 2 provides specific examples of problems and lessons.

“Capacity is defined as the organizational and technical abilities, relationships and values that enable organizations and groups at any level of society to carry out functions and achieve their development objectives over time. Capacity building refers to the processes, strategies and methodologies which are used by national participants or outside intervenors to help organizations and/or systems develop their capacities or abilities”.¹¹⁶

The United Nations provides about eleven percent of the Official Development Assistance received by Nepal. UN assistance is not all earmarked for capacity building, nor is all capacity building directed to poverty eradication. Given changes in terminology and programme packaging over time UN agencies themselves are unable to estimate with any exactitude what financial or other resources they have allocated to capacity building for poverty eradication. It is, therefore not possible to measure the UN’s contribution to capacity building in isolation from the collective impact of others, nor to quantify “**value for money**” or a commensurate return on the investment made. However, a qualitative assessment of the impact of United Nations System activities in capacity building for poverty eradication is feasible.

The poverty agenda of the UN System has been to enhance its own capacity to address poverty issues and to assist the Government of Nepal by contributing, along with others,

¹¹⁶ Peter Morgan and Shelton Wanasinghe, 1998, February 27, *An Evaluation of the Impact of the United Nations System on Capacity Development in Basic Health and Education in Pakistan, 1980-95*, New York: United Nations, DESA

both financial and intellectual capital to improve, augment and enhance capacity building for poverty reduction. Cooperation among various UN agencies activities has improved UN Systems capacity to focus more attention on poverty, however a fully consistent and complementary approach is still emerging. That Nepal's development has not been more rapid, more successful or more widespread reflects the very difficulties inherent in its geographical, physical, cultural, and ethnic diversity, in the continuing evolution of its political and administrative institutions, in issues of governance, and in the depth of its poverty, all of which have an impact on the capacities required and on the effective and efficient utilization of capacity once established.

- Most assistance provided by the United Nations System since 1985 includes **capacity building as an objective**. A substantial part, but not all of UNDP, UNICEF, UNFPA, WHO and FAO assistance, has been on poverty related programmes based on social mobilization and focused on facilitating access to education, nutrition, health and family planning needs of the poor. These indirectly build the capacity of the poor to take advantage of market opportunities as well as relieving human poverty directly. Assistance provided through UNESCO, UNIDO, UNCDF, UNHCR and UNV for capacity has also helped to improve the capacity of people to address poverty issues in their own local areas. The issue is to determine to what extent UN programmes, as a whole, were implemented in a way that effectively addressed the needs of the poor. Programmes with the objective of reaching the poorest do not always achieve that objective. Some programs, such as the WFP supported Rural Community Infrastructure Works (RCIW) programme, do focus on the poorest groups in the poorest rural areas. However general approaches, such as rural credit programmes, benefit those with payback capacity, and sub-components of these programs need to be specifically targeted if they are to benefit the poorest.
- On a national basis **economic or income poverty *has not declined*** but rather has *increased* in rural areas where nearly ninety percent of the population lives. However, national statistics are highly misleading given the highly diverse nature of Nepal geographically, economically, culturally, linguistically, and socially. On the other hand, statistical indicators demonstrate that **social or human poverty has declined** as shown by decreased infant and child mortality, increased life expectancy and improved literacy levels, areas where the UN System has contributed. In many areas **social capital and human capacity** (the ability of communities and individuals to address their own problems) **have increased**. In some areas, even where subsistence is the norm and there is little cash income, the quality of subsistence living has improved. UN System advocacy of human development and social investment has helped to balance "the market takes care of all" approach and the role of human values in the eradication of poverty. These developments are the result of the combined efforts of the Government and all external and internal development partners, and obviously, cannot be attributed to the support provided by any one source of support.
- UN assistance has been **innovative in bringing basic components of health and education, and food security** to the most vulnerable, through direct programme delivery. WHO and UNICEF have played key roles in immunization against, tetanus, whooping

cough, measles, tuberculosis, and recently against polio where they achieved coverage of almost 100 percent, in raising awareness of the importance of sanitation, clean drinking water and mother's milk for good health and in spreading affordable treatments such as oral re-hydration, and iodine-fortified salt. Through education these initiatives may bring long-term beneficial changes in health. However, immunization coverage requires repeated mass campaigns because regular health facilities are mismanaged, underfunded and understaffed.

- **Sustainability** is also an issue in terms of **physical infrastructure** built with UN and other assistance. Resources spent on schools, clinics and equipment, have often been **poorly maintained, unused and eventually abandoned**, because they lacked regular maintenance and direct stakeholder involvement. **Governance constraints** are also relevant. In many cases, health workers or teachers could not be hired, refused postings to remote areas, failed to fulfill their contracts, or lacked the most basic educational material, primary medicines and equipment. Partisan political intervention in recruitment and staffing also inhibits sustainability if positions are filled by favouritism rather than competence. Consequently, rural education and health systems as a whole face severe quality problems. The UN Systems support for decentralization of these functions to District and Village levels with local community hiring of teachers and family and child health workers at competitive salaries helps to create a sense of local ownership and responsibility but issues of long-term sustainability need to be addressed more directly by the Government. As a *caveat*, the strengthening of *central government* administrative capacities in health and education may be counterproductive if the result reinforces resistance to decentralization.
- In districts and villages where **decentralized programmes of local governance** have been introduced by the Government and supported through the collective efforts of the United Nations System and other external development partners, there is evidence of increased capacity to participate in bottom-up development planning. Current indicators that human poverty has been somewhat reduced in programme areas are based on very short timeframes and reflect direct outside support from several contributors. *Local participation and a sense of ownership are essential if increased capacity is to be sustained* once current external programme initiatives are completed. Given Nepal's very recent implementation of a democratic system in 1991, the relative slowness of efforts to decentralize, and *the large number of rural people living in villages which do not have such programmes*, there is a need for increased emphasis from Government and its development partners on indigenous institutionalization, maintenance and evolution of **newly enhanced or created human and institutional capacities**.

Some capacities, at the central government level, the district level and the village level were created to address specific issues, such as food security. *In some instances, in some districts, in some circumstances*, there is evidence that such improved capabilities or capacity have been sufficiently flexible to address other issues of common concern. What has been achieved, in some cases, is improved capacity that is *static*, capable of addressing current issues if the circumstances do not change. What is needed is *dynamic capacity*, which includes the ability to grow and develop from its own internal resources in response to new

challenges and changing circumstances. Nor is it possible to make any statement in this regard that applies to the whole country. Only by examining what capacity has been created at each level, in response to each set of issues and circumstances, in each context, over several years, a task far beyond the resources of this evaluation, can any definitive conclusions be drawn.

- Greater coherence among the activities of UN system began with the introduction of the UN Resident Coordinator system. However, in the first decade of the period under review, there appears to have been **no collective strategy** for capacity building, for addressing poverty issues, or for directing capacity building activities specifically to poverty eradication. There was a degree of cooperation locally in some programme areas such as education and health but it seemed to depend largely on *ad hoc* collaboration which often depended on initiatives taken by the local representatives or country directors rather than on common organizational approaches. It may be said that the concept of a UN *System* has taken root only recently and attitudes and behaviours are still evolving.

Until the mid-nineties, despite the earlier introduction of country programming, each UN organization, fund, programme and agency, with its separate mandate, was guided, generally, by the overall objectives set by UN Conventions and Conferences. For example, all UN agencies tried to incorporate women's issues and programmes guided by the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), UN conferences on Women in Mexico and Nairobi and various Human Rights Conventions and Declarations. A more unified approach to women's issues, including joint programming, has emerged only after the Beijing Conference on Women.

Within Nepal, collective strategizing, planning and common programming approaches have evolved slowly at national, district and village levels. **Differences within the Government over national priorities, competition, within the UN, and between other external development partners**, for projects, for local counterparts, and for a place in forums where "policy dialogue" could take place, inhibited collective action. There was also considerable isolation of central government ministries operating vertically within their own "silos" and with little coordination of their activities at district and local levels. Neither before nor after the advent of democracy did the Government of Nepal welcome all attempts to influence policy directions or strategies, nor were the approaches put forward always complementary.

In the past decade, an increased level of confidence and trust has grown which has enabled those interested to begin developing agreed overall policies and approaches collectively. An example of such collaboration was the extended and sometimes intensive work undertaken jointly by the Government of Nepal, the World Bank and the United Nations in preparation for Nepal Aid Group Consultative Meeting that took place in Paris in April 2000. By working together on overall development policy and strategy, building blocks are being put in place that may lead to greater **coordinated action** in specific program areas. Capacity building for poverty eradication *should* and *could* be a major beneficiary of this approach. Consistent with the Copenhagen Declaration that the eradication of poverty is a moral

imperative for humankind, the singular goal of Nepal's Ninth Five Year Plan is poverty eradication, which Nepali officials indicate will be maintained in the Tenth Five Year Plan.

The World Bank analysis of what the poor of the world have themselves described as their most pressing issues,¹¹⁷ has prompted the Bank to reiterate that increased investment in social development, particularly poverty eradication is urgently required. The UN, having completed an inter-agency joint assessment of Nepal's needs¹¹⁸ and established Inter-Agency Thematic Groups that include representatives of the Government and other donors to continue analysis of sectoral and crosscutting issues, has reasserted that its primary objective is poverty eradication. It has embarked on a major innovation toward UN system coherency, consistency and complementarity through the UN Development Assistance Framework (UNDAF),¹¹⁹ which will synchronize all UN country programming cycles with the introduction of Nepal's Tenth Five-Year Plan that begins on January 1, 2002. There are diverse opinions about how much synergy this convergence of analysis and commitment will bring to development planning and implementation, but at least there is an agreed objective and an environment in which a more systematic and complementary approach can be attempted.

- Prior to 1990 there had been **no systematic approach to capacity building for poverty eradication** in Nepal, nor within the UN System. In the past decade, some initiatives have been built on foundations from the Panchayat period (1960- 1990) and new approaches introduced. A common approach, encouraged by the UN System and others, is to shift the focus of capacity building by devolution of central government (macro level) functions, strengthened District Development Committees (meso level), decentralized planning and implementation, and capacity building at the Village Development Committee (micro level) of direct stakeholders by social mobilization and training, and increased access of disadvantaged groups to primary health care and primary education. Different training and different capacities are needed at each level. Legislation to promote decentralization, delegation and local governance has been passed. Implementation is slow, due in part, to the political reluctance of some to devolve responsibilities to opposition controlled local authorities, bureaucratic reluctance to divest responsibilities that give line ministries power and influence, and shortages of qualified people who are willing to work in rural areas. UNICEF, which has decentralized its operations to four regional offices, and UNDP, along with bilateral and non-governmental development partners, contribute to decentralization and stakeholder involvement by supporting Participatory District Development Programmes and Local Governance Programmes. It should be noted that while such programmes operate in selected villages within sixty of Nepal's seventy-five districts, only about 10% of rural villages and population are included so far. Expansion of these programmes to more remote districts and villages is needed but the sustainability of such initiatives will depend on the depth of stakeholder involvement and ownership, which varies from district to district.

¹¹⁷ IBRD, 2000/2001, *Attacking Poverty*. New York: Oxford University Press

¹¹⁸ UN, 1999, *Nepal: Common Country Assessment*, Kathmandu

¹¹⁹ United Nations 2000, September, *United Nations Development Assistance Framework, Nepal 2002-2006*. UN Country Team, Nepal.

- UN System **commitment to addressing gender issues** in capacity building generally and to poverty reduction have evolved at the policy level from Women in Development (WID) to Women and Development (WAD) and more recently to gender. The focus is shifting toward removing formal and informal barriers that inhibit or prevent women from playing an equal role in society and politics, and removal of legal discrimination, in property rights for example, and to encourage “mainstreaming” women in all areas where their interests are affected. Before 1995 only UNICEF in rural credit programs, UNFPA in health and family planning, and FAO in community forestry, were working specifically for women and children's advancement.

Following the Beijing Conference, a broader gender approach to development has emerged that recognizes women's rights as a goal by itself and takes into account the differential impact that development programmes have on women. UNICEF, UNFPA, and UNIFEM, and FAO in environmentally oriented community forestry activities, have played leading roles in putting women at the centre of the development process as active agents of change.

However, the process of gender mainstreaming still faces resistance at implementation levels. Major UN programs have been slow to demonstrate an understanding that gender mainstreaming involves more than just involving women in projects and programs. Mainstreaming means gender auditing and reformulating all policies, programs and projects in gender perspective so that women may benefit equally with men from all departmental/ministerial/ institutional activities. It also means that in cases where the policies and programs are likely to have adverse impact on women, adequate resources are allocated for mitigating such adverse impact and ensuring alternative channels of benefit for women. For much of the review period **environmental issues** have been addressed mostly in terms of watershed management, wildlife protection and community forest projects. Larger environmental issues remained largely at the periphery of UN programmes as late as 1995, except for the FAO involvement in community forestry. Since then there has been increased collaboration of FAO with the International Fund for Agricultural Development, and the World Bank, in support of community forestry. UNDP has supported the Department of Parks and Wildlife activities to involve local communities, particularly women, in managing five protected areas, and with non-governmental organizations in biodiversity preservation and rural energy development. UNDP and UNIDO are also cooperating with the Ministry of Industry to build capacity to formulate and implement industry related environmental policies. Most of these activities are too recent to be assessed in terms of long-term impact and sustainability.

- The UN, among others, has become an increasingly effective partner with the Government **in moving policy forward**, in helping to incorporate the objectives of major international conferences supported by the UN, in advocating and supporting reform of governance, and in supporting decentralization as an essential, though not sufficient, mechanism for poverty eradication. The direct support provided in health and education, through broadly based social mobilization and participatory planning and implementation of

development activities locally has contributed significantly to improved local capacity to learn from local experience and to develop community strategies to extend such programmes to villages and districts not currently covered.

- The UN System has consistently helped in local preparation, participation and **follow-up to UN conferences** with specific reference to poverty and human rights. It funded the preparation of government papers to the Cairo, Copenhagen and Beijing conferences as well as helping to finance participation. For example, with UN System support the Mainstreaming Gender and Equity Programme (MGEP) is assisting government to follow up the Beijing Plan of Action and, together with UNIFEM, to implement the Convention on Elimination of All Forms of Discrimination Against Women (CEDAW) and the Convention on the Rights of the Child. UNFPA is assisting the Health Ministry in setting up a health monitoring system to follow up on the Cairo Declaration on Population and Development. UNICEF has funded a study of Nepal's budgets from a human-expenditure perspective and is assisting government to monitor implementation of 20/20 commitments.

Consequently, by promoting local responses to United Nations Conferences and Conventions, the UN System has influenced policy formulation in Nepal, on gender equity, population and health. But the internalization of such policies has been slow, because of internal governance issues cited earlier, which have delayed transformation into effective and implementable programmes. For example, Nepal became a signatory to CEDAW without reservations but many provisions of the Convention have not been implemented, particularly those regarding women's legal property rights. Similarly, in response to the Cairo Conference Declaration, there have been changes in Nepal's health policy, which now specifically includes reproductive health. But, such policies are yet to be translated into actual programmes. In order to reduce the very high maternity death rates better delivery of pre-natal and post-natal health care is required as well as a broadening of the current focus on maternal and child health care to include all aspects of reproductive health.

- Both the Government of Nepal and other external development partners working in Nepal acknowledge that the United Nations system continues to generate **new and useful concepts of development and sustainability**. However, critics, both within the UN Systems itself and the Government of Nepal hold that the UN System, in seeking new ways to promote policy and programming initiatives, inadequately analyzes the results of older ideas, current policies and existing programmes, and the appropriateness and impact of previous advice, and often fails to integrate the lessons which should have been learned into the new approaches.

- Institutional memory remains weak. The continuous evolution of thinking and re-definitions of human centred development, economic, social and environmental poverty, empowerment, and most recently a human rights based development assistance framework have far outpaced the ability and capacity of the Government of Nepal, and other external development partners, to incorporate new UN approaches into their own activities.

Consequently, many existing programs in Nepal are re-labeled or repackaged to conform to current usage but with little substantive change in what is being done.

United Nations support for building local capacity for poverty reduction, through bottom-up planning and decentralized management, social mobilization, stakeholder involvement, participatory development and decentralization of programme management, and its role in co-ordination of policy discussions is helping to improve the development agenda in Nepal. However, local authorities also debate whether **sufficient analysis of past efforts of those outside of the UN system**, has been done. Some programmes were successful for a time and then faltered. Why? What contributed to success and what prevented that success from being maintained, replicated and expanded? Why has the proliferation of rural credit schemes not enabled more people to acquire productive assets and to use them beneficially? What fundamental differences do current programmes have that create confidence that past successes can be replicated and failures will not be repeated, and that real local **sustainability** can be established to eventually replace direct external support? How can lessons be gleaned from past experience and incorporated in current efforts for poverty reduction? These questions, which go far beyond the scope of this evaluation, require greater attention by the UN System, the Government and other development partners, as they are crucial to effective poverty reduction and to development that is sustainable.

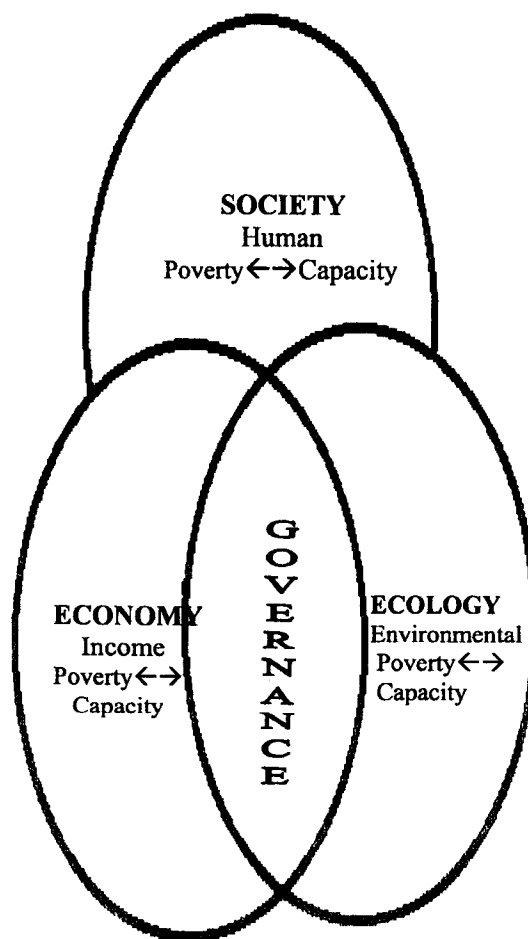
For many years investment in social infrastructure and in building human capacity was subordinated to economic growth strategies and provision of physical infrastructure. Even less attention was paid to fundamental ecological capacity to maintain the basic life-support systems of the biosphere on which our continuing existence depends. For development to be sustainable, the creation and maintenance of economic, social and environmental capital are *equally* important, as indicated in the text in the section on poverty. To ignore or subordinate either perpetuates unsustainable trends. ***The capacity to eradicate poverty depends very much on the ability to build and maintain dynamic economic, social and ecological capacities simultaneously.*** The task is to reconcile the apparently contradictory imperatives of economic growth, social rights, freedoms and opportunities, and to reduce the adverse impact of human activity in order to ensure the earth's continued capacity to sustain humankind¹²⁰. Development strategies in Nepal have not yet integrated these approaches.

If we conceive of economic, social and ecological imperatives as three circles intersecting with each other at the centre, the area of overlap must be occupied by "good governance" very broadly defined. Governance includes all of the structures and institutions, which are employed locally, regionally, nationally and globally, by governmental, business and civil society organizations, which together establish the enabling environments and regulatory frameworks in which people function. The policy

¹²⁰ Robinson, John, & John Tinker, 1999 "Reconciling Ecological, Economic and Social Imperatives: A New Conceptual Framework", Chapter 4 in Ted Schrecker, 1999, *Surviving Globalism: The Social and Environmental Challenges*, New York: St, Martin's Press

influence of the UN System should increasingly be brought to bear on the need for an integrated approach to these issues if a sustainable approach to building capacity for the eradication of poverty is to be achieved in Nepal.

Capacity Development for Poverty Eradication in Nepal



*Governance is broadly defined as “the enabling environment created by the cumulative efforts of the public and private sectors and civil society”.

Chapter 8

AN IMPACT EVALUATION OF THE UN SYSTEM'S SUPPORT TO CAPACITY-BUILDING FOR POVERTY ERADICATION IN THE PHILIPPINES

by Raymond Apthorpe and Celia Reyes

EXECUTIVE SUMMARY

This evaluation aims to learn about the UN system's responses to GOP needs and requests for capacity-building for its anti-poverty agenda and programs from 1985 to 1999. "UN SYSTEM" in this report simply means the collection of the various UN agencies, whether acting in harmony or not.

Because the biggest movements in the standard types of Philippine development and poverty indicators are those which reflect "shocks" of various kinds, this evaluation looks at the ways in which the UN has responded (or not responded) to capacity-building needs in relation to the 1983-86, 1990-91 and 1997-98 years particularly. GDP data show various types of macro-economic, natural and armed conflict "shocks" in this country to be so frequent as to be more normal than exceptional over the period of interest to this study (and beyond). But to what extent has this "normal abnormality" been allowed or encouraged to enter mindsets and approaches which prefer to imagine both development poverty alleviation only in progressive linear models, and deploy Overseas Development Assistance (ODA) and other resources accordingly as if to make things so?

This evaluation is built on qualitative assessments of the dynamics of an evolving quality of the inter-relationships and their content as regards anti-poverty capacity-building. It is based primarily on our interlocutors' recollected perceptions. Eventually, through arduous documentation search, it proved possible for us to compile a (more or less complete) programme map of UN anti-poverty programmes in the Philippines 1985-1999, the years set for this inquiry. But desk study yielded little or nothing "solid" on the perceptions of relations and their dynamics and consequences which are at the heart of this evaluation, whether for any particular programme, year, or sequence of years.

Among the multilaterals, the UN System is the fourth largest ODA provider to the Philippines. During the period 1992-1999, total ODA committed to the Philippines was \$114.3 million, much lower than that of ADB (\$2,678.2 million), IBRD/WB (\$2,587 million) and the EU/EC (\$272.3 million).

UN in-country support is organized into six interrelated thematic areas: (i) economic growth with equity; (ii) human development and human resource development; (iii) environment and sustainable development; and (iv) governance and development management; (v) disaster management; and (vi) peace building in Mindanao.

The various main UN aid modalities for poverty alleviation over the years in questions were (and remain) chiefly five (each with in-country, regional and global dimensions): convening/brokering/facilitating/ coordinating parties who are not otherwise likely to be able to come together; anti-poverty policy framing and analysis, reporting, documentation dissemination and networking; norm, standard or target setting; advocacy and awareness-raising work; and operational roles.

In terms of resources allocated, UN operational roles have and are perceived to have declined in the Philippines over the last two decades. In contrast, in all the other roles listed above, it would appear from our interviews that the part played by the UN for example as regards poverty alleviation advocacy and analytical frameworks is perceived to have increased, in terms of the high regard in which it is held. And, as for instance in the case of the UN system contributions to the Social Reform Agenda at large, and say child labour issues in particular, this contribution is perceived holistically. That is, it appears in the Philippines that generally the above different modalities are not much distinguished one from the other in terms of the individual importance each may have. Rather they are seen as making up altogether one highly- valued mesh.

The UN agencies draw up their own programs based on their mandates. They find themselves working with the same government in different areas, agency or in the same area with different agencies. At present, three types of working arrangements are utilized by UN agencies in the Philippines.

The most common arrangement is for a UN agency to collaborate directly with a government agency/agencies, a kind of bilateral arrangement exemplified by UNICEF'S Country Program for Children. The second most common is when two or more UN agencies collaborate by having parallel programs. An example of collaborative programming is the Poverty Alleviation Programme of the Joint Consultative Group on Policy. A third, still rare, arrangement is what is called joint programming where funds are pooled together and there is one Administrative Agent. One example is the programme on Peace Building in Mindanao.

Some of our interlocutors noted that one effect of joint programming is that of forcing government agencies to work together. They said this arrangement facilitates management, multi-stakeholder ownership and a multisectoral approach, to ensure consistency of vision and target. Such convergence is believed to create greater impact than a piece-meal service delivery approach. Pooling of funds, even small amounts, from different donors and government agencies (if they have counterpart funding) can have a substantial impact if properly placed on priority interventions

In general, UN support for capacity building needs for poverty alleviation over the years of interest was highly regarded by all our interlocutors. They said the UN System successfully:

- i. facilitated the participation of civil society in decision-making. Moreover, this has been institutionalized in the National Anti-Poverty Commission;
- ii. brought together donors to finance poverty alleviation capacity building programs;
- iii. provided inputs by way of analytical frameworks for policy formulation in the area of poverty alleviation;
- iv. contributed norms, standards and targets and helped towards their adoption;
- v. influenced the mindsets of key players through its advocacy efforts in all the above regards; and
- vi. successfully contributed to some cases of service delivery at least up to the point of pilot-testing.

How did the UN agencies respond to the periods of shocks or crises? Looking at the most recent period first (1997-98), when the country experienced the worst episode of El Nino which was also when the Asian financial crisis struck, the UN funded a project that would monitor the El Nino situation, undertaken by the FAO, UNDP, UNICEF and UNIDO through the UNDAF UG on Food Security, Nutrition and Rural Development. Another collaborative project was the Disaster Management Prevention. Since El Nino occurs cyclically, the FAO has provided assistance in building up capacity of the government to monitor its occurrence and impact. This enabled the government to make timely decisions on food importation and consequently, averted food shortage. In response to the financial crisis, UNDP, ILO and FAO commissioned several studies to assess the impact of the Asian financial crisis, although no follow-up activities were undertaken.

The crisis period 1990-1992 was when the Philippines experienced the combined effects of natural calamities, the Gulf War, and the power shortage. It was also during this time that the Local Government Code was enacted, paving the way for devolution. While the concept of devolution cannot be traced to a single proponent, the UN system has been helping the government to learn from pilot projects that use a devolved modality. For instance, the UN agencies provided support aiming to show how devolution could succeed in the delivery of basic social services (UNICEF), in the provision of reproductive health and family planning (UNFPA), and in managing various environmental programmes (UNDP).

To address the repercussions of the Gulf War, the UN implemented programs that would assist Overseas Filipino workers in the Middle East who might be returning to the Philippines because of the war, including the Entrepreneurship Development of Returning Migrants and their dependents.

Where it anticipated shocks, the UN assisted with efforts to prepare to mitigate their estimated effects. For example, the return of Hong Kong to China in 1997 was expected to result in significant changes in Hong Kong's policy regarding foreign workers. One possible scenario was that Hong Kong would stop hiring foreign workers, including Filipinos, and instead hire workers from Mainland China. ILO and UNDP undertook Skills Retraining for Filipino domestic helpers in Hong Kong who wished to reintegrate back into their home provinces.

Given that shocks recur in the Philippines, it is important to build capacity for their proactive management.

The resources available to the UN diminished over the years of interest to this study, and as noted the relative share of the UN in the overall total of in-country ODA is modest. But the range of UN activities did not decrease, nor as far as we have been able to determine, did the esteem in which they were held. On the contrary, this seems to have more or less steadily grown. One implication of this is that budgetary considerations alone need not be determining, even when they are falling.

In Manila (for reasons of time and resources the evaluators were not able to work outside the capital) the UN was seen as having been concerned greatly and effectively with both "anti-poverty" and its "social aspects" when other players in the world of ODA – including the World Bank and the Asia Development Bank – were not. UN positions were credited as having led the ODA field for example at a time when poverty-alleviation itself as a specific focus lacked strong enough advocacy.

UN advocacy, awareness-raising, convening, brokering grew over the years 1985-1999 as regards widening participation in capacity building for poverty alleviation in the Philippines. Before the fall of the Marcos Presidency, this is unlikely to have been achievable. Nevertheless, our interlocutors frequently said that what was needed by way of UN advocacy "to bring civil society in" was considerable, despite this meshing to some extent with changes in Philippines society and politics post EDSA 1. Well-established though this "civil participation" trend is now (for example commonly civil society elite "cross" into government to occupy some of the highest cabinet positions), it was not ever thus.

Our interlocutors see the various bodies that make up the UN as having played a major role in establishing a more or less universal language of discourse about economic development, governance, tripartite social dialogue, participation, employment, reproductive health, human capital development, and so on. This enabled both the design and the actual doing of reporting on evaluations and other ways of learning from the past to be done in a cumulative and comparative manner.

For the years under review "the UN system" seldom if ever acted as a unified system. Rather the individual UN agencies went for the most part their own ways, according to their mandates, despite such coordination and the like that there might have been. But currently at least some form of "coherence", "acting as one system", "harmonization" of UN agencies is actively being sought. It seems that under certain circumstances harmonization can be achieved, to judge from the SPCPD-NEDA-UN multi-donor Programme for Peace and Development in the war-affected parts of Mindanao.

This evaluation recommends specifically as regards capacity-building for poverty alleviation that this should move far beyond the "obsession" with measurement and monitoring that has been characteristic thus far. UN system capacity building is required, for example, for taking rights-based approaches to the "political economy of poverty and poverty alleviation" into

specific action programmes – but having first prepared the ground for these by not just measurement studies (while taking what advantage one can from the measurements that have been done), but also empirical studies of policy making with implications for poverty reduction as this is customarily carried out at various institutional and organizational levels in the country. Economic, administrative, political and social dimensions of such policy making, and the intellectual and practical participation and physical resources that go into it, should be addressed by these studies in a common, unified, frame.

Chapter 9

IMPACT OF UN SYSTEM SUPPORT TO CAPACITY BUILDING FOR POVERTY ERADICATION IN TANZANIA

By Kenneth King and Leena Kirjavainen

EXECUTIVE SUMMARY

Origins

The various organs of the United Nations system have, from their very inception, clearly understood that, given a country's physical and natural resources, the course and pace of its social and economic development ultimately depend upon the quality of its human resources. Accordingly, they sought to educate and train local personnel in various professional disciplines, trades and crafts, and to create and remould those institutions which provided the enabling environment for growth and development, in most of the projects and programmes which they funded, executed and implemented. Unfortunately, it soon became apparent that despite their efforts, the rates of development were derisorily low, and poverty remained rampant in many countries.

The UN system, therefore, over the years, not only revised its approaches to capacity building, but eventually placed the highest priority on this aspect of its work. In order to learn from past endeavors, the General Assembly of the United Nations requested the Secretary General, in 1995, to undertake a series of evaluations of the impact of the UN system's activities on capacity building. This 1995 Resolution was extended and deepened in 1998, when the Secretary General was asked to examine the field work of the UN system as part of a general review of operational activities. The UN Department of Economic and Social Affairs decided that the implementation of this aspect of the General Assembly's Resolution should be focused on the impact of the UN system on capacity building for poverty eradication, and that the examinations should be undertaken in twenty countries. This evaluation of the UN system's approach to this matter in Tanzania is one of these twenty studies.

Methodology

The first step in the evaluation process was the selection of the programmes and projects to be analyzed. Because the Government of Tanzania had recently finalized the preparation of a Poverty Reduction Strategy Paper (PRSP), it was relatively easy to identify those sectors, which all the stakeholders had perceived to be germane to the attack on poverty, and in which there was a need to build capacity. Programmes and projects were then chosen randomly for each sector for detailed examination. In other words, a stratified random sample was undertaken. Second, an examination of the available literature on capacity building and poverty alleviation in Tanzania was made. This included assessments of the impact of the programmes and projects of other donors on Tanzania's socio-economic development. Third, a series of semi-structured interviews was conducted with representatives of (i) the UN system in New York and in Dar es Salaam; (ii) the Government of Tanzania; (iii) the donor community; (iv) local and foreign NGOs; and (v) Tanzanians citizens in

both urban and rural areas who, purportedly, had benefited from UN system's projects. Fourth, field visits were made in order to gather evidence of the status of past and current projects. And fifth, attempts were made to ascertain the fates of some of the institutions that were supported by the UN system, and to learn what had happened to those Tanzanians who had been trained through assistance provided by the UN system.

Development Context

Most objective observers agree with Nyerere's statement that at the time of independence in 1961 the life of many Tanzanians was one of ignorance, disease and poverty. Very few had access to adequate health services and pure water supplies; the country's agriculture was based almost entirely on plantations, run exclusively by European settlers with Tanzanian peasants eking out a scanty subsistence existence; and the industrial sector was almost non-existent. Formal education was characterized by a three-tiered system with the Europeans at the top, the Asians in the middle, and the Africans on the lowest rungs of the ladder. African schools were poorly staffed and equipped, and enrollment and literacy rates were low. There was no local University. In 1962, fewer than 15 Tanganyikan Africans graduated from Makerere College in Uganda, which provided the only opportunity to read for a degree in East Africa.

Not surprisingly, the political leadership immediately decided that training Africans to assume top-level positions in the Civil Service was an imperative. The intensification of African education thus became one of the main objectives of the Arusha Declaration of 1967. The process was so successful that, by the mid 1980s, the country was able to achieve universal primary education, and to raise its literacy rate to 89 percent.

Tanzania's leadership was widely praised for its efforts to develop its social sector. Indeed the Bretton Woods institutions, as well as the bi-lateral donor community and the UN system, heavily contributed in cash and in technical assistance to Tanzania's educational and health reform programmes.

Unfortunately, the country was unable to sustain its levels of investment in the social sector, and to maintain its practice of providing free services. In 1979, its economy all but collapsed. Tanzania therefore sought a loan from the IMF. This was given, but was later cancelled when the government refused fully to implement the budget cuts and currency devaluation measures that were the main conditionalities imposed by the donor. All the other donors acquiesced in the IMF's position. The economy continued to suffer, and the gains, which had been made in the social sector being quickly eroded. Tanzania was therefore obliged to return, in 1986, to the IMF and the World Bank and to adopt stabilization and structural adjustment programmes. The rest of the donor community also resumed aid to the country.

It may be instructive to record Tanzania's rates of economic growth since independence. Between 1960 and 1997, taken as a whole, real GDP growth was 3.5 percent. However, in the period 1960 to 1969 it was 4.4 percent; from 1970 to 1979 it was 4.5 percent; from 1980 to 1989 it plummeted to 2.2 percent; and remained low at 2.2 percent between 1990 and 1999. No clear picture of the influence of different economic policies seems to emerge from all this. However, in 1998 the country's growth rate was 4.8 percent, and in 1999 it was 5 percent; inflation dropped from 30 to 7

percent between 1995 and 1999; and foreign exchange earnings increased from US\$589 million in 1998 to US\$950 million in 1999. The macro-economic evidence suggests, therefore, that the economy has begun to recover. There can be little doubt, however, that the social sectors are still in a state of extreme depression, and that Tanzania's economy continues to be most dependent on the interventions and largesse of foreign donors.

Poverty and Capacity in Tanzania

Tanzania is poor: GDP per capita per annum is US\$240; the life expectancy of its citizens, at birth, is 48 years; the rate of infant mortality is 529 per 100,000 births; net primary school enrollment in 1997 was 57 percent; about 27 percent of the population lives in households that are below the poverty line; about 48 percent of the nation is unable to meet its most basic food requirements; in 1995, 18 percent of its citizens was found to be severely stunted, indicating high intensities of chronic malnutrition; and in 1996, 7 percent of its children was classified as being wasted, strongly indicating acute malnutrition. On top of all this, the incidence of HIV/AIDS is high. Indeed, it has been assessed that the number of children who are now orphans as a result of AIDS is 680,000.

Poverty in Tanzania is caused by an interlocking complex of policies, actions and failures to act and must therefore be attacked from several directions e.g. its macro economic policies might have to be reexamined in order to ascertain whether greater attention should be paid to the stimulation of economic growth; accessibility to the services of the social sector needs to be improved; the quality of governance throughout the country should be enhanced; more effort should be expended on infrastructure; and the productive sectors cry out for rationalization and improvement.

Capacity should be strengthened and created in all these areas if poverty is to be eventually eradicated. The country's primary education base is most inadequate, and its secondary education enrollment rates are reported to be among the worst in Africa. Moreover, in general, the capacity of the public service to formulate, implement and monitor macro-economic policies and to nurture an environment conducive to the growth and good performance of the private sector is seriously deficient, especially at the middle and lower levels. Indeed, there does not appear to be a critical mass of personnel, in Tanzania, with the capacity to undertake the basic tasks of governance.

Perhaps the greatest evidence of Tanzania's incapacity is its current absolute dependency on foreign assistance for both its recurrent and capital expenditure. This dependency will become even more acute in the short-term, when the extended HIPIC agreements with the Bretton Woods institutions come into effect. More reprehensible, however, is the psychological dependency, which permeates the country. Members of the government, the civil service, the private sector, and the ordinary citizenry seem automatically to turn to foreign countries and institutions whenever a problem arises, not only for financial and human resources, but also for ideas.

The Response of the United Nations Systems

The United Nations system, ever since Tanzania became independent, has attempted to enhance the quality of the country's human capacity in all sectors of its economy. More specifically, at the very beginning of the period under review, -- in 1985, ILO produced, with financial resources from UNDP, a document entitled *Tanzania: Basic Needs in Danger*. It identified the fragilities of the country's economy, and recommended that particular attention be paid to job creation, food security,

and to the rationalization of the education and health sectors. Although some of its proposals were included in the UNDP Country Programme for 1985-1990, most of its suggestions were not entertained, and there were no linkages between the ILO projects and those of other agencies, which were subsumed in the UNDP Country Programme.

Because the members of the UN system were, at that time, working in seeming competition with each other, very little attention was also paid to an ILO/JASPA publication of 1986— *Employment in Tanzania: Projects in the Rural and Informal Sectors* — which suggested that unemployment was likely to worsen with the full implementation of the Economic Recovery Programme (1986-1989). This document, which contained many proposals, which might have positively affected Tanzania's future development, was virtually ignored. Its treatment provides an excellent example of the often ineffective attempts by UN agencies, working in isolation and without adequate financial resources, to influence policy.

UNDP's attempt to assess, through its NATCAPS, Tanzania's demand for capacity and, through them, to formulate and implement a programme to fill identified gaps, restructure existing organizations, and create more institutions, was also not as successful as originally hoped. It failed because of the absence of follow-up mechanisms to correct project deficiencies, and because of an inadequate supply of funds.

Perhaps the only relatively successful endeavours in this cluster of activities of the UN system in respect of strengthening capacity and reducing poverty at the end of the 1980s and the beginning of the 1990s were those formulated and implemented by the Structural Adjustment Advisory Teams for Africa (SAATA) and the Social Dimensions of Adjustment (SDA) programmes.

In Tanzania SAATA conducted a series of courses in vital macro-economic areas for about sixty policy makers and middle-level economists over a period of two years. Its follow-up assessments revealed that it had made a positive impact on the country's capacity to understand and assess the proposals of the Bretton Woods institutions and to formulate and make counter proposals. For some unaccountable reason the project was handed over to a capacity building organization established in Zimbabwe by the World Bank! There is little doubt that its sustained impact was much reduced because of changing management and policies.

The basic philosophy behind UNDP's other overarching programme, the SDA, was that in order to reduce poverty it was not sufficient merely to promote financial stability. Measures to empower the poor, and to cushion them against the inevitable difficulties of the Structural Adjustment Programmes, should be put in place at the same time as fiscal and monetary policies were being pursued. The project placed particular stress on the incorporation of methodologies that were designed to attain these social objectives into Tanzania's more narrow macro-economic policies. Although it did not quite attain this goal, it undoubtedly contributed to the building of economic and planning capacity in Tanzania, especially in the area of poverty eradication.

Since the mid-1990s the UN system's focus on capacity building for poverty alleviation in Tanzania has become more concentrated. For example, UNDP has assisted in the establishment of a National Poverty Eradication Division in the Vice-President's Office, and a National Poverty Eradication Strategy, has been formulated. Moreover, almost the entire UN system has participated in the

preparation of the country's Poverty Reduction Strategy Paper (PRSP). In addition to these broad-based policy and strategy formulation exercises, the United Nations system devoted much attention, between 1985 and 2000, to enhancing the capabilities of Tanzanian individuals, groups, communities and institutions to alleviate poverty in specific sectors. These sectors (education, health, agriculture, industry) are congruent with those identified in the PRSP as deserving special attention. In addition, a miscellany of activities, including especially the development of the capacity of rural and urban communities to attenuate their poverty, was embarked upon by the UN system. Furthermore, pervading all these programmes and projects were special efforts that were designed to foster the involvement of women in the entire developmental process both as actors and beneficiaries; and to conserve and improve the quality of the environment.

The Performance of the System

The range of activities of the UN system in Tanzania in regard to poverty eradication is impressive. Moreover, many of the projects which members of the system have undertaken have been successful, not only in attaining their immediate objectives, but also in the more profound sense of bringing about change.

There are many examples of this: the work done by WHO in training a wide range of health specialists; the programmes of UNICEF in the fields of education and health; WFP's heifer project that has been so successful in improving the capacity of many poor persons to produce milk; the activities of the Tanzania Official Seed Certification Agency (TOSCA) which has been supported by UNDP/FAO; the intensive staff capacity building and training programmes which were undertaken by FAO/UNDP for small-scale farmers; the impressive UNDP Africa 2000 project which has been instrumental in reducing poverty levels and improving the nutrition status of a number of families; UNIDO's commendable work in training scores of women in various aspects of food processing; and the fruitful activities of ILO in the areas of urban community development and labour intensive road building.

And yet, Tanzania remains poor and dependent. The combined activities of the UN system appear to have made little impact on the national indicators of poverty and capacity. Perhaps they were not intended to do so, even though the developmental objectives of many of the system's projects have indicated very ambitious national goals.

There are several reasons for these seemingly low returns on the investment of the UN system.

First, because of the relative paucity of the system's financial resources it has rarely been a significant stakeholder in Tanzania, and has not always been able to exert a national influence. Its impact has been localised, more often than not. The UN system has either been unable to follow-up on successful projects and to replicate them in other areas or to remain with unsuccessful projects in order to correct perceived problems.

Second, the designs of the UN system's projects have often been flawed: (i) frequently, very inadequate pre-programme activities were undertaken. Few project formulators critically examined the institutions they wished to strengthen, analyzed their intra- and inter-organizational relationships, and assessed their salary and incentive systems. They viewed institution-building merely as a process

of training personnel and providing equipment; (ii) in formulating capacity building programmes for poverty reduction, the systemic and inter-locking nature of development was sometimes not taken into account. As a consequence, the social and economic environment in which the programme would have to be sustained was ignored; (iii) in very few cases was provision made for formal monitoring or follow-up. As a result, many projects were allowed to languish after termination, even when it was clear that they needed continued support (iv) in a few instances the choice of national institutions had not been based on objective criteria, but on political convenience. Not surprisingly, therefore, the quality of project implementation has not always been optimal; (v) the period chosen for the implementation of most institution building projects was, almost without exception, much too short. This despite the evidence that has been accumulated over the years that projects of this type, when of short duration, almost inevitably fail; (vi) in several projects, no attempt was made to establish linkages with other relevant training activities or institutions; in short, there was no coordinating and inter-sectoral modality. (vii) sometimes even projects that were intended to build capacity in communities were not designed to develop a high degree of participation and community involvement; and (viii) there were few indicators with which to measure impact in the project documents, even in those which were recently prepared.

Third, neither the institutional memory of the system as a whole, nor of the individual agencies, appears to have been utilized. In the process of formulating projects, very few prior investigations seemed to have been made either within agencies or among them. In consequence, not only were the same mistakes repeated over and over again, but the reasons for the successes of a number of projects were not taken into account.

Fourth, there was not much evidence of collective action by the UN system in Tanzania. In general, the UN system in Tanzania has acted as separate and disparate agencies, each seeking to sell its own wares, and to attract special attention to itself. These attitudes have changed, somewhat, over the last five years or so, but collective action by the system is still very much more the exception than the rule.

Fifth, the UN system's projects in Tanzania are still owned by the UN agencies, and not by the Tanzanians. Tanzanian officials are adamant that they are not now fully in a position to determine not only the nature of their country's development, but also its direction and pace. This perception that, because of their nation's persistent economic and financial difficulties, the very future of the country might be dependent upon the decisions and largesse of others, sometimes creates self-doubt, adversely influences performance, and frequently reduces the impact and effectiveness of the endeavours of the very nation, which the assistance is meant to help. The UN system has long been aware of the psychological importance of ownership in development matters. Accordingly, UNDP has designed a system, which it describes as the National Execution (NEX) project modality. The NEX mechanism has been sold by the UN system as one in which the ownership of its projects is transferred to recipient countries. It is nothing of the sort. The NEX modality does not transfer ownership, but only aspects of management. The concept of true ownership subsumes not merely management, but the right to initiate project ideas, and to prepare and formulate the projects, which flow from these ideas. If the projects are conceived by the donors, they cannot be considered to be owned by Tanzanians. Conceptualization, in the context of aid relationship, is of the highest importance.

This question of ownership is aggravated by the conditionalities, which are now attached to aid by most donors. In the past, the only group of aid agencies to which the developing countries could turn for unconditional assistance was the United Nations system. Unfortunately for the developing countries, however, since the early 1990s, the UN system has reduced the options available by confining its aid activities to such areas as governance, the environment, human resource development, and poverty eradication. The UN system, by restricting its assistance to a select number of thematic areas, is itself curtailing choice, and imposing what may be described as "covert conditionalities".

Sixth, reference has already been made to the dependency syndrome, which seems to exist and to be deepening in Tanzania. This we consider to be the most debilitating constraint to Tanzania's development.

So far, the greatest proportion of this summary of the evaluation report has been devoted to the UN system's field programmes. However, the UN plays another important role; a role which it has executed in Tanzania with great success. The UN system, mainly through its Resident Co-ordinator, but also through other Agency Heads, has advocated the adoption of a number of policies relating, *inter alia* to the environment, gender equity, governance, human resource development, and poverty alleviation which have been taken up by the Government of Tanzania.

However, it appears that the effect of the UN's advocacy is often more dependent upon the personalities of the advocates than on the efficiency of the UN institution. Accordingly, it is recommended that systems be put in place to ensure that the UN has the capacity adequately to perform all the duties of advocacy. Moreover, because of the difficulties of attribution in such matters, it is suggested that a set of indicators be developed to enable managers and policy makers to monitor and assess the impact of the system's practitioners. And finally, the Mission has noted that, in Tanzania, the advocacy of themes by individual agencies has often not been as effective as those pursued by the system as a whole. It suggests that, here again, collective action might be more rewarding.

It should also be noted that the UN Resident Co-ordinator has been most efficacious in Tanzania in mobilizing resources, and in putting a semblance of order in the arrangements for formulating a poverty eradication strategy. The entire system should be commended for its aid coordination efforts in this regard.

The Way Forward

It must be repeated that it is the Mission's view that the UN system has contributed significantly to the building of capacity for poverty eradication in Tanzania. This is not to deny that not all of the approaches have not been optimal; nor is to suggest that the course of Tanzania's development has been significantly charged because of the UN's activities in that country. What is being asserted is that, within the limitations, which we have described, the UN system has not only assisted in capacity building for poverty eradication, but that that capacity has in many instances been sustained.

Although, as has been emphasized, primarily because of the inadequacy of UN resources, many of these contributions have not been replicated, a significant number of the core persons and institutions that were trained and strengthened since 1985 are still to be found in the country, and might therefore be utilized in the current exercises in poverty eradication, if the enabling conditions are put right. For the UN's impact has remained localized, and has not become national, not only because of its limited resources, but also because of major changes in the country's economic and social policies over the years changes which it could not anticipate.

The Mission is convinced that if the UN system is to stand any chance of extending and deepening its impact in Tanzania it must restructure its organization in the field, and pursue policies, which reflect its independence, neutrality and objectivity. Above all, it should dedicate itself to freeing Tanzania from the shackles of dependency, which now restrain its development.

Specifically, it should work more collectively. Together, it should (i) assess the personnel, institutional and organizational needs of the country; in doing so it should attempt to conceptualize the ideal government structure for a nation such as Tanzania; (ii) review the proposals of the PRSP and, relying more heavily on the TAS, which is government-owned, jointly undertake with the government a comprehensive programme for capacity building for poverty eradication; and (iii) avoid, in executing this proposed programme, a repetition of the design flaws which have been already identified in this Report. Put in a positive manner, the UN system should, *inter alia* utilize a participatory approach when dealing with communities; undertake pre-programme surveys to establish baselines; take into account the findings of evaluators and monitors; provide sufficient time and resources for the completion of the programme; establish linkages among similar projects, analyze the organization it is intended to restructure or strengthen, before embarking on institutional building exercises; recognise that training personnel and providing equipment in an institution building project is often a mere tinkering exercise and that it is important to examine the structure, organisation and "culture" of the institution before embarking on such a project; and assess the non-project factors that might influence the outcome and impact of a project before venturing to implement it. Above all, each project or programme must be viewed as part of an interdependent, interlocking system, and provision made for improving the performance of other parts of the system, on which the ultimate efficacy of the project may rely.

The field offices of the UN system should be restructured. In addition, they should be staffed by personnel, who possess the analytical and normative capacities to formulate policies and strategies. The offices should also contain specialists in the various thematic areas adopted by the UN system, or such experts should be made easily available to them as consultants. These policy analysts and development specialists should be complemented by experts from the productive sectors (agriculture and industry), and the social service sectors (health, nutrition, childcare, population planning, etc), who should be provided by the Specialised Agencies and funds of the system. The UN Co-ordinator should oversee the joint formulation of policies and programmes and their implementation. A small, central, UN field office should supply logistical and administrative support.

The UN system in Tanzania should, in future, devote most of its advocacy functions to the formulation of policies for general governance and sectoral development; to the adaptation of internationally conceived development ideas to the specific conditions of Tanzania; to the creation

and fostering of an enabling environment for civil society; to become more integral parts of the country's polity; to the nurturing of a truly indigenous entrepreneurial class; to the convening of meetings of all stakeholders in order to arrive at common positions; and, most important to acting as an honest broker between the Bretton Woods institutions and the rest of the donor community on the one hand, and the Government of Tanzania on the other.

Above all, the UN system should concentrate in the immediate future on the eradication of the dependency syndrome from the country's psyche. It should allow Tanzanians not only to manage UN funded projects, but also to identify project ideas, and to formulate them without the UN's constant intervention. The TAS, and not the PRSP, should be the model. As a follow-up to the TAS, agreement should now be reached between the government and the UN system on the sequence of implementation of the various activities, and on the linkages among programmes. The UN system should publicize that their activities in Tanzania are entirely home-grown and locally and nationally nurtured.

In pursuing this goal of removing the bonds of dependency about which Tanzanians now complain, the UN system might also consider it appropriate to help the country to formulate policies and strategies that do not so inevitably shackle them to the current developmental orthodoxies. The Mission holds the view that the categories of social and economic development are not closed, and it is the duty of the UN system to devise other modes of development from which its member countries might make a selection. In this, as in most other matters, it is the availability of different choices and approaches that engenders change.

It must be emphasized that what is intended here is not the creation of areas of conflict and confrontation. What we are suggesting is that the possibility of alternative approaches to development should be examined. We believe that the intellectual hegemony of the IFIs should be balanced and complemented by a movement of comparable worth and quality, which emanates from the UN system itself.

Chapter 10

CAPACITY BUILDING FOR ERADICATING POVERTY AN IMPACT EVALUATION OF UN SYSTEM ACTIVITIES IN VIETNAM 1985-1997

by Dharam Ghai and Gus Edgren

EXECUTIVE SUMMARY

This report seeks to make an evaluation of the UN system's contribution to capacity building for poverty reduction in Vietnam over the period 1985-97. The Vietnam case is of special interest because the country achieved a remarkable reduction in poverty over this period and the UN system played an important role in this process. The reduction in poverty was due to rapid and broad-based growth brought about by drastic economic reform.

The period 1985 to 1997 witnessed a series of far-reaching changes in Vietnamese society and economy. From being an impoverished and isolated country, ravaged by forty years of war and decades of disastrous economic policies, Vietnam emerged as a strong and dynamic economy, rapidly integrating into the regional and world economy. In 1985 the country was on the verge of famine, with a serious food shortage and rampant inflation caused by bottlenecks in the centrally planned economy. A series of economic reforms known as *doi moi* –renovation – were initiated in 1986, which over the next six years changed the economic system from a centrally planned to a market economy. In the 90s agricultural output expanded to the point where Vietnam became the world's second largest exporter of rice, and rural poverty was reduced from 58 to 25 per cent. Exports, foreign investment and government revenues all grew at an extremely rapid pace.

The decisions to launch the reforms were taken by the Communist Party of Vietnam and they were implemented by the Government and its various agencies. The UN system's assistance played an important supporting role in building capacity for policy formulation and implementation. Capacity building is interpreted here broadly to refer to improvement in individual skills, knowledge and capabilities, strengthening of institutions, coherence in public policy making and implementation and promotion of an enabling environment for people and organisations. It thus includes advocacy, strategy and sectoral reviews, policy reforms and programmes and projects for poverty reduction.

Building institutions and competence during such a fast and drastic transition presents a number of problems, in particular since Vietnam lacked a legal framework on which to build them. Although the policy environment created by *doi moi* brought new incentives, it also retained many elements of the old planning regime. The incentive system was hardly conducive to development, and the lack of transparency made it difficult to assess the effectiveness of policies or projects. The dissolution of agricultural cooperatives undermined

the capacity of local communities to deliver primary health care. Foreign aid and direct investment were attracted by the reforms and peaked during the late 90s, which contributed to the rapid economic growth. Those new sources of development financing also brought new challenges in economic management, and some of them still remain to be solved

A presentation of the most important UN funds and programmes, which were active in Vietnam, is given in Chapter 4. During the period under review, the UN agencies and programmes provided around USD 700 mill in different forms of support. Of that amount, UNDP and WFP provided around a quarter each, while UNICEF, UNFPA and UNHCR together contributed another quarter. The number of agencies providing funding and expertise rose to more than twenty during the twelve-year period, the majority joining in the mid-nineties.

The mission's assessment of the impact of the work of the UN agencies in terms of sustainable capacity for reducing poverty focuses on five areas of public policy in which UN activities were concentrated during the twelve-year period:

- 1) *Governance and economic management*: UNDP played a very important role during the transition by providing the government with analysis, expertise, training and exchange of experience with countries, which did not at the time, have relations with Vietnam. UNDP helped build capacity to manage the transition to a market economy. Its support for reform of the legislative framework for development brought necessary changes, and it was also instrumental in initiating a programme of Public Administration Reform (PAR).
- 2) *Population policy*: The total fertility rate fell during the 90s from 3.8 to 2.3, which is close to the replacement rate. This indicates that Vietnam is undergoing the 'demographic transition', which is usually necessary for a sustainable reduction of poverty. Although government policy bears the main responsibility for this achievement, UNFPA's assistance in preparing for and supporting the policy reform provided necessary capacity and support for implementing it.
- 3) *Public health*: In the late 80s, the rural health system nearly collapsed as a result of the dissolution of the agricultural cooperatives. UNICEF, WHO and WFP managed to help the government in salvaging the health services during these critical years. In the 90s, they helped building sustainable capacity in primary and preventive health. Particularly impressive progress was made in immunisation. UNICEF's contribution to capacity building in this field was significant.
- 4) *Humanitarian relief*: UNHCR was the first UN agency to engage the Vietnamese government in implementation of humanitarian projects in contact with the international community. While the focus was on assisting refugees and displaced people, capacity for handling such operations was developed in the country. UNHCR also pioneered the model with decentralised inter-sectoral micro projects. WFP contributed to alleviating poverty through food for works projects in rural areas, at a time when hunger was widespread. It made a significant contribution to control and conservation of water and protection and improvement of forests. Capacity for implementing such projects was built through training and work experience. Advocacy made a lasting contribution for

instance to the programme for afforestation which was launched as WFP concluded its operations in Vietnam.

- 5) *Integrated rural development projects:* In the second half of the 90s, UN agencies contributed to design and implementation of a series of integrated rural development projects. These projects attempted to reach out to poorer and more disadvantaged sections of population in remote mountainous areas and to women workers. They also sought to promote participatory approaches in selection, implementation and evaluation of development activities. The outcome of these experiments on capacity building for a nation-wide assault on poverty is as yet difficult to ascertain, but a few projects have been remarkably successful in reaching the poor and women farmers and promoting participatory approaches. Substantial capacity has been built up to prepare and manage integrated rural development projects. The skills and capabilities of local level officials and of farmers and fisherfolk have been improved and the provincial and commune level institutions have been strengthened. These projects have also created new organisations of farmers such as credit and savings groups and water users' associations. The number and diversity of projects have expanded so rapidly that it has become increasingly difficult for the government and the UN agencies to monitor them effectively to identify successes and failures with a view to their large-scale replication.

The UN agencies have responded in a flexible and pragmatic manner to the changing needs of the country for technical assistance. From delivery of missing pieces in the production targets of the government's five-year plans, the agencies have become directly involved in strategic analysis and policy advice. In this process, the world conferences of the 90s have been extremely helpful in engaging the government and mass organisations in strategic thinking, and normative standards like the Convention on the Rights of the Child and Agenda 21 have provided a base on which to build national policy.

Many challenges remain for the government and its UN partners. The virtual absence of a strategy to promote private rural industries is only now being tackled, and the lack of access of poor people to public health is another weak link in the government's strategy to reduce poverty. Over time, Vietnam has received many donors who are eager to help reducing poverty. One of the development challenges that is facing the Government now is to provide leadership that will forge their efforts into an integrated and effective support for the battle against poverty.

C. The UN system has played a very constructive and useful role in capacity building for poverty reduction in Vietnam. A number of factors have contributed to it. The Party and the Government have provided strong leadership and shown deep commitment to poverty reduction and improvement in the living standards of the people living in remote and hilly areas. They have been receptive to advice from the UN system even in such sensitive areas as property legislation, judicial and public sector reform and the role of the private sector and foreign investment in development. This in turn is due to the relationship of trust and confidence between the Government and the UN system that has been developed over the past 25 years.

D. For many years, apart from Sweden, the UN agencies were the only source of technology, knowledge and funds outside the CMEA bloc. For their part, the UN agencies have behaved in a sensitive and responsible manner. They have proved to be an invaluable source of knowledge and technical expertise. They have served as a window to global norms, technology and experience. This close relationship with the Government has enabled them to raise sensitive and controversial issues with the government when these have important development and poverty implications. It is therefore a matter of concern that the resources available to them for their work in Vietnam have dwindled in recent years. Despite the relative decline in their role in recent years because of the appearance of bilateral donors and international financial organisations, the contribution of the UN system will be needed for many years yet, as the Government undertakes the next round of reforms to consolidate its impressive performance of rapid growth and poverty reduction.

Chapter 11

IMPACT EVALUATIONS AND THE UN SYSTEM

by
Wm Haven North

Introduction

This chapter reviews the experience of conducting the six impact evaluations and preparing the related syntheses and commentaries that are recorded in this book. It also draws on the earlier experience with six similar impact evaluations and their synthesis completed in 1999. These twelve country¹²¹ evaluations and their topic-focused syntheses and commentaries¹²² are specifically concerned with the impact of UN agency programs on capacity building and poverty eradication. The chapter's perspective is the process of such evaluations and their role for improving the performance and impact of UN system-wide assistance to developing countries. The responsibility for conducting these evaluations was assigned to the Development Co-operation Policy Branch (DCPB) of the Department for Economic and Social Affairs (DESA) of the United Nations Secretariat.

The challenge of the assignment

The requests of the General Assembly in 1995 and again in 1998 for a system-wide assessment of UN operational activities in the developing countries provided an important opportunity for determining how system-wide impact evaluations contribute to improving the “effectiveness, efficiency, management and impact of the United Nations system in delivering its development assistance.”¹²³ In 1995, the focus was on the impact of capacity building activities in developing countries. In 2001, poverty eradication was added to the scope of the impact evaluations, i.e. covering both capacity building and poverty eradication as separate topics and their linkage — capacity building for poverty eradication.

Fulfilling these requests set forth a challenging assignment for the UN Secretariat for a number of reasons. First, impact evaluations rank among the most difficult evaluations to carry out successfully and, in their most rigorous form, call for well established baselines,

¹²¹ The twelve are: for the first group, Brazil, El Salvador, Mali, Pakistan, Uganda, Zimbabwe; for the second group, Mozambique, Madagascar, Nepal, Philippines, Tanzania, Vietnam.

¹²² For the first group, the synthesis included “Some Observations and Lessons on Capacity Building” by Peter Morgan 1999; there was also the “Report on the CCPOQ/DESA Seminar on Capacity-Building,” September 1999 that involved “20 specialists from developed and developing countries and from within and outside the UN system” with the purpose of reviewing and feeding lessons learned from the evaluations for improved policy guidance of the UN system. For the second group, the syntheses and commentaries include: “Overview of the Second Round: The Evaluations of the Work of the UN System in Capacity Building and Poverty Eradication” by Peter Morgan; “Poverty Reduction and the UN System: A Synthesis of Six Country Studies” by Dharam Ghai “Capacity Building for Poverty Reduction” by Mary E. Hilderbrand; and “On Fighting Income Poverty” by Eugene Smolensky.

¹²³ A/C.2/56/L.13/REV.1 Triennial policy review of operational activities for development of the United Nations.

measurement techniques with solid quantitative and qualitative data, and for addressing questions of attribution and counterfactual constructions — “before and after” and “with and without” considerations. The term “impact,” in the context of country development, is itself difficult to pin down both as a direct, immediate effect and in its longer term consequences.¹²⁴

Second, capacity building has become over time more complex and comprehensive in concept, almost to the point that capacity building and development appear to be synonymous. This complexity adds to the problem of impact measurement and attribution.¹²⁵

Third, poverty eradication¹²⁶, particularly when more than a matter of improved incomes to meet basic needs, is also difficult to measure. When broadened to include access to resources and services and degrees of involvement or exclusion in a country’s social and political life and empowerment, it becomes exceedingly complex and difficult in an evaluation to judge impact objectively and identify one activity as distinct from other activities and influences in a society’s evolution.¹²⁷

Fourth, when one attempts to associate capacity building directly with poverty eradication, the linkage is rarely direct and, thus, intervening activities and influences have to be identified. On the other hand, in such instances as relief or immunization programs, aspects of poverty alleviation can be directly associated with the assistance, but capacity building is often neglected or merely temporary.

Fifth, the time period covered from 1985 to 1998, while allowing for the impact from development assistance activities to mature, raises problems of unearthing old records and the availability of knowledgeable people with good and unbiased memories. Moreover, the activities examined had not developed base line data and measurement and monitoring

¹²⁴ See “Evaluating the Impact of Development Projects on Poverty: A Handbook for Practitioners.” Judy L. Baker, the World Bank, Washington, D.C. May 2000. “Determining the counterfactual is at the core of evaluation design.” p 2. “Although each impact evaluation will have unique characteristics requiring different methodological approaches, a few general qualities of a best practice impact evaluation include:

- An estimate of the counterfactual has been made by (a) using random assignment to create a control group (experimental design), and (b) appropriately and carefully using other methods such as matching to create a comparison group (quasi-experimental design).
- To control for pre- and post program differences in participants, and to establish program impacts, there are relevant data collected at baseline and follow-up (including sufficient time frame to allow for program impacts.)
- The treatment and comparison groups are of sufficient sizes to establish statistical inferences with minimal attrition.
- Cost-benefit or cost-effectiveness analysis is included to measure project efficiency.
- Qualitative techniques are incorporated to allow for the triangulation of findings.” p.15

¹²⁵ See in this book, Hilderbrand p.3, and Morgan p. 7.

¹²⁶ “Poverty eradication” is more cautiously referred to as “poverty reduction or alleviation” in some of the reports.

¹²⁷ See Dharam Ghai ‘s chapter pp. 6-7

procedures with a view to assessing impact, although such information could be reconstructed in some instances of stark “before and after” situations.

In addition to these considerations, the scope of the twelve evaluations completed covers a wide range of UN program activity in a diverse group of countries. The program activity is diverse in sector focus and in agency involvement with important differences in technological, social and economic characteristics.¹²⁸ The program activity reviewed is also diverse in its varied crosscutting characteristics such as:

- conflict prevention and resolution;
- emergency relief and rehabilitation;
- restoration of country governance and functioning civil societies and governments following periods of national conflict;
- the setting of development norms and policy advocacy.

Determining impact for each these sector and cross-cutting programs adds to the complexity of the evaluation task.

While these considerations might deter one from attempting such evaluations, the critical importance — long neglected — of determining as best as one can the effectiveness of UN development assistance must be overriding. Determining effectiveness is important for several reasons.

- It is central to decision-making in gaining increased financial support for development programs;

¹²⁸ See Dharam Ghai's chapter on this point p. 24.

Some examples of sector and related UN activity areas:

Brazil: science and technology in telecommunications (ITU and UNDP), forestry (FAO and UNDP), environment (UNDP)

El Salvador: food distribution (WFP), soil conservation (FAO), infant and child health (UNICEF), and a number of non-traditional programs (UNDP, UNOPS, PAHO, WHO);

Mali: basic education (UNDP, UNESCO, UNICEF)

Pakistan: health (UNICEF, UNFPA, WHO); education (UNICEF and UNESCO)

Uganda: agriculture (FAO, UNDP, UNCDF), drought relief and rehabilitation, basic education, HIV/AIDS (UNDP, UNAIDS, UNESCO), population (UNFPA), refugees (UNHCR), child survival and health services (UNICEF), food aid (WFP);

Zimbabwe: health and education (UNICEF, WHO), agriculture, industry, economic planning (UNDP, ILO, UNIDO, FAO)

Second group:

Tanzania: health and education (UNICEF, WHO); agriculture (FAO, UNDP), industry and infrastructure (UNIDO, ILO);

Madagascar: policy Development (UNDP), rural development (UNDP, FAO)

Philippines: health and population (UNICEF, UNFPA), disaster relief (UNDP, FAO, UNICEF, UNIDO, FAO, ILO);

Mozambique: Virtually all sector and cross-cutting issues (UNDP, UNICEF, IFAD, WHO, ILO, UNHCR, UNAIDS, UNFPA, UNIDO, UNV, UNCDF, UNESCO);

Vietnam: governance and economic management (UNDP), population (UNFPA), public health (UNICEF, WHO, WFP), relief (UNHCR, WFP), rural development (various UN agencies);

Nepal: (UNDP, UNCDF, UNESCO, UNFPA, UNICEF, UNIDO, UNIFEM, WFP, WHO)

- It is valuable in efforts to improve the quality of development assistance in its own right;
- Most important, it is essential to efforts to ensure that the consequences of such assistance are actually beneficial over the long term to developing societies and free of adverse consequences — often unintended and unanticipated.

Each UN agency has its own evaluation system and programs operating independently which contribute to the above interests. While no comprehensive effort has been made to assess the adequacy of these independent systems, there are certain to be wide variations in their performance and focus. The question of long term impact is among the more neglected subjects.

Moreover, the opportunity for assessing the effects of — planned or serendipitous — interactions of agency programs, identifying their common and non-common experiences and lessons, and promoting a greater cohesiveness beneficial to overburdened governments and societies is largely lost. As the country evaluations bring out, many of the UN development activities are interrelated and cut across traditional program orientations, and, thus, can only be adequately assessed across agency lines.

Finally, system-wide evaluations can contribute to increasing the effectiveness of the influence of the UN within the developing countries and among the highly diverse and complex array of external assistance providers not part of the UN system — an influence that is generally well regarded in the developing countries.

The UN impact evaluations and the DAC/OECD Principles for the Evaluation of Development Assistance

In 1991, the Development Assistance Committee of the OECD adopted a set of principles for guiding the management and conduct of evaluation of development assistance.¹²⁹ These principles, reviewed and reaffirmed in 1998, continue as basic to the work of evaluation in international development. They are broadly relevant to the work of the Development Cooperation Policy Branch (DCPB) of the Department of Social and Economic Affairs

¹²⁹ The Principles cover a range of considerations:

- Purpose: “the improvement of future assistance policy, programs and projects through the feedback of lessons learned, and provide a basis for accountability and public information;”
- Impartiality and Independence: “independent from the processes of policy making and the delivery of assistance;”
- Credibility: “the independence and expertise of the evaluators and transparency of the process;”
- Usefulness: “impact on decision-making as relevant and useful and presented in clear and concise way;”
- Participation of donors and recipients: “both should be involved in the evaluation process;”
- Donor cooperation: “to learn from each other and to avoid duplication of effort;”
- Evaluation programming: “planning for evaluation activities;”
- Design and implementation of evaluations: purpose, methods, standards, resources;
- Reporting, dissemination and feedback.

(DESA) in carrying out the two sets of impact evaluations requested by the General Assembly.

It is not the intention here to address these several principles singly and in detail. However, it is constructive to use them as a backdrop for assessing the strengths and weaknesses of this series of impact evaluations.

The work of the DESA/DCPB on this impact evaluation series in its purpose, impartiality and independence and credibility is consistent with those of comparable evaluation units in other development assistance organizations.¹³⁰ The primary role of the DESA/DCPB is to prepare the Secretary General's report to the Triennial Comprehensive Policy Review of UN operations for the UN General Assembly.¹³¹ Thus, DCPB is not designed to be a full-fledged evaluation unit within the UN Secretariat. It has independence from policy decisions and operations management and experienced staff leadership in evaluation work among its small staff of professionals. The DCPB has been able to attract for these evaluations a number of well qualified, seasoned professionals, who have had extensive experience in development assistance work in developing countries. The teams have been well balanced with both international and national expertise.

The design of the evaluations involved a number of key factors. The selection of countries was derived from a survey of UN staff in thirty-eight countries to determine the availability of useful knowledge of capacity building over the period 1980-1995 and provide a relatively representative range of country circumstances. Issues of the definition of impact, capacity building, and poverty reduction, their measurement and data availability and similar concerns, noted above, were carefully considered with an understanding of the limits on what could be achieved in the evaluations. The process proceeded in increments with each step learning from earlier experience. The terms of reference provided detailed guidance on the questions to be covered and related procedures. While it was not feasible to design and implement these evaluations to meet the criteria for "impact evaluations," as described above,¹³² they are guided by well developed terms of reference.¹³³

¹³⁰ For a comparison of other units, see "review of DAC Principles for Evaluation of Development Assistance" OECD, DAC Working Party on Aid Evaluation, 1998.

¹³¹ The background for the decision to undertake these impact evaluations is summarized in the report "Capacity-Building supported by the United Nations: Some Evaluations and Some Lessons" UN 1999. Pp4-5.

¹³² Hilderbrand in referring to the six reports notes they are: "...viewed not so much as evaluations of UN work but as country studies of capacity building for poverty eradication..." p 2. And Ghai states that: "Thus, the best claim made by the authors of the country reports is that their evaluations constitute no more than informed judgments on the impact of UN interventions of poverty reduction. These were based on examination of the available reports and documentation on UN activities, meetings with UN and government officials, development specialists, representatives of other donor agencies and NGOs, the "beneficiaries" of these activities and visits to projects." p 2.

¹³³ The JIU 1979 definition of "impact" was key, i.e. "An expression of the changes produced in a situation as the result of an activity that has been undertaken." The terms of reference goes on to note: "We take it to mean the changes or consequences that reach beyond the first purpose of a given course of action. We also take it that individual and organizational capabilities and the environment in which organizations operate as well as wider capacities within a society are all best treated in a dynamic context, not as discrete events. A

A major constraint was the limited funding available. The cost of the impact evaluations, in the first series, was about \$250,000 for the six (or about \$40,000 each) not including the DCPB management and support. Similar evaluations by other agencies may be as much as two to three times this amount with total costs in the range of \$400,000 to \$600,000. This limitation prevented the undertaking of more in-depth data gathering and analyses that would have provided an opportunity for: fuller historical reviews, field surveys among beneficiaries to learn about the evolution and outcomes of a development assistance activity and the array of contributing factors, for more precise characterizations of changes — impact — in capacities and well-being, and for developing the counterfactual. The evaluations were by design and necessity broad in their scope of coverage of UN activity rather than narrowly focused with greater depth on specific programs.

The participation of other donors within the UN system and outside was limited both owing to interest and preoccupation with their own evaluation work and programs. The recipient countries were, on the whole, fully cooperative largely through the participation of country individuals assisting in interviews and the gathering of data. This was key to being able to carrying out the evaluation work.

Usefulness

The usefulness of the impact evaluations and, thus, their value for dissemination and feedback lies in what has been learned from the impact of UN agency programs on capacity building and poverty eradication. Here we note a few of the lessons as examples. (A comprehensive report of these lessons is provided in other chapters of this book.)

The evaluations and syntheses confirm many positive points about UN system contributions. Generally, they brought out that the UN system is highly respected in each of the countries for its openness, neutrality and contributions. Specifically, the reports were positive about UN system work and accomplishments in such areas as:

- emergency relief and rehabilitation,
- the restoration of country governance and functioning civil societies following periods of national conflict;
- assistance to development sectors such as health and agriculture and the impact of some projects in specific geographic areas;
- the ability to change over time its operating approaches such as from a project to a program approach, and from agency to national execution.

Perhaps most important, the evaluations confirmed and cited the accomplishments of the UN system in policy advocacy and norm setting — serving as a global conscience in such

judgment about “impact” of capacity building should therefore involve a judgment about the processes that have been set in motion. So in estimating the lasting effects of any development activity, in particular the contribution of capacity support, the calculation should be concerned with the degree that a situation has been perturbed positively rather than the degree to which an effect has been sustained.” from the TOR for the Vietnam study.

vital areas as gender, education, population, HIV/AIDS, and human rights. This advocacy work has been key in stimulating the processes of capacity building and poverty eradication in the developing countries.

The evaluations also brought out areas of concern and weaknesses in the UN system.

- Some old and continuing issues such as project proliferation and weak inter-agency coordination plus the more recent concern about what is cited in one report as “sector over extension.”
- Uncertainties as to whether capacities have actually been created and sustained and have had an impact on poverty. In this context, it is useful to cite the observation of one of the syntheses of the six evaluations:

“All reports cite examples of successful projects in terms of poverty reduction, increase of productivity, conservation of resources, participation of beneficiaries, and empowerment of women and ethnic minorities. But it is rare indeed for such approaches and methods to be incorporated into regular development work by government or private agencies. Part of the blame lies with the government and the lack of resources available to UN agencies. But the agencies also fail to appreciate the true significance of breakthroughs and push for their national replications...”¹³⁴. (Underlining added)

These observations raise the question: what does “successful” mean in terms of effective capacity building for poverty reduction,... (noted in the quote above). In this context, one would have wished that the impact evaluations had been able to elaborate more fully on the nature of the UN assistance activity that led to the positive outcomes cited. What was the actual assistance provided and for what functions, what was the role of other change agents (non-UN), what were the linkages to the beneficiaries, and what would have been the situation without the assistance? There are a number of assertions in the reports that this linkage occurred; however, they are not spelled out. But for the reasons cited earlier — time, resources, breadth of coverage, data availability, and original project design, this may not have been possible.

The evaluations reemphasize a fundamental point about country context and pre-conditions for successful capacity building and poverty eradication. The six reports bring out interesting contrasting observations about the country circumstances of commitment, coherence, stability and their effect on capacity building and poverty eradication interventions. As one synthesis report points out:

“As the six evaluations make clear, both indirectly and directly, deeper structural conditions and change in various country contexts were far more important in shaping and freeing up space for such interventions [capacity building and poverty eradication] to take hold ... In most of the countries, a lack of commitment and coherence limited the effectiveness of any capacity

¹³⁴ “Poverty Reduction and the UN System: A Synthesis of Six Country Studies,” Dharam Ghai page 41

building initiative. Ministers and staff at all levels shifted jobs rapidly and regularly. If these deeper contextual factors matter profoundly, their timing, i.e. the ability of the UN System to assess when certain interventions will work and when they will be a waste of time, becomes more important.”¹³⁵

These several examples of lessons are indications of the potential usefulness of the impact evaluation series. The syntheses by Peter Morgan on capacity building and Dharma Ghai on poverty eradication provide interesting insights on what has been learned and the circumstances that impinge on impact. The two commentaries by Hilderbrand and Smolensky, going on beyond the specifics of the evaluation findings, provide provocative, stimulating and in-depth treatment of capacity building and poverty eradication initiatives — valuable for understanding and interpreting the lessons.

Altogether, the country impact evaluations and the syntheses and commentaries — from both series — provide a rich assortment of lessons that could be instructive for strengthening the policies and programs of the UN system, its agencies and developing countries. They are the beginning — not the end — of a learning process flowing from these evaluations.

Dissemination and feedback

Perhaps the weakest aspect of the impact evaluation series lies in the work on dissemination and feedback into the UN system to affect its performance.

- Who will be taking these lessons to heart; who will distill their implications for policy and operations, promote learning from them, applying them, and making changes?
- Will the agencies of the UN system wrestle together, or individually, with these lessons shaping them to affect their operations?
- Will the areas of accomplishment and those of concern, cited in the reports, be followed up on with further efforts to gain deeper levels of understanding of what was and was not accomplished, and why? (Such as the points above about “such approaches and methods [being] incorporated into regular development work by government or private agencies” and “deeper structural conditions and change in various country contexts [as] far more important in shaping and freeing up space for such interventions.”)
- Will the developing countries — their governments and non-governmental organizations — included in the evaluation series study the reports and the syntheses, debate them, absorb them, and apply the lessons in their policies and operations?

The mandate of the General Assembly for this impact series did not explicitly address the question of how the lessons from the evaluations would be introduced into the UN system, and who is responsible for making it happen. An unwritten assumption — common for most evaluations — is that once the reports are completed they can be read and acted on without

¹³⁵ “The Evaluations of the Work of the UN System in Capacity Building and Poverty Eradication,” Peter Morgan. p. 21

further systematic attention. If the reports are clear and their lessons and recommendations well thought out — as they are, for the most part, in this instance, it tends to be assumed that nothing further is required. The funding for this series did not envision such an initiative on follow-up. The responsibility for the follow-up lies with UN management with the DCPB/DESA support and facilitation. There is no indication that the General Assembly and UN management have this action in mind.

The UN system and evaluations — looking ahead

These impact evaluations and related syntheses have, in addition to their substantive contributions, served as a pilot effort in UN system-wide evaluation. This initiative should not stop at this point. There are a number of follow-on actions that could build on this experience and further advance improvements of UN system-wide work in development.

An expanded UN-system evaluation capacity

First, and most important, the UN Secretariat and General Assembly should consider creating a fuller UN system-wide capacity for the evaluation of UN-wide policies and operations associated with its development assistance work. The evaluation of the CCA/UNDAF processes and agency evaluation capacities are examples of topics already mandated by the General Assembly. Assessing the synergistic effectiveness and impact of UN development assistance activities through system-wide evaluation can be a vital dimension of efforts to improve UN performance. This expanded capacity should be built into the regular budget of the UN Secretariat so as not to have to rely solely on extra-budgetary ad hoc contributions. Such a step would be a clear mark of commitment to this initiative.

Follow-up on the impact evaluations

Second, to facilitate the follow-up on the impact evaluation series, the UN Secretariat should prepare a series of discussion and issue papers that distill from the reports the important lessons on policy and operations for UN action on improving its performance. This distillation could address as well those issues experienced in the conduct of the impact evaluations themselves, e.g. baseline data preparation and monitoring systems and the requirements of impact evaluation methodologies.

These papers could then be used in on-line and workshop group sessions within the UN system. Special attention should be given to promoting workshops and other interactive arrangements within the developing countries drawing together both government, NGO and local academic interests. The UN has a clear obligation to do this in those countries that participated in the impact evaluation series drawing on the relevant evaluation reports and the syntheses. Such an initiative could be extended to other developing countries.

Similarly, the UN should consider organizing (or promoting and facilitating the organization by universities and private UN associations) a series of seminars on the impact evaluations with a focus on the observations and conclusions of the several syntheses. This

step would help broaden an interactive understanding of the development issues faced by the developing countries and the UN role.

Alternative approaches to UN system-wide impact evaluation

It is important that this evaluation work continue. It is unique in the UN system in it focus on the system as a whole. There are some possible alternative approaches aimed at strengthening the learning processes of evaluations in their impact on capacity building and poverty eradication by more directly involving the principal actors — beneficiaries and program staffs. For example, they include:

- In order to have a more in-depth understanding of impact on capacity building and poverty eradication, start with the beneficiaries and operating staffs in the areas in which UN agency programs have been active over a period of years and engage the communities and service staffs in the process of self-assessment and learning.
- Involve senior management and staffs of UN agencies and country ministries in carrying out themselves impact evaluations in program areas (not including those they administer) and reporting back findings to their superiors. In this way they can gain first hand knowledge of the conditions and approaches that lead to effective impact and enrich their own capacities to review and approve new programs. Rather than read the reports of consultants, the senior managers are directly exposed to the realities of program operations — an effective learning process.
- Undertake a form of “concurrent evaluations” (by the several donors involved) in a program area (sector) of common interest led by developing country officials and consolidated in workshops and synthesis reports. This approach serves to engage the full range of actors and brings together comparative experience, which is lost (as in the case of the six evaluations) when only one donor conducts an evaluation of a multi-donor program with outside consultants. The aim is to have a learning process not an accountability report. The UN could provide facilitators for this process, if needed by the developing country.

Examples along the lines of these approaches have been used in:

- producing the three volumes “Voices of the Poor”— “Can Anyone Hear Us? “Crying Out for Change”, “From Many Lands“ and published by Oxford University Press for the World Bank. 2000 -2002 — a participatory poverty study. While not traditional evaluations of programs, the methodology has merit for assessing major development programs by building up the analyses from the views and experiences of the beneficiaries themselves.
- the evaluation of the “Round Table Mechanism (RTM): an evaluation of its contribution to policy reform, resource mobilization and the management of development cooperation and coordination.” UNDP November, 1999. “The guiding feature of this evaluation has been to engage the RT developing countries and

assistance partners in the process of evaluating the relevance, effectiveness, efficiency and results of the RTM — a form of self-evaluation. Particularly important was UNDP's interest in providing an opportunity for the RT countries to play a prominent role in the evaluation process and, thus, to have greater responsibility for, and ownership of, its findings and recommendations." page 2.

- UNDP's "Africa Regional Project for Governance Capacity Assessments (AfCAP)." This project —now terminated — provided support to African countries to carry out their own national governance capacity assessments with follow up arrangements for integrating the lessons and recommendations for improving governance. It trained nationals as capacity assessors and built on substantial involvement of stakeholders. (For a description see the evaluation report for UNDP October, 2000.)

There are certainly many other examples of approaches that can be considered. The emphasis here is on building the learning process into the evaluation agenda from the outset.

A global agenda

Finally, consideration should be given to placing the question of capacity building for poverty eradication on the agenda of one of the global/regional UN conferences such as has been the case with issues, for example, for gender and HIV/AIDS. While there is much lip service and rhetoric and many reports and guidelines on capacity building and (and "for") poverty eradication, the conditions for, the approaches to, and the complexities of capacity building and poverty eradication are not well understood as they have evolved in recent years. Yet, given their overriding importance for sustained country development, as the impact series brought out, they deserve the highest priority in such fora. The emphasis should be on a learning process — shared experience and knowledge — rather than the negotiation of a policy document.

IMPACT OF CAPACITY BUILDING

By Jehan Raheem

"Our debates over social policy turn often not on problems but on dilemmas."
(Schon, Donald A. Generative Metaphor and Social Policy 1979)

1. Evaluation, notwithstanding many esoteric claims upon its scope, is essentially a purposive activity which should aspire to enlarge all our understanding of contemporary development issues, provide the potential for making beneficial changes in the policy arena and aspire to be an integral aspect of strengthening a people's capacity to assess their own development. The intellectual reasons for urging this developmental perspective of evaluation are simple. Capacity building, like development, has long been acknowledged to be a process that occurs in social settings, often without the benefit of any explicit theory. Human behaviour and events matter, greatly. Expertise lies on both sides of the divide. To the extent that the focus of inquiry [in evaluating capacity building] is on processes, it involves peoples' perceptions and experiences as they adjust to the gains and costs of new institutional settings. In this sense it is uniquely qualitative in approach, relying on the use of tacit knowledge, intuitive and felt. [Cresswell, 1994]. Imposing a set of priorities [on evaluation] such as enhancing institutional learning, strengthening participation and rendering complete the external accountability processes does not, by itself, help us to meet a prime requirement of any rights based strategy viz. being accountable to those whom UN support is designed to benefit. Nor does it permit a full voice to those whose unique knowledge and views must matter, in the process of inquiry. If evaluation activity, does not transcend a single minded pursuit of rigour, and does not enable developing countries ask [and seek to answer] questions that concern them, it could well contribute to deepening a prevailing polarization in perspectives of what is it that would be reasonable to expect, when we assess any long term development activity. This reluctance to move beyond a classical goal oriented stance could also well encourage a continuing skepticism about evaluation, which is all too familiar in discussions of development achievement. Evaluation must teach itself to become a development tool. It should, at the level of country studies, help to contribute to an understanding of how societies and countries come to see things in new ways, make the choices necessary for the realization of these new ends and allocate resources to ensure their continued maintenance under a range of new pressures. It can thus account for achievement or non achievement, in a more truly understanding way; and suggest remedies consonant with those perceptions.
2. Evaluation of impact often uses the nation state [or a portion of it] its government, its civil society, its organizations and institutions as its unit of analysis. However well behaved the evaluators, the exercise has considerable difficulty avoiding the study

design becoming an assessment of governments, rather than an examination of the mutuality of the efforts and the partnership these efforts should have generated. At evaluation time the relationship becomes a “them and us” discontinuity, which is internalized as we move on. More importantly for capacity building, at the end of the evaluation exercise all we may have achieved is answering our own questions rather than making more visible those vexing concerns that impinge on and perturb the ordering of priorities that countries face as circumstances change. Peter Morgan’s concern in Ch. 2 [of the earlier set of studies] to move beyond “narrow measurements of the effectiveness of individual programmes” to the “real question” as to “their impact on the broader system of which they are part”, is central to any effort to continue doing these studies.

3. The guiding Terms of Reference for these studies were very careful to stipulate that these evaluations should not evolve into evaluations of Government actions. Laudable as this ambition was, it may have been more useful to recognize that the questions that are important to capacity building cannot avoid concerning themselves with national policy in either making these assessments or in arriving at consequent judgements. Studies such as these look back over some 15 years of a close and often trusting relationship, in areas of importance to countries. They have raised many questions that countries themselves should answer first. Questions such as “whether donors should be operating at local and regional levels “in circumstances where” if the central government is” inefficient and incapable of functioning the donors can hardly replace it”[see Acharya and Wright, Chapter 7] or issues such as the trade off between controlling corruption through administrative measures and the consequent loss in efficiency and timeliness of development actions raised in the Edgren and Ghai study on Vietnam can only be answered usefully by those whose future depends on a meaningful resolution of the concerns involved.
4. If impact evaluations are to be of any use to the countries concerned then there appears to be a need for considerable re-engineering of the design and conduct of the studies. Including a few nationals and interviewing national officials is hardly enough. The studies could well require two to four phases, a preparatory phase when, through whatever advocacy is called for, a national team is assembled, briefed and readied. The second phase would involve the team visiting UN agencies and a few donor capitals and the third would be the in-country assessment and production of a report, in draft. An important pre- publication phase would call for a meaningful in-country dialogue, chaired by the relevant national authorities, the policy conclusions of which would be integral to the study. Technical support to the national team should be available if called for. Longer time frames, greater funding flexibility and a concern to make the issues relevant to the countries concerned could well help impact evaluation be useful. These are essentially some early thoughts, which need to be explored more in-depth and be reconciled with the many current demands imposed on the evaluation function.

5. Beyond being of use to the country itself, using evaluations as opportunities to help build capacity could in fact benefit development evaluation as a whole by restoring a balance to the one sidedness that many claim characterizes much of the external evaluation process. It could also assist in stabilizing the ever shifting perspectives of evaluation seeking to find answers to priorities that keep emerging as development emphases change. Focusing the evaluation on capacity building concerns could also help re balance the emphasis on accountability, especially when methods of assessing success in the processes of poverty alleviation are merely goal oriented than process concerned.
6. Evaluation claims to generate useful measures for assessing development achievements. In its often hurried implementation it rarely pauses to ask “ what measures matter most’ to those for whom it should matter. Whether the measures are global or conglomerate indicators or project level indicators, a sense of appropriateness and usefulness should urge that evaluation planners seek to reconcile the demands that measurements make on people who perceive things differently with whatever concerns them in their development.
7. Evaluation is by nature time consuming and intrusive. It need not also be adversarial, intentionally or by default. It should help uncover what is that is unique to each country situation and what is common across a set of nations experiencing comparable circumstances. Uncovering these attributes requires more than token “ beneficiary involvement”. It calls for the committed leadership of the countries themselves and also for sensitive UN support to the process of ensuring that a key article of development faith, viz. national ownership, is kept firmly in sight.

Annex I

About the Authors

Meena Acharya (Nepal) holds a PhD in Development Studies from the University of Wisconsin, a Master's degree in Economic Cybernetics from the Moscow State University and a Bachelor in Economics from the Delhi University. She worked for 24 years with the Nepal Rastra Bank where she occupied various positions including those of Chief Economic Advisor and Chief Manager of the Development Finance Department. She was Executive Director of the Institute for Integrated Development Studies (IISD) between 1992-1995. Since 1995, she has worked as independent consultant. She is the author of numerous books and articles on the Nepalese economy and gender, both in Nepali and English.

Raymond Apthorpe (UK) holds a Doctorate of Philosophy degree from Oxford University, U.K. Currently, he is a Visiting Professor, Graduate Studies in Development Administration, National Centre for Development Studies, Australian National University, Canberra. He is also involved on consultancy basis in humanitarian emergency aid and policy evaluation. From 1961 to 1986, he has served in various capacities as Professor of Sociology and Social Anthropology of Development, Professor of Development studies. He has also been a Dean of Studies, Institute of Social Studies, the Hague and Dean of the Faculty of Social Science, Makerere University, Uganda.

Gus Edgren (Sweden) has the Fil. Kand. BA in Statistics, Economics, Sociology and Political Science from the Stockholm University. He has held the following positions: Head of African Research Office of the International Confederation of Free Trade Unions (ICFTU); Head of the Central Organization of Salaried Employees (TCO) in Sweden; Head of Research Division in the Swedish International Development Authority (SIDA); Head of Employment Promotion Division, Ministry of Labour, Kenya; Senior Adviser to the Director of Employment and Development at the International Labour Office (ILO) Geneva; Under-Secretary of State for International Development Cooperation in the Swedish Foreign Ministry; Director, ILO Asian Employment Programme based at Bangkok and in New Delhi; Assistant Director-General, Swedish International Development Cooperation Agency (SIDA) and as the Swedish Ambassador to Vietnam, based in Hanoi. He is the author of various books on wages and incomes policy, employment and labour market policy, employment, trade and industrial relations, foreign aid and development, and analytical framework for development study.

Taghi Farvar (Iran) has a PhD in Development Studies and Environmental Sciences from Washington University of St. Louis, Missouri, a BA degree in Mathematics and Computer Science from the University of Evansville, Indiana. Dr Farvar has nearly 30 years of experience as field worker, manager, trainer, planner, organizer, researcher and policy-maker for programmes and projects in sustainable development, poverty alleviation, natural resource management and environmental conservation. He has extensive field experience in Africa, Asia and Latin America. He has also engaged in initiatives at grassroots level as well as national, regional (several continents) and international levels. He co-authored "The Careless Technology" a seminal early work on the unforeseen environmental effects of development projects and has contributed to various books on International Development,

Environment and Sustainable Development. He headed the Human Environment division of the Government of Iran and served as a Vice Chancellor of the University of Hamadan. He currently heads CENESTA, an NGO devoted to sustainable development

Dharam Ghai (Kenya) holds a PhD and M.A. in Economics from Yale University, USA; BPhil in Economics and also BA in Phil. Pol. Econ. from Queens College, Oxford, United Kingdom. He served for many years as the director of the UN Research Institute for Social Development and has held positions such as: Lecturer in Economics, Makerere University, Visiting Fellow Yale University, Research Professor and Director of Economic Research, University of Nairobi, Senior Economist, Commission on International Development (Pearson Commission) Washington DC, and senior positions in the International Labour Office (ILO). He has authored several publications and articles on numerous subjects such as Labour Development in Africa and Asia.

Mary Hildebrand (USA) holds a PhD in Political Science from Harvard University. She specializes in the fields of International relations and comparative politics. She has occupied the positions as Fellow in Development, Executive Programmes, Kennedy School of Government, Harvard University; Associate, Harvard Institute for International Development; Adjunct Lecturer in Public Policy, Kennedy School of Government and various consultancies. She has several publications on capacity building, development policy and management, building sustainable capacity in the Public sector.

Kenneth King (Guyana) has been Assistant Director-General of the Food and Agriculture Organization of the United Nations; Director-General of the International Centre for Research in Agro-forestry (ICRAF); United Nations Resident Coordinator in Ethiopia; and the Director responsible for policy formulation in the United Nations Development Programme (UNDP). He has also been Minister of Economic Development and Special Adviser to the President of Guyana on Development Matters. He chaired a civil society organization, which has formulated a development strategy for Guyana and has served as an international consultant. Currently he is the ambassador of Guyana to the EU. He holds a D.Phil. in Forestry for the University of Oxford.

Leena Kirjavainen (Finland) has a Doctoral degree in Home Economics with a specialization in household economics (time use research), family resource management, consumer studies, and gender/women in development issues. She also holds an MPA degree in Public Administration (International development). She is an achievement-oriented executive with over twenty-five years progressively responsible professional experience at various facets of international development work (related to agriculture/home economics extension/training/research) from implementation to management; from design to evaluation; from backstopping to supervision and consulting; and from policy formulation to strategic planning and programming.

Peter Morgan (Canada) is an independent international consultant working out of Washington DC, mainly in the field of capacity and institutional development projects. He has held various positions with CIDA (Canadian International Development Agency),

consulted on projects in Asia, Africa and Latin America. He has published various articles on capacity building, development issues and technical assistance. He holds an MA in public administration from the Kennedy School of Government, Harvard University; MA in political science and public administration from the University of Toronto. He is a member of the American Society for Public Administration and the Commonwealth Association for Public Administration and Management.

Sara Mvududu (Zimbabwe) is a PhD candidate at the University of Zimbabwe studying Internal Council for Research in Agro forestry. She has an M.Sc in Sociology and Social Anthropology and also B.Sc Honors in Sociology from the University of Zimbabwe. Her development experience encompasses the Southern Africa region, having worked extensively in Zimbabwe.

Haven North (USA) served 37 years with the United States Agency for International Development, for six years as the Deputy Assistant Administrator for the African Bureau. His work included fifteen years residence in Ethiopia, Nigeria, and Ghana. He helped establish and managed for five years the USAID's Center for Development Information and Evaluation. He also served for four years as chairman of the DAC/OECD Expert Group on Aid Evaluation. Since his retirement in 1989, he has worked as an independent consultant on international development working with the UN, UNDP, the IBRD, USAID, GEF, IFC, DANIDA, the DAC/OECD, and Africare—an NGO. He served as one of the “wise persons” assuring the independence and integrity of these evaluations

Jehan Raheem (Sri Lanka) is currently Adjunct professor at Brandeis University. Prior to that he served as UN Resident Co-ordinator in Myanmar and prior to that a variety of senior policy and operational positions in UNDP headquarters and in the Asia region. He served as one of the “wise persons” assuring the independence and integrity of these evaluations

Celia Reyes (Philippines) holds a Doctorate of Philosophy in Economics and Masters of Arts in Economics from the University of Pennsylvania. Her current research activities are in the field of Poverty analysis, Development of macroeconomic models and Development of national and community-based monitoring systems. She has worked as Research Fellow in the Philippines Institute for Development Studies, as Project Director Micro Impacts of Macroeconomic Adjustments Policies and various consultancies in the UN and in Asia. She has written several papers on Poverty alleviation and social development.

Eugene Smolensky (USA) is a Professor of the Richard & Rhoda Goldman School of Public Policy at the University of California, Berkeley, where he served as Dean from 1988-1997. Before that he was with the University of Wisconsin at Madison for twenty years, during which he served as chair of the Economics Department and Director of the Institute for Research on Poverty. Currently he is on the Board of Trustees of the Russell Sage Foundation, and is a fellow of the National Academy of Social Insurance and National Academy of Public Administration. He has served as advisor to numerous organizations, including the World Bank, the U.S. Social Security Administration, the Department of Health, Education, and Welfare, and the National League of Cities. Prof. Smolensky holds a

Ph.D. in economics from the University of Pennsylvania. He has co-authored six books and more than 80 articles, among them: Homelessness in California, Modern Public Finance, Public Expenditures, Taxes, and the Distribution of Income: The U.S., 1950, 1961, 1970, Improving the Measures of Economic Well-Being, American Economic Growth, Aggregate Supply and Demand Analysis.

Roy A. Stacy (USA) holds an MA in Government and Public Administration from the George Washington University, Washington DC and BA in Political Science from the University of California. Mr. Stacy has 35 years of practical and analytical experience with African and donor development policy issues. He served as director of the “Club du Sahel” at the OECD and has broad knowledge of African development, economic policy, trade and third world political issues. He has diplomatic and development policy negotiation experience at ministerial level with African and European governments, and the US Congress.

Art Wright (Canada) has a MA in Public Administration from Carleton University, Ottawa, Canada and has completed graduate studies in Economic and social Development at the University of Pittsburgh, Pennsylvania. Mr. Wright has been a senior diplomat and policy maker, analyst and sustainable development practitioner in Africa, Asia and the Caribbean. He has also been Vice President for the Asia Department of the Canadian International Development Agency (CIDA) and was instrumental in conceptualizing and implementing Canada’s bilateral development programs. Since 1997 he has been a Senior Associate of the Sustainable Development Research Institute of the University of British Columbia, an Associate of the Centre for Asia-Pacific Initiatives at the University of Victoria, and a Director of the Foundation for International Training in Toronto. Mr. Wright has written publications on the Role of the Board of Transport, Planning and Management in CIDA and on Sustainable Development.

Roger Maconick (UK) coordinated these impact evaluations in the UN Department of Economic and Social Affairs. Formerly UN Resident Coordinator in the Central African Republic, he helped to set up UNDP’s evaluation office and has also served with UNDP in Ethiopia, Iran and Laos. He is an adjunct professor at New York University, and has been a visiting professor at the University of Wisconsin, Madison, from where he holds a Ph.D. in resource economics. He also has a BA in history from St. Catherine’s College, Oxford.