

level segment of the Council on "The role of employment and work in poverty eradication: the empowerment and advancement of women".¹

7. When in February 1997, the General Assembly launched the First United Nations Decade for the Eradication of Poverty (1997–2006), it stated that "eradicating poverty is an ethical, social, political and economic imperative of humankind".² The objective of the Decade is "to achieve the goal of eradicating absolute poverty and reducing overall poverty substantially in the world".³ Over the past few years, the United Nations has undertaken several initiatives in the area of poverty eradication at the global level⁴ with the aim of increasing the attention of Governments to commitments, recommendations and measures agreed to alleviate poverty and highlighting policies, which pursue a more equitable distribution of income and wealth, generate increased opportunities for the poor and expand support to a longer-term, sustained effort for poverty eradication. Moreover, it was clearly anticipated that the development arm of the United Nations system would play a key role in translating these normative decisions into practical programmes in support of national poverty eradication programmes.

8. To place the operational activities for development into their current context, it should be recalled that poverty affects over 1.3 billion people. There is a largely shared concern for the implications of globalization processes and the widespread introduction of economic reforms on the social conditions of the poor. Poverty eradication is, thus, the principal challenge of the international community at the dawn of the twenty-first century. It is a global objective of the United Nations system.⁵ The General Assembly has stressed the central role of the United Nations system in supporting developing countries in their efforts to achieve the objectives set forth at the World Summit for Social Development.⁶ In addition, other United Nations conferences and summits have called on the system to focus on poverty eradication.⁷

¹ That report has been prepared under the leadership of the International Labour Organization (ILO) (E/1999/...).

² See General Assembly resolution 51/178, para. 3.

³ Ibid., para. 7.

⁴ There is an abundant literature on these initiatives and the present report will make only reference to the documentation available. See, for instance, E/1996/61, in particular sect. III on a harmonized and integrated approach to intergovernmental consideration of poverty eradication. For more updated information, see A/53/329; E/CN.5/1999/3; and E/CN.5/1999/4.

⁵ See para. 5 of agreed conclusions 1996/1 of the Council.

⁶ See, for example, General Assembly resolution 50/107, preamble, and *Report of the World Summit for Social Development, Copenhagen, 6–12 March 1995* (United Nations publication, Sales No. 96.IV.8), chap. I, resolution 1, annex I; for the Programme of Action, see *ibid.*, annex II. The Summit was a fundamental step to define an international strategy for poverty eradication as one of the three overarching objectives of the international community (the others being the achievement of full employment and the promotion of secure, stable and just societies).

⁷ The following global conferences should be mentioned *inter alia*, in addition to the World Summit for Social Development, as relevant for the role of the United Nations system in poverty eradication: World Conference on Education for All (Jomtien, Thailand, 5–9 March 1990), World Summit for Children (New York, 29–30 September 1990), United Nations Conference on Environment and Development (Rio de Janeiro, 3–14 June 1992), World Conference on Human Rights (Vienna, 14–25 June 1993), International Conference on Population and Development (Cairo, 5–13 September 1994), Fourth World Conference on Women (Beijing, 4–15 September 1995), United Nations Conference on Human Settlements (Habitat II) (Istanbul, 3–14 June 1996), World Food Summit (Rome, 13–17 November 1996).

9. In May 1996, the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD), recognizing the urgency of translating the commitment of the Summit into facts, reiterated a few objectives indicated by international conferences and identified specific goals to reduce poverty by the year 2015:

- (a) A reduction by one-half in the proportion of people living in extreme poverty by 2015;
- (b) Universal primary education in all countries by 2015;
- (c) Demonstrated progress towards gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005;
- (d) A reduction by two thirds in the mortality rates for infants and children under the age of five and a reduction by three fourths in maternal mortality, all by 2015;
- (e) Access, through the primary health-care system, to reproductive health services for all individuals of appropriate ages no later than the year 2015;
- (f) Implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national level by 2015.

10. In its resolution 1998/44, the Council noted the target of reducing by one half, by 2015, the proportion of people living in extreme poverty, and reaffirmed the urgent need for the timely and full implementation of the commitments agreed upon at the major conferences. It also reiterated that poverty eradication is a key development objective for the Council's efforts to ensure integrated and coordinated follow-up to conferences.⁸ It stressed the need of mobilizing new and additional resources from all sources for implementing conference outcomes, including through progress of the 20/20 Initiative in interested countries.⁹

11. At the end of the twentieth century, while encouraging results have been recorded in the last 50 years in terms of declining income poverty and increases of life expectancy, nutrition, health and education¹⁰ and a certain degree of optimism for achieving the 2015 goals was anticipated until 1998,¹¹ expectations have recently become more cautious due to the economic slowdown in many developing countries.¹² Doubts have been raised by the President of the World Bank, in his foreword to *World Development Indicators, 1999*, whether or not those 2015 targets are achievable in prevailing circumstances, both globally and at the country level. This justifies a renewed attention on the role of the United Nations system's operational activities for development in poverty eradication.

⁸ See Council resolution 1998/44, paras. 1 and 2.

⁹ See box 2 on the 20/20 Initiative.

¹⁰ See the report of the Secretary-General on the role of employment and work in poverty eradication: the empowerment and advancement of women for the high-level segment (E/1999/...).

¹¹ See, for example, United Nations Development Programme (UNDP) *Overcoming Human Poverty* (New York, 1998); and Lionel Demery and Michael Walton *Are Poverty and Social Goals for the Twenty-first Century Attainable?* (World Bank, 1998).

¹² See World Bank, *Poverty Reduction and the World Bank: Progress in Fiscal 1999* (Washington, D.C., 1999).

12. A starting point of the review conducted in the present section are the agreed conclusions¹³ of the Council's coordination segment of 1996 and the statement of commitment for action to eradicate poverty adopted by ACC in May 1998.

Agreed conclusions 1996/1 of the Council

13. Agreed conclusions 1996/1 of the Council were closely aligned with the policy directions of the Copenhagen Declaration on Social Development and the Programme of Action adopted at the World Summit for Social Development in 1995 at Copenhagen, since poverty eradication is one of the commitments made therein.

14. While confirming the international commitment for poverty eradication and reiterating its concern for the declining resources for development cooperation, the Council focused its 1996 agreed conclusions on the coordination of the United Nations support for poverty eradication. The Council requested the United Nations to help implement the Programme of Action and the Copenhagen Declaration, calling on the organizations of the system, including the Bretton Woods institutions, to coordinate more fully the support that they provide to Governments in their national efforts to eradicate poverty.

15. As stressed by the Summit, the resident coordinator system is expected to play an important role in promoting coordination at the country level, and the Council highlighted, within that system, coordination mechanisms, such as thematic groups, the common country assessment, the country strategy note and the field-level committee.¹⁵ The Council also stressed the need to build national analytical capacities on poverty and integrate a gender perspective into poverty-related policies and programmes. It recognized the country specificity of poverty eradication strategies, the key roles of the Government and civil society, the empowerment of local communities, the complementary role of the United Nations system and the need to ensure the participation of all system organizations.

ACC statement of commitment for action to eradicate poverty

16. In May 1998, following the work of its inter-agency task forces, ACC adopted a statement of commitment for action to eradicate poverty,¹⁶ in which ACC emphasized that poverty is a denial of choices and opportunity, a violation of human dignity. It recognized that the world has the resources and the capacity, if it chooses, to eradicate absolute poverty, and

¹³ See agreed conclusions 1996/1 of the Council.

¹⁴ The Council has contributed to the intergovernmental dialogue on poverty eradication also through its subsidiary machinery, in particular its functional commissions. The Commission for Social Development, the Commission on the Status of Women and the Commission on Sustainable Development, and other functional commissions, have addressed poverty issues in several occasions, reaching relevant deliberations. The Commission for Social Development, in particular, focused on social services for all, the need to improve access to productive resources and infrastructure and the need to expand productive employment. It also addressed the vulnerability and social integration and participation of the poor. See, for example *Official Records of the Economic and Social Council, 1996, Supplement No. 9 (E/1996/29)*.

¹⁵ As defined in paragraph 40 of General Assembly resolution 47/199 and paragraph 41 of Assembly resolution 50/120.

¹⁶ The statement was submitted to the Council at its substantive session of 1998 under the item "Integrated and coordinated implementation of and follow-up to major United Nations conferences and summits" (see E/1998/73).

reiterated the supporting and catalytic role of the United Nations system in mobilizing the energies and resources of all development actors in the campaign against poverty. It recognized that education and capacity-building are major driving forces in development and highlighted gender equality and the empowerment of women as major cross-cutting themes in poverty eradication.

17. The statement also outlined the elements for a shared strategy for poverty eradication, identifying the need for: (a) full involvement of the Government and all other development actors; (b) transparency and accountability, good governance, protection of human rights, people's empowerment; (c) accelerated and sustained economic growth; (d) economic growth to be equitable, employment-intensive and pro-poor; (e) sustainable development, taking into account the links among population pressures, natural resources, food security, ill-health and poverty; (f) human development, improving access to shelter and basic social services; (g) empowerment, participation, capacity-building and targeted assistance; (h) favourable micro-level environment; and (i) involvement of the poor in designing anti-poverty strategies.

B. Principles

18. A fundamental precept of operational activities is that the primary responsibility for the articulation and implementation of national strategies for poverty eradication rests with the country concerned, and practical action must take place with the support of local communities. Operational activities must, therefore, be in a position to adapt themselves to specific national and local situations in a well-coordinated and mutually supportive manner. Therefore, United Nations system activities in support to poverty eradication, while taking into account broad common objectives, are expected to be based on country-specific circumstances and decisions made by national authorities. This approach is consistent with agreed conclusions 1996/1 of the Council.

19. The role of the United Nations system often consists of assisting Governments in translating global goals into national development policies and programmes, according poverty eradication a top priority. In so doing, the system constantly stresses the special needs of the most vulnerable groups, the underprivileged, the marginalized, the excluded, the discriminated, the absolute poor, which calls for targeted actions and policies aimed at particular groups, such as women, children, the elderly, indigenous people, refugees, rural population, urban slum dwellers, unemployed or underemployed.

20. This type of upstream support also includes the formulation of specific strategies for social development, which have a direct bearing on poverty eradication. Support in the policy area may also involve a review of the implications of a wide range of policies on the most vulnerable segments of the population, thus making them sensitive to the needs of the poor.

21. Most importantly, the United Nations system supports activities in direct assistance to the poor, covering a wide range of areas. One of the values of these activities is often their "demonstration effect" for the wider application and lessons they can yield for this purpose.¹⁷

22. Joint multi-purpose programmes of integrated rural or urban development and poverty eradication are sometimes promoted as umbrella initiatives, which are then implemented through more specific subprogrammes or projects.

¹⁷ See the following section for a few examples. For a more detailed review of these types of poverty-focused interventions, see the background paper prepared by the Division for Social Policy and Development, "Poverty reduction strategies: a review" (ST/ESA/260), sec III.2; that paper was prepared following a training seminar on poverty reduction strategies held on 9 January 1998.

C. Approaches

Enhancing national capacities

23. The translation of global mandates of the system in poverty eradication into operational action at the country level is carried out in a variety of ways at the request of Governments (see box 1). The activities of organizations, according to their respective statutory mandates and operational programmes, assist recipient countries in their national efforts to eradicate poverty by strengthening national capacity to define policies, giving a pro-poor orientation to development policies and enhancing the capacities of the poor through direct assistance initiatives. A diversified series of activities materialize the United Nations system's support to poverty eradication, ranging from advocacy initiatives, policy dialogue, information activities, support to formulation of national policies or programmes, analytical activities (poverty assessments or other similar studies, information systems and data banks on poverty) and several measures of direct support to the poor. They include also support to national capacity to analyse and measure poverty, as recommended by the Council in 1996.

Box No. 1

Poverty eradication as a priority for a selection of United Nations system organizations

United Nations

Office of the United Nations High Commissioner for Human Rights. A rights-based approach to poverty eradication is highlighted, *inter alia*, by the Office of the High Commissioner for Human Rights, which stresses that poverty and inequality are considered violation of human rights according to the Universal Declaration of Human Rights, and extreme poverty and social exclusion are a violation of human dignity. Poverty-focused actions, thus, should stem from the fundamental right to development of each human being.

United Nations Centre for Human Settlements (Habitat). The contribution of better human settlements to poverty eradication are highlighted by Habitat, which aims at assisting developing countries in reducing urban poverty in the slums and squatter settlements through improved access to housing, water supply, sanitation, land and security of tenure and other infrastructures and social services.

United Nations programmes and funds

United Nations Development Programme (UNDP). In 1995, UNDP's Executive Board, while emphasizing that national development priorities shall be the primary determinant of UNDP-supported programmes, made poverty eradication the organization's central priority.⁸ To pursue this objective, UNDP has identified a series of corporate goals for poverty reduction: (a) fostering an enabling environment for pro-poor economic growth; (b) securing sustainable livelihoods for the poor through access to productive assets; (c) advancing gender equality and the status of women; (d) ensuring sustainable food security for the poor, including regeneration of the environmental resources on which the poor depend; and (e) supporting pro-poor governance, including empowerment of the poor. UNDP launched several initiatives to make these goals operational, in collaboration with other organizations of the system, including the World Bank, in the attempt to measure and monitor poverty, integrating anti-poverty efforts, implementing participatory approaches and working with the private sector for poverty reduction. A major activity is the *Poverty Strategies Initiative*, aimed at assisting countries in formulating strategies and plans to fight poverty. In addition to the *Human Development Report*, prepared annually, UNDP has intensified its analytical activity focused on poverty at the country level, supporting the preparation of national human development reports. A special UNDP Social Development and Poverty Elimination Division poverty Web site is available.

United Nations Environment Programme (UNEP). Since the environmental sustainability and resource use in developing countries are closely linked to social development, poverty reduction and demographic pressure, UNEP's role in promoting poverty eradication stems from its mandate in the environmental area and its links with other areas in the context of sustainable development.

United Nations Children's Fund (UNICEF). A poverty focus derives as a top priority from the Convention on the Rights of the Child, since every child has the fundamental right to an adequate standard of living and children are disproportionately represented among the poor. Since UNICEF's mandate is to ensure the survival and protection of women and children and the improvement in their position, its operational focus is basic services in such areas as health, education, nutrition, family planning, water and sanitation, which are key areas to alleviate poverty. Geographical coverage of UNICEF's normative work also includes child poverty in industrialized countries. Special emphasis, together with the ILO, is on activities to combat child labour.

United Nations Population Fund (UNFPA). Its mandate aims at widening choices and opportunities in the various population and reproductive health programmes, encouraging Governments to invest in human capital. UNFPA recognizes that poverty has a significant influence on, and is influenced by demographic parameters: this is why highest priority is given to allocation of resources to, and programming activities in, the poorest countries and the poorest segments of the population. UNFPA advocates for priority attention to the allocation of domestic resources for poverty alleviation and the provision of basic social services.

World Food Programme (WFP). WFP addresses a key constraint to the eradication of poverty, assisting the poor in emerging from the hunger trap, providing differentiated means to prevent and combat food shortages, often integrated with other organizations' interventions focused on the most vulnerable populations.

United Nations International Drug Control Programme (UNDCP). Its activities in the area of alternative development, i.e., the provision of alternative sources of livelihood for those currently dependent on income from the illicit cultivation of opium or coca bush, can be considered also as poverty alleviation measures, since such illicit cultivation occurs in remote rural areas often afflicted by long-term poverty problems.

Specialized agencies and related organizations

International Labour Organization (ILO). One of the three major objectives of the ILO is to promote employment and combat poverty, and is translated into the promotion of anti-poverty strategies based on job creation, in collaboration with other agencies of the system and the Bretton Woods institutions.

Food and Agriculture Organization of the United Nations (FAO). The link of food security with poverty eradication was highlighted by the World Food Summit (Rome, 1996) and is one of the highest priorities for FAO, which also stresses the link of agricultural development and poverty of rural population.

United Nations Educational, Scientific and Cultural Organization (UNESCO). Its General Conference, with resolution 29 C/53, called upon UNESCO to accord high priority to the issue of extreme poverty in the execution of programmes, ensuring that population in situation of extreme poverty and social exclusion are effectively reached.

World Health Organization (WHO). Its specific approach to poverty eradication, both through country-level and global initiatives, reflects the resolution of the World Health Assembly, adopted in 1992, which requested the Director General to ensure that all WHO programmes identify highly vulnerable economic groups and provide the means to improve and evaluate their health status. In 1994 the Task Force on Health in Development stressed the need to improve access to basic social services, protecting the health rights of the vulnerable groups.

World Bank. The World Bank's fundamental objective is to help client countries reduce poverty and improve living standards through a strategy of inclusive development.^b The three elements of its strategy are: (a) to promote broad-based, labour-demanding growth and increase the productivity and economic opportunities of the poor; (b) to improve the access to basic social services; and (c) to promote safety nets and poverty-targeted programmes for those who cannot take advantage of income-earning opportunities or who are heavily risk-prone.^c The Bank has recently intensified two major shifts as regards poverty reduction in its global strategy, focusing on formulating poverty-oriented strategies and assessing the impact of Bank projects on the poor. The Poverty Reduction and Economic Management Network was formed in 1997 to ensure that the Bank makes the greatest contribution to poverty reduction. Following the *World Development Report* of 1980 and 1990, which were devoted to poverty, the Bank has launched a participatory and collaborative process for the preparation of the *World Development Report 2000/2001*, which will be focused on poverty and will be issued in the autumn of 2000. A special Web site (PovertyNet) is dedicated to that task.

International Fund for Agricultural Development (IFAD). The original mandate of IFAD is based on the tripartite strategy of increasing food production, reducing undernutrition and alleviating rural poverty. More recently, the organization confirmed its commitment to help eradicate rural poverty and hunger, focusing on the promotion of the productive capacity of the rural poor, with special focus on people's participation, grass-roots organizations, environment, gender and ethnic minorities.

United Nations Industrial Development Organization (UNIDO). It contributes to poverty eradication within its mandate of promoting sustainable industrial development in developing countries and countries in transition. Targeted actions address areas such as micro, small and medium enterprises, agro-based and agro-related industries, integration of women in industrial development and rural industrial development. Industrial development is also seen in the context of sustainable development, productive employment creation and economic growth, which are the basis for an enabling environment to combat poverty.

Others

Poverty eradication is a guiding theme for a number of organizations' technical cooperation programmes, influencing the design of their operations, in the attempt of making them sensitive to the poorer sectors of the society. This is the case for the *International Atomic Energy Agency (IAEA)* (especially in the agricultural sector, at the small-farmer level). In some organizations, poverty cannot be addressed directly for the technical nature of their mandates. Poverty becomes relevant, in those cases, through the relative allocation of resources to poorer countries (e.g., the *International Civil Aviation Organization (ICAO)*), or for the indirect benefit that some infrastructures bring to the economic growth of the poor countries (the *Universal Postal Union (UPU)*, the *International Telecommunication Union (ITU)*). The development of specific services may produce job-creation effects that benefit the poor (UPU). UNU contributes to poverty eradication through a number of selected activities focused on African development, food and nutrition, and environment.

^a See UNDP Executive Board decision DP/1995/23, para. 4; see also UNDP, *Overcoming Human Poverty* (New York, 1998).

^b See World Bank, *Poverty Reduction and the World Bank: Progress in Fiscal 1996 and 1997* (Washington, D.C.).

^c See *ibid.*, 1998 edition.

24. The United Nations system has always considered that a key element of a pro-poor strategy is a widespread awareness of the relevance and dimension of the poverty problem. This is why it is very active, often through joint initiatives, in promoting *advocacy and information* activities on poverty. In collaboration with national authorities and other development partners, United Nations system organizations, including the World Bank, promote conferences, workshops, public forums, networks and information campaigns, such as the Poverty Eradication Day or Week.¹⁸ These initiatives also include the preparation of discussion papers and publications, and support to the Government in establishing relations with other development partners (civil society, local communities, private sector and other donors).

25. Many countries have sought *assistance in formulating national poverty eradication policies*. The 1998 resident coordinator annual reports bring abundant evidence of the support provided to Governments in the formulation of national policies.¹⁹ Sometimes these policies are part of more general social development policy frameworks, as in the case of Bangladesh's national action plan, Cambodia's socio-economic development plan, Ethiopia's social plan

¹⁸ A few examples are the poverty eradication month initiative in Mozambique; the workshop on the theme "Right, poverty and social policy" and the workshop on the theme "Triangle of solidarity" in Costa Rica; the public forum on eradication of poverty and the "Poverty run" in Ethiopia; the poverty reduction forum in Zimbabwe; the United Nations regional forum on poverty eradication in southern Africa, organized in Namibia. Many other cases are reported, for example, by the resident coordinators in Botswana, Cape Verde, the Central African Republic, Guinea-Bissau, Jamaica and Morocco.

¹⁹ Explicit initiatives of this type have been confirmed at least in these countries: Algeria, Barbados, Bolivia, Burundi, Cape Verde, Central African Republic, Cameroon, Chile, China, Côte d'Ivoire, Djibouti, Egypt, Gambia, Ghana, Jamaica, Kenya, Kyrgyzstan, Lesotho, Madagascar, Mali, Mauritania, Mongolia, Niger, Peru, Philippines, Senegal, Sierra Leone, Sri Lanka, United Republic of Tanzania, Thailand, Togo, Uganda, United Republic of Viet Nam and Zimbabwe.

of action, Côte d'Ivoire's human development strategy, Morocco's social development strategy, Paraguay's social development strategic plan, the Philippines' social reform agenda, and Swaziland's national development strategy and economic and social reform agenda. They may also be spelled out in strategic or long-term vision statements, such as Vision 2022 in Swaziland, Vision 2010 in Nigeria, and Vision 2020 in Mozambique.

26. The Poverty Strategies Initiative, launched by UNDP in 1996 as a multidonor programme, aimed at supporting national Governments in formulating strategies and plans to fight poverty.²⁰ This type of upstream support includes also the formulation of specific strategies for social development, which have a direct bearing on poverty eradication, such as employment, informal sector, basic social services (e.g., education, health, water and sanitation), food security, rural and community-based development.

27. The creation of a favourable policy environment for poverty eradication at the national level is deemed essential to effective operational activities. The system is working with national authorities to achieve balanced macroeconomic policies, which include appropriate allocation of resources to support a poverty-oriented strategy. One guiding element in this regard is the *20/20 Initiative* (see box 2).

28. That Initiative, in which the United Nations system organizations, including the World Bank, have been particularly active, involves a number of interested countries and is intended to reach the universal access to basic social services by establishing clear-cut targets in the resource allocation of both national fiscal expenditures and development cooperation budgets.

29. The United Nations system, including the World Bank, consistently encourages Governments (and other donors) to maintain or increase resource allocations to basic social services (including reproductive health services, basic education, nutrition programmes and low-cost water and sanitation) and use those resources more effectively and equitably. By 1998, expenditure reviews of the social sector had been promoted by UNICEF and UNDP in about 30 countries, facilitating the organization of seven regional workshops in East and South-East Asia, sub-Saharan Africa, Latin America and the Caribbean.

30. *Support to national poverty analysis* continues to be a top priority, as demonstrated by the sharp increase in the number of country-specific poverty studies promoted by the United Nations system, including the World Bank, since the late 1980s.

31. National human development reports were prepared in more than 100 countries by national authorities themselves, with the support of UNDP and the collaboration of other organizations of the system. The World Bank, for its part, working in close consultation with national Governments and often in collaboration with the United Nations system and bilateral donors, has conducted approximately 100 poverty assessments in 86 countries.

32. The *enhancement of domestic institutional capacity* to assess poverty conditions, which was recommended by the Council in 1996, was a positive result of most of these initiatives. To date, 75 out of 130 countries, have officially endorsed definitions of "extreme poverty", and 69 have endorsed definitions of "overall poverty".²⁰ Information systems and basic data banks on poverty and related issues have been created in many countries.²¹ Examples are reported by resident coordinators on research activities and studies focused on related themes

²⁰ See UNDP, *Overcoming Human Poverty* (New York, 1998). In a survey conducted by UNDP over 130 countries, 78 of them (i.e., 60 per cent) have either a specific plan or strategy for poverty reduction (43) or included a specific component of their development plans or strategies explicitly devoted to poverty reduction (35).

²¹ For example, in Brazil, Costa Rica, Côte d'Ivoire, the Democratic People's Republic of Korea, Egypt, El Salvador, Gabon, Gambia, Yemen, Zambia and Zimbabwe.

such as food security (e.g., Bangladesh, Chad, Eritrea, Sudan and Togo), health, including maternal health (e.g., Nepal), and basic education and employment (e.g., Nepal, Nigeria and Peru).

Box No. 2
The 20/20 Initiative

The 20/20 Initiative^a consists on an attempt to reach a commitment between interested developed and developing country partners to allocate, on average, 20 per cent of the fiscal budget in developing countries, and 20 per cent of the foreign aid budget in the donor countries to the promotion of basic social services.

The Initiative was originally proposed by a few United Nations system organizations, and was endorsed by the World Summit for Social Development in 1995,^b responding to the ambitious and time-bound goals for social development and poverty eradication set by a series of global conferences. It provides a framework for translating the needs for increased investment in basic social services — basic health, including reproductive health services, basic education, nutrition programmes and low-cost water and sanitation, in order to reach goals such as those summarized by the Development Assistance Committee for the year 2015 in the report *Shaping the Twenty-first Century*. The 20/20 Initiative highlights the fact that current allocations of resources fall short by about one third of the financial requirements to achieve universal coverage of basic social services.

As a result of a meeting promoted by the Governments of the Netherlands and Norway at Oslo in April 1996, with a number of interested countries, multilateral organizations and NGOs, a review of the implementation of the 20/20 Initiative led to the adoption of the Oslo consensus, which included an agreement on the elements of basic social services, requiring better monitoring of expenditures on these services in order to conduct meaningful policy dialogues with interested governments before establishing 20/20 compacts.

The policy dialogue required to implement the 20/20 Initiative demands a full commitment of the Government, full participation of the general public in the developing countries and the support from the international community.

The Initiative requires better data on resource allocation to basic social services. Therefore, several organizations of the United Nations system, in particular UNDP and UNICEF, in close collaboration with the World Bank, often in association with UNFPA and WHO, have undertaken preliminary country studies, in close collaboration and consultation with national Governments, in order to conduct public expenditure reviews and monitor budget allocations to basic social services. Country studies confirm that most developing and donor countries fall short of the 20 per cent benchmark and that the utilization of resources among countries and within each country is uneven.

The Hanoi consensus, adopted in October 1998, reiterated the objectives of the 20/20 Initiative and stressed that the goal of universal access to basic social services is based on ethical, legal and economic grounds. Ensuring access to basic social services for the unreached, the vulnerable and the most disadvantaged members of human society is not only morally imperative but also economically rational, eradicating the worst manifestations of poverty and laying the foundations for sustainable economic growth and productivity gains in the future. As the Hanoi consensus underlined, developing countries are the main actors in expanding the coverage and improve the quality of basic social services, although donors have a great responsibility in ensuring that more resources are allocated to basic social services in their official development assistance (ODA) programmes.

Concern was also expressed for the possible consequences of the current economic and financial crisis in Asia, while recognizing that the main obstacles are found in the lack of political priority and limited absorptive capacity, which result in inadequate level and use of resources allocated to basic social services. The Hanoi consensus recognizes that the objective of achieving universal access to basic social services should be presented and promoted at the special session of the General Assembly expected to review the implementation of the Copenhagen Declaration on Social Development and Programme of Action.

^a See *Implementing the 20/20 Initiative: Achieving universal Access to Basic Social Services* (UNDP, UNESCO, UNFPA, UNICEF, WHO and the World Bank, New York, 1998). See also draft report of the second international meeting on the 20/20 Initiative (Hanoi, 27–29 October 1998).

^b See *Report of the World Summit for Social Development, Copenhagen, 6–12 March 1995* (United Nations publication, Sales No. 96.IV.8), chap. I, resolution 1, annex II, chap. V, para. 88.

33. Despite these initiatives, analytical capacity remains inadequate in some countries. Moreover, monitoring and evaluation functions are often neglected.²² Therefore, increasing attention is devoted to strengthening national capacity in these areas by United Nations system, including the World Bank,²³ frequently through joint activities. It is also anticipated that the wider application of common country assessments, in collaboration with the Government and other national and international partners, will further contribute to this goal.

34. Poverty-focused initiatives, such as those examined in the present section, have frequently been associated with *institution-building* components, so that managerial, organizational and technical capacities of national institutions devoted to poverty reduction or active in producing basic social services are developed. This institution-building effect is normally associated with other aspects of the individual projects.²⁴ The focus is on the

²² See UNDP, *Overcoming Human Poverty* (New York, 1998).

²³ See World Bank, *Poverty Reduction and the World Bank: Progress in Fiscal 1996 and 1997* (Washington, D.C.).

²⁴ Specialized Government structures are being developed to carry out poverty eradication policies. This is the case of the Commissariat on poverty and human rights attached to the Presidency in Mauritania; the Leading Group for Poverty Reduction of the State Council in China; the special responsibility of the Cabinet, in the case of Mali, for the formulation of a national strategy against poverty; the Office of the Prime Minister in Jamaica for the national poverty eradication programme; and the Poverty Alleviation and Job Creation Unit in Botswana.

enhancement of capacities in local institutions, or sometimes, the creation of new institutions. However, as emphasized in the evaluation conducted in the 1998 triennial comprehensive policy review of operational activities for development, *capacity-building* should not be limited to institution-building dimensions but should encompass the broader concept of capacity development, to be identified as a specific objective.

35. The capacities of the poor are enhanced also through the great variety of *direct support initiatives* undertaken by the United Nations system organizations. They either focus on pursuing income-generation for the poor through better access to or better use of productive resources (land, labour, physical capital and infrastructures, finance, technology, environmental resources), or aim at increasing access to *basic social services*, also through safety net programmes. They include employment generation programmes, establishment of micro-enterprises, village-based development initiatives²⁵ and the promotion of basic social services through public expenditure programmes (including public works).

Box 3
Basic social services for all

The Programme of Action of the World Summit for Social Development adopted in March 1995 includes quantitative targets for meeting basic needs, specifically on basic education, illiteracy, life expectancy, infant and maternal mortality, health and health care, food security and malnutrition, safe drinking water and proper sanitation, and affordable and adequate shelter, calling for efforts to reach universal coverage for all by, and access by all to, basic social services. These may be grouped under three main categories:

- (a) services that meet the essential needs of the entire population;
- (b) services that respond to needs at different stages of an individual lifespan;
- (c) services that are tailored to the requirements of groups with specific needs, including persons with disabilities, migrants and refugees, indigenous people, groups experiencing discrimination, victims of crime or violence, and others.

The ACC Task Force on Basic Social Services for All produced guidelines on basic education, a common approach to national capacity-building in tracking child and maternal mortality, primary health care, reproductive health and women's empowerment and a guidance note on international migration and development.

²⁵ Some of these interventions more directly pursue enhancing organizational and business capacities through training in order to establish new micro-enterprises (e.g., in Brazil, the Dominican Republic and Romania) or promote community development by enhancing capacity to manage village-level infrastructure projects.

The United Nations Secretariat recently drew the attention of the Commission for Social Development on two interrelated areas: (a) innovation in the delivery and financing of social services, and (b) ensuring access to social services of under-served population, taking into account the variety of country situations as regards the availability and coverage of these services.^a

The Commission for Social Development, at its thirty-seventh session of February 1999, reached agreed conclusions, which identify general principles and goals for the Governments involved on the following issues:

- (a) The delivery and provision of social services to promote social development (State's responsibility, links with the human rights, need to introduce an innovative approach in delivery systems in order to ensure universal coverage);
- (b) The need to strengthen partnership between the State and civil society, while recognizing the primary responsibility of Governments for providing and ensuring the universal availability of basic services;
- (c) Need to improve information about available social services;
- (d) Need to synchronize economic and social policy with the provision of better social services;
- (e) Need for new approaches in mobilizing resources for social services, if budgetary constraints prevail, requiring resources also from private sector and not-for-profit and voluntary sector;
- (f) In all cases, a strong commitment of the international community is needed to support national efforts.

The Commission highlighted the importance of agreeing on a mutual commitment between interested developed and developing country partners to implement the goals of the 20/20 Initiative. It stressed that the international community should assist developing countries to ensure the provision of basic social services during periods of economic difficulty, including those adversely affected by globalization processes, recommending more socially sensitive approaches to structural adjustment. The international community was also invited to continue to assist countries with economies in transition in their efforts to provide social services for all.^b

^a See E/CN.5/1999/2.

^b See agreed conclusions of the Commission for Social Development at its thirty-seventh session entitled "Follow-up to the World Summit for Social Development: social services for all".

36. By stressing basic education as a means to empower the poor and improve their quality of life, the system has expanded people's opportunities.²⁶ The close link between ill health and poverty motivates several interventions of the United Nations system, aimed at improving the access to clean drinking water, sanitation and basic health facilities.²⁷

37. The vulnerability of certain groups to structural adjustment measures, reductions and restructuring of public employment or public expenditure, liberalization or gradual adjustment of prices and exchange rates, and other similar economic reforms has justified the focus of several initiatives on the support to social protection measures. The World Bank, in collaboration with UNDP and other organizations, has often provided temporary relief to population affected by structural adjustment processes, establishing *social funds* or other programmes defined as *safety nets*. Social funds have been used to finance a wide variety of activities, from job creation to infrastructure, small and medium-sized enterprises, and provision of social services. Born as temporary safety nets, these funds have rapidly turned into more permanent instruments for economic and social development. While their value as temporary relief seems to be confirmed in many cases, their effectiveness as vehicles to produce poverty reduction, i.e. their capacity to reach the poorest population, is uneven.²⁸

Variety of approaches

38. In its 1996 agreed conclusions, the Council highlighted that there is no single best strategy for poverty eradication and that poverty eradication strategies should be country specific.²⁹ Country evidence shows a remarkable ability of the United Nations system to adjust its support to different conditions, confirming that a key feature of the system is its adaptability.

39. The United Nations system has been able to evolve its response to poverty alleviation in different countries, adjusting to the variety of conditions of the poor population,³⁰ using a country-driven approach. A different mix of poverty-focused measures are launched in developing countries in recession, countries with short-term accelerated growth but long-term structural constraints, countries which are affected by the short-term impact of structural

²⁶ UNESCO's interventions in this area are developed on the basis of a framework of action on the role of education in poverty alleviation, and has generated innovative modes of educational delivery, as in the case of the guidance, counselling and youth development programme in Africa, which addresses the poor communities and has been implemented in more than 22 countries.

²⁷ Examples are: (a) assistance by WHO and UNICEF to the formulation of plans for district-level health delivery systems, or adoption of essential clinical and public health strategies for the poorest; (b) UNFPA's assistance in developing reproductive health services and planning the implementation of national health strategies; (c) the initiatives promoted under the human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) umbrella (in the framework of the Joint and Co-sponsored United Nations Programme on HIV/AIDS (UNAIDS) programme, which has established a network of inter-agency thematic groups and coordinating initiatives in a large number of countries).

²⁸ Social funds have been effective in several countries to make a case for social equity in national development and introduced successful innovations in emergency and development work, showing the ability of reaching the poor, delivering jobs, services and infrastructure (*Social Funds and Reaching the Poor: Experiences and Future Directions* (World Bank, 1998). However, their budgets are small percentages of overall public spending. Their impact on the permanent level of income of the beneficiaries is difficult to assess, and at times they do not reach the poorest of the poor. In countries where decentralization of government has made substantial progress, the centralized management of resources to be invested locally may be in open contrast with the autonomy of municipalities and rural districts (see *ibid.*).

²⁹ See agreed conclusions 1996/1 of the Council, para. 6.

³⁰ See the results of the UNDP study conducted in 1996-1997 by the Knowledge Network for Poverty Reduction, reported in UNDP, *Overcoming Human Poverty* (New York, 1998).

adjustment and economic reforms, countries dominated by a strong polarization of productive sectors and accentuated social dualism, countries in transition, countries that are facing the social consequences of recent financial crisis, countries in or emerging from war and social turmoil, and countries hit by natural calamities. Poverty occurs in all these cases, but in different forms. The capacity of the United Nations system to face sudden changes in prevailing country conditions when it deals with poverty reduction requires decentralization and flexibility.

40. The United Nations system has supported national efforts to eradicate poverty in *Latin America* focusing on inequality of social conditions and income distribution, emphasizing employment creation for the low skilled, and targeting programmes of interventions towards the poorer segments of the population, particularly the absolute poor in rural regions and indigenous population.

41. In *countries in transition*,³¹ which started from situations in which the initial income distribution was relatively even and falling incomes were associated with difficult conditions through which economic transition took place, have often been accompanied by rising inequality. There is a poverty induced by some of the effects of the transition process.³² The role of the United Nations system has focused on the difficult balance between economic reforms and the need for a "credible State", where the latter, while performing important functions in support of market development, should also face the challenge of ensuring the protection of human development through a new welfare system, with selective actions in health and education.

42. The ongoing *globalization* of the world economy has produced social effects which are not uniform and may pose the risk of leaving large segments of the world's population in poverty. In October 1998,³³ ACC underscored its commitment to common action to tackle development challenges arising from globalization and the adverse effects of the financial crisis, addressing the structural and institutional reforms, strengthening or building basic social services, livelihood opportunities and safety nets for the least fortunate. ACC also emphasized that equity and social justice, beyond their inherent value, are also necessary for political and financial stability. ACC expressed also its concern for the further marginalization of the poorest countries. Many developing countries have difficulty in integrating into a worldwide system of economic interdependence, due, *inter alia*, to their structural weaknesses and the burden of external indebtedness, accumulated during the course of the past decades.³⁴

43. This problem is very acute for many *sub-Saharan African countries*. Globalization, however, has produced new victims in countries, which in the past had been singled out for their rapid economic growth and have been recently penalized by sudden capital outflows, when facing financial instability. This applies in particular to the *East and South East Asian countries*, where the achievements of social progress of the last decades are now in jeopardy. The intensity of the current economic crisis has produced unfortunate consequences by creating new poverty, causing an explosion of unemployment rates, draconian reductions of

³¹ See UNDP, *Poverty in Transition?* (New York, 1998).

³² It is estimated that the number of poor in the former USSR and Eastern Europe has increased in the 1990s by over 150 million as a consequence of worsening income distribution, declining output, the privatization process, wage and price liberalization, inflation and the collapse of the transfer system of the former administrative-command systems.

³³ See press release on the ACC meeting of 31 October 1998, entitled "United Nations Leaders join forces to meet challenges of globalization" issued on 2 November 1998.

³⁴ External debt of low-income countries rose from \$55 billion to \$215 billion between 1980 and 1995, representing more than twice the level of their export earnings. The amount of resources that external debt absorbs subtracts precious resources from poverty eradication.

public spending, sharp increases of prices of primary necessities, fall of real wages, affecting also millions of migrant workers coming from other countries of the region. Signs of rising malnutrition are seen in some cases. Basic social services have seriously deteriorated and school drop-outs have suddenly increased. The social fabric of all these countries has faced severe threats for erosion. The lack or inadequacy of social safety nets generated a new category of poor, while the conditions of the older poor had worsened, as a consequence of higher food prices and reduced social spending.

44. How to address the social consequences of the Asian financial crisis is being considered in many international forums, including the Council. It is important to reflect their implications for sustainable poverty eradication strategies and the role that the United Nations system can play therein. Greater cooperation with the World Bank has been seen.³⁵

45. In countries where economic recession has been persistent, as in large parts of *sub-Saharan Africa*,³⁶ income stagnation has been accompanied by a significant increase in poverty. In many of those countries, the economy is polarized and poverty eradication requires strong and well-targeted national agendas, with national programmes which may ensure coordination. Reorientation of fiscal resource allocations, such as those suggested by the 20/20 Initiative, may produce useful results, giving the highest priority to the development of basic social services, although budget constraints are major obstacles. Empowerment, social mobility, capacity-building, microfinancing and employment creation appear to be effective ways to facilitate poverty reduction.

46. The system was able to adjust its poverty eradication approach to special circumstances when *emergency situations* prevail. Emergencies may be linked to natural calamities (such as floods, hurricanes, drought) or man-made disasters, as in the cases of wars and civil strife. In these cases, unforeseen needs hinder the pursuit of a poverty eradication strategy.

47. Where *natural disasters* occur — as in the 1998 floods in Bangladesh, which affected 30 million people and covered 70 per cent of the country for two months, or the hurricanes Georges and Mitch, which affected many countries in Central America and the Caribbean — the first operation undertaken by the system is a damage assessment, often entrusted to the resident coordinator system, which includes the estimation of crop losses, and most importantly the assessment of needs of the affected population (food, health, shelter, clothing, water and sanitation, medical facilities, child protection and family reunification, education).

48. Where *civil unrest or war conditions* prevail, all economic activities become precarious, the budget for social services is substantially cut, and an extremely high proportion of the population remains below the poverty line, deprived of their homes and their traditional sources of subsistence. All social indicators deteriorate. Risks of infection for epidemic disease substantially rise, and so does the education deficit. The explosion of massive flows of displaced people and refugees raise new and difficult challenges to poverty eradication.

³⁵ See, for example, the framework drafted by the United Nations system in Thailand in May 1998, entitled "A people-centred development strategy for rapid recovery in Thailand". In those countries, the issue of the newly poor has led to immediate action by the United Nations system, including the World Bank, through advocacy initiatives, impact studies, public debates and joint operational action, especially through well-targeted national programmes of safety nets, job retraining, alternative employment initiatives (e.g., in environmental projects) and new strategies to support smaller enterprises.

³⁶ See UNDP, *Progress Against Poverty in Africa* (New York, 1998); for a series of examples of poverty eradication interventions in different countries of Africa, see *Poverty Eradication in Africa: Selected Country Experiences* produced by the Office of the Special Coordinator for Africa and the Least Developed Countries and the Department of Economic and Social Affairs.

49. In all these cases, a strategy for poverty eradication requires that the United Nations system focus on three major challenges: *resettlement* of refugees, *rehabilitation* of the economy and the society as a whole and its most affected members, and *reintegration* of formerly displaced and other affected population into the productive functioning of the country.

50. In these cases, the role of the United Nations system usually is to provide humanitarian assistance, focusing on coordination, while planning for medium-term rehabilitation and recovery, looking for new opportunities to resettle the returned refugees and promote community development. Quick impact projects are often introduced. Participatory initiatives of community-based development may be an instrument for peace-building at the local level. Interaction with the Government, including local authorities, is crucial, and requires the involvement of the civil society, especially at local community level.

Community-based approach

51. There is a widespread concern within the United Nations system, including the World Bank, that poverty eradication initiatives may not always reach the poorest. In response to this concern, there is a trend towards more participatory and community-based approaches.³⁷

52. Most initiatives pursue *social mobilization* of the target population, such as by promoting community organizations and community development.³⁸ Social mobilization requires an expanded access to resources, such as through micro-financing and overcoming the lack of access of the poor to commercial lending.³⁹ Some initiatives deal with problems of social exclusion and other obstacles which may reduce the participation of the target population. Innovative initiatives, such as network programmes,⁴⁰ have targeted most vulnerable groups, encouraging a bottom-up approach and direct involvement of interested population.⁴¹

53. United Nations system organizations, including the World Bank, increasingly make use of an *empowerment approach* in their poverty-focused operations. This approach emphasizes the principle of self-determination and self-respect as the foundation for human development and stresses both the need to promote awareness-raising among the marginalized groups, and the need to build social and political capital through collective organization and mobilization. Education for all has often been highlighted as an important source of empowerment.

54. A review of the World Bank's investment operations shows a steady progress in the use of participatory approaches. The introduction of more participatory approaches also shows the need to expand the variety of interlocutors of poverty-focused initiatives, which increasingly involve non-traditional partners, such as civil society organizations, NGOs, the

³⁷ See, for example, United Nations, "Participatory approaches to poverty alleviation in rural community development" (ST/ESA/262); see also useful examples in United Nations, "Poverty eradication in Africa: selected country experiences".

³⁸ See UNDP, *Overcoming Human Poverty* (New York, 1998), chap. 3. This dimension is dominant in the approach being adopted by the World Bank in the *World Development Report 2000/2001* under preparation (see the World Bank's PovertyNet Web site for more details).

³⁹ The MicroStart pilot programme launched by UNDP in February 1997 at the Microcredit Summit has reached, by the end of 1998, 20 countries. Positive experience is reported by resident coordinators in Benin, Ecuador, Kyrgyzstan, Sri Lanka and Zimbabwe.

⁴⁰ See initiatives which establish a new alliance between Government and civil society ("network") to reach the most vulnerable in UNDP, *Overcoming Human Poverty*, op. cit. p. 33.

⁴¹ The concept of social mobilization was used in significant initiatives of UNDP, such as the area development schemes launched in Sudan and the South Asian Poverty Alleviation Programme, promoted in 1996 in six countries (Bangladesh, India, the Maldives, Nepal, Pakistan and Sri Lanka).

private sector, community-based organizations and, most of all the targeted population itself, the poor, which participates both in the design and implementation of those initiatives. There is an increasing awareness, at the country level, that poverty alleviation requires the full participation of all components of the national society, suggesting the need to establish some kind of "compact" between civil society, government and the private sector in their fight against poverty.

Gender

55. The significant role of gender inequalities must be acknowledged in order to fully understand poverty.⁴² In 1998, the Council adopted a resolution on mainstreaming the gender perspective into the policies and programmes of the United Nations system, and decided to pay particular attention to the feminization of poverty, its causes and remedies.⁴³ The relationship between employment, poverty eradication and empowerment and advancement of women will be addressed by the Council at its high-level segment.⁴⁴

56. United Nations system organizations, in particular the United Nations Development Fund for Women (UNIFEM), UNICEF, UNFPA, UNDP and the International Research and Training Institute for the Advancement of Women (INSTRAW), have supported Governments in promoting policies and projects aiming at gender equality and the empowerment of women. Initial interventions focused on income-generation through micro-credit schemes, based on an income-poverty approach of gender inequality, which will increasingly need to address often neglected underlying factors which hinder their access to those assets and resources.

57. Recent trends show that the system's activities are more sensitive to promoting women's human rights, capacities and opportunities, establishing better relations with macro-, meso- and micro-phenomena which affect gender balance. Individual capabilities may be conditioned by factors, such as health and education, and sociological, cultural and political constraints, which determine the differentiation of the "entitlements" by gender, thereby affecting women's access to assets and resources. The new approach includes gender-sensitive analysis in all poverty-focused interventions. The United Nations system assists Governments in formulating gender-sensitive policies, encouraging the establishment of specific structures.⁴⁵

D. Coordination

58. Poverty eradication represents an important programming component, and in many cases a key priority for a number of organizations of the United Nations system, including the World Bank.⁴⁶ There is a general awareness within the system that since poverty eradication is neither the province of any one agency nor can it be addressed by individual actions of organizations only, it requires a system-wide, well-coordinated approach.

59. At the inter-agency level, while aiming at broadening system-wide collaboration, the Administrative Committee on Coordination (ACC) has promoted a number of initiatives on

⁴² Conceptual linkages between gender and poverty were already addressed since 1993 by the Commission on the Status of Women (see E/CN.6/1993/3).

⁴³ See Council resolution 1998/43, para. 7; gender mainstreaming represented one of the key conclusions of the Beijing Platform for Action adopted in 1995.

⁴⁴ See report of the Secretary-General on this topic for the high-level segment of the Council (E/1999/___).

⁴⁵ See UNDP, *Overcoming Human Poverty* (New York, 1998), chap. 7.

⁴⁶ See Box 1 for a brief indication of the role of poverty eradication as an agency objective for a selection of United Nations system organizations, including the World Bank.

poverty eradication, trying to establish a link between the intergovernmental decisions emanating from the international global conferences and the need to ensure an integrated and coordinated follow-up also at the country level.⁴⁷

60. These initiatives include also the establishment of a working group on poverty (1993), a Consultative Committee on Programme and Operational Questions (CCPOQ) brainstorming workshop (Turin, September 1995), the establishment of three inter-agency task forces in 1995, with a strong country-focused mandate, the adoption of the *Statement of Commitment for Action to Eradicate Poverty*⁴⁸ and the draft framework prepared by CCPOQ, entitled "Freedom from poverty: actions and partnerships", which followed the discussion in 1998 of a note entitled "Combating poverty towards a common response".

61. The inter-agency task forces had a major role, identifying, as final outputs, common principles and practical guidelines to facilitate programming at the country level. The Task Force on Basic Social Services for All, in particular, has produced guidelines for the resident coordinator system and a compendium⁴⁹ of international commitments on poverty and social integration, and other information tools.

62. A framework entitled "Freedom from poverty: actions and partnerships" was drafted in September 1998, building on the work of ACC task forces for the integrated follow-up to global conferences. The draft framework, currently under revision, contains a matrix, which identifies 10 groups of policy measures required to promote poverty eradication, the corresponding elements (activities, criteria, modalities and other aspects) for a system-wide approach against poverty, and potential areas for collaboration.

63. Given the variety of poverty-focused activities of the United Nations system and the variety of mandates of the organizations in the area of poverty eradication, the Council already focused, in 1996,⁵⁰ on the need to enhance harmonization and coordination among all those who intervene to eradicate poverty, requiring effective collaboration by all relevant partners, both within the United Nations system, including the Bretton Woods institutions, and with other external partners and, most importantly, with national partners.

64. In the agreed conclusions adopted in 1996, the Council requested the United Nations system organizations to pursue actively a coordinated and integrated approach to the implementation of the outcome of the global conferences, which have all given priority to the goal of poverty eradication. The Council urged all organizations of the United Nations system to ensure that their country-level representatives are fully committed to poverty eradication activities, promoting joint action by the United Nations system.

65. The Council, in particular, urged the organizations of the United Nations system to assist the Governments, upon request, through collective efforts made within the resident coordinator system, in preparing an assessment of the poverty situation in the countries as the basis for country-specific poverty eradication strategies. The Council reiterated that poverty eradication activities are a high priority of the United Nations system and, as mentioned earlier (see sect. II.A above), should be supported and coordinated through the

⁴⁷ For a review of these initiatives, see also E/1998/19.

⁴⁸ The statement, adopted by ACC in May 1998, was submitted to the Council at its substantive session of 1998 (see E/1998/73); see sect. II.A above for a synthesis of the statement.

⁴⁹ See compendium of major issues addressed by the United Nations global conferences in the 1990s, in "End-products of the ACC Task Force on Basic Social Services for All" (October 1997). The compendium contains the official documents and indicators addressing the following areas: (1) primary health care, (2) basic education, (3) reproductive health, (4) women's empowerment, (5) international migration and (6) national capacity-building in tracking child and maternal mortality.

⁵⁰ See agreed conclusions 1996/1 of the Council, para. 5.

resident coordinator system, taking into account the complementarities and strengths of each organization and recognizing that the ultimate responsibility of coordination in the country is that of the Government. In accordance with national plans and priorities, United Nations system organizations should actively work towards expanding and improving coordination and promote joint activities related, as appropriate, to the formulation, implementation, monitoring and evaluation of poverty eradication activities.⁵¹

66. The resident coordinator system operates on the basis of a number of strengthened mechanisms which were reviewed by the 1998 triennial comprehensive policy review and on which the present report provides further information in subsequent chapters. These mechanisms support coordination of poverty eradication activities. Among them, the most relevant are thematic groups and strategic and programming frameworks (such as the country strategy note, common country assessment and the United Nations Development Assistance Framework (UNDAF)). In addition, round tables and consultative group meetings, in particular those which focused on poverty reduction, should be mentioned as they help mobilize and coordinate support from the donor community to poverty eradication strategies. The experience of specific round tables on poverty eradication acquired in Mali, Niger and Zimbabwe is a useful example.

67. *Thematic groups* have become frequent mechanisms of consultation within the United Nations system and policy dialogue with national counterparts on poverty eradication. These groups focus on poverty eradication as a central theme or other related cross-cutting issues (e.g., community development, education, health, HIV/AIDS, rural development, foods security, gender and development) in some countries.⁵² At times, poverty eradication groups have only recently been established, so it is premature to assess their effectiveness. These groups may become important instruments for feedback, monitoring, reviewing, evaluating and reorienting pro-poor actions. In some cases, such as Costa Rica, Malawi and Mali, thematic groups are used for practical consultation in collaborative programming exercises (joint or parallel programming), which are relevant for poverty-focused initiatives, especially if referred to specific geographical areas.

68. The United Nations system's response to national priorities needs to take into account global conferences. This was done in many country strategy notes, especially those formulated since 1994, and is more explicit both in the common country assessments and UNDAF. This is why these two mechanisms are expected to play an increasing role in coordinating the activities of the United Nations system in support of poverty eradication. This applies particularly to the common country assessments, for their potential as an analytic and advocacy tool in support of a coordinated poverty-oriented programme. This corresponds to the indications made by the Council in 1996.⁵³

69. The way in which the *country strategy notes* have reflected poverty eradication as a priority area varies from one country to another. To date, 33 country strategy notes have been adopted; poverty eradication is explicitly indicated as a priority area of intervention for the United Nations system in at least 14 of them.⁵⁴ In another 10 countries, poverty is subsumed by some other concept, such as social development, income distribution or equity, sustainable

⁵¹ See agreed conclusions 1996/1 of the Council, para. 17.

⁵² Examples can be found in Barbados, Benin, Cambodia, China, Egypt, Equatorial Guinea, Malawi, Morocco and Zimbabwe. According to the 1998 annual report of the resident coordinators, more than 50 countries have established thematic groups focused on poverty eradication.

⁵³ See agreed conclusions 1996/1 of the Council, para. 9.

⁵⁴ Bolivia, Botswana, Burkina Faso, Ghana, Indonesia, Jamaica, Lao People's Democratic Republic, Mali, Mexico, Morocco, Republic of Moldova, Sudan, Turkey, Zambia.

human development or priority of basic social services.⁵⁵ In some cases, the reference to poverty eradication includes the explicit mention of specific targets, although in most cases it is indicated only as an overall objective.⁵⁶

70. The *common country assessment* is an important potential tool in supporting a coordinated poverty-focused strategy. It complements efforts already undertaken at the country level by various organizations to assess the poverty situation through national human development reports (UNDP), poverty assessments (World Bank), situation analyses of UNICEF, food security assessment (WFP), population analyses (UNFPA) and other relevant analytical studies, with the advantage of attempting an integrated and harmonized approach within the system.⁵⁷

71. As regards *UNDAF*, so far experimented in 18 countries, the planned assessment of its effectiveness, expected by the year 2001, will allow the evaluation of its capacity to affect the performance of the United Nations system, also as a tool to harmonize and integrate efforts and promote poverty eradication in the framework of people-centred development.⁵⁸ In all countries in which a *UNDAF* was completed, poverty eradication figures as a central priority of the United Nations system.

E. Evaluation

72. Individual organizations have conducted evaluation of projects or cluster of poverty-focused projects in order to assess their effectiveness. Country poverty assessments, national human development reports and other country-level poverty analyses that UNDP, the World Bank and other organizations have conducted in several countries focus their analysis on the conditions of the poor, defining or assessing a poverty-reduction strategy. In so doing, they also include an assessment of the most suitable policy measures required to implement those strategies.

73. Studies have been conducted on the effectiveness of specific instruments and measures in terms of poverty reduction. UNICEF has completed studies on issues, such as the effectiveness of social funds in developing countries, mechanisms to involve users in financing basic social services, options for financing primary education in Africa. The World Bank has conducted an extensive series of studies on the effectiveness of the various forms of safety nets and related instruments, at the global, regional and country level.⁵⁹

74. UNDP, in 1994, requested an external evaluation of the UNDP's poverty reduction activities in order to find lessons useful to define the strategy of the organization.⁶⁰ Most importantly, the evaluation concluded that UNDP had no systematic way to evaluate the costs or the impact of those activities in terms of people's well-being. That evaluation also emphasized that it was difficult to move from the evaluation of a set of local-level initiatives to a more integrated programme approach for UNDP activities.

⁵⁵ Eritrea, Guatemala, Mozambique, Pakistan, Papua New Guinea, Philippines, Senegal, Thailand, Ukraine, Viet Nam.

⁵⁶ The inadequate specification of targets in most country strategy notes and the omission of specific indicators in most cases suggests that existing country strategy notes may benefit from the current impulse to formulate common country assessments in the course of future revisions.

⁵⁷ According to the 1998 resident coordinator annual reports, 58 countries are planning to initiate or have already undertaken common country assessments leading to the formulation of UNDAFs.

⁵⁸ See Addendum 1 of the report for more details on the common country assessment and UNDAF.

⁵⁹ See references in the PovertyNet Web site of the World Bank.

⁶⁰ See UNDP, *Overcoming Human Poverty* (New York, 1998).

75. More comprehensive assessments of the poverty reduction activity were promoted by UNDP and the World Bank. The UNDP report *Overcoming Human Poverty* represents a major endeavour to produce a comprehensive review of the poverty eradication efforts conducted by UNDP, and covers a wide range of themes. In addition, an internal in-depth study of the poverty-focused projects for 1992–1996 has recently been attempted by UNDP, focusing on the distribution of resources over the fifth programming cycle of UNDP, and appraising the extent to which that distribution matched the new legislative mandates that UNDP had established for itself in 1994.⁶¹ Combined with the *Human Development Report*, the various regional human development reports,⁶² the national long-term prospective strategies and several national human development reports, these activities represent an intensive effort to progress on assessing UNDP operations in terms of poverty eradication.

76. The World Bank has conducted an assessment of its own activities focused on poverty reduction in a systematic way, publishing almost annually a report entitled *Poverty Reduction and the World Bank*. The effectiveness of the Bank's operations in terms of poverty reduction is estimated, both in global terms and with reference to specific instruments, comparing results with the poverty assessments conducted by the Bank in many countries. In view of the preparation of the *World Development Report 2000/2001*, the Bank has announced the need to change its way of assessing pro-poor activities, moving from an approach based on counting poverty-focused projects to a new approach based on the actual assessment of their impact on the poor, a more strategic and output-oriented approach.

77. The effectiveness of the initiatives promoted by the United Nations system to support poverty eradication cannot be easily measured. An assessment of poverty-focused activities should go beyond the distribution of financial resources. As shown by one approach chosen by the World Bank for the *World Development Report 2000/2001*, one way of assessing the real impact of the various pro-poor activities could be in terms of household welfare. Even though the country studies undertaken for the national human development reports and similar studies may contain useful information on the effectiveness of the United Nations system in terms of poverty reduction, their focus is normally on the assessment of poverty situations or poverty strategies. In particular, the following relevant questions should find an answer:

- To what extent has the support provided by the United Nations system organizations to the formulation of poverty reduction policies at the country level been effective?
- What are the projects/activities that are more likely to affect positively the living conditions of the poor?
- How is a target group defined in the course of designing operational strategies?
- How is the gender dimension addressed in pro-poor initiatives promoted by the United Nations system?
- How effective is the United Nations system in mobilizing financial support (from both domestic and external sources) to poverty-related initiatives?
- Do poverty-related initiatives address the needs of the poorest or do they still marginalize them as the most vulnerable population?

⁶¹ The final results of that in-depth study are not yet available.

⁶² See also the following regional reports published by UNDP: "Preventing and eradicating poverty in the Arab States", "Progress against poverty in Africa" and for the Eastern European countries and Commonwealth of Independent States, "Poverty in Transition?"

F. Recommendations

78. The Council may wish to recall General Assembly resolution 51/178 on the First United Nations Decade for the Eradication of Poverty, in particular paragraph 8, and to:

(a) Call on the funds and programmes and agencies of the system to continue to provide support to developing countries in their efforts to eradicate poverty, assisting them in coordinating action in this area;

(b) Call on the United Nations development system organizations to support national efforts to formulate, coordinate, implement, monitor and assess integrated poverty strategies, including through capacity-building initiatives and, where requested, supporting reviews of public expenditures in developing countries to increase the allocation and enhance the effective use of resources for poverty eradication purposes;

(c) Undertake activities in support of policy analysis, in accordance with appropriate mandates, including by providing advisory services to Governments on national trends in poverty and conditions of the most vulnerable groups, strengthening the capacity of the Governments to establish effective data banks and to carry out appropriate poverty assessments at the country level;

(d) Request the United Nations system organizations to continue to support, in a coherent and coordinated manner, national efforts to empower people living in poverty, and to suggest appropriate measures to correct inequities in accordance with established norms and mandates of the United Nations system;

(e) Make further progress in harmonizing United Nations system's support to national poverty eradication programmes through such programme frameworks as the country strategy notes, common country assessments and UNDAF, and to make full use of thematic groups and other coordination mechanisms within the resident coordinator system in order to provide a coordinated and collaborative response by the United Nations system to national priorities for poverty eradication;

(f) Call on the system further to increase its collaboration with all development partners in supporting national priorities and policies, reflecting the cross-cutting nature of poverty eradication, including by increased collaboration with multilateral financial institutions, particularly the World Bank as well as the International Monetary Fund (IMF), regional banks, other external donors and civil society organizations, as appropriate.

79. The Council may also wish to encourage the system to take steps to enhance the effectiveness and impact of poverty-oriented support provided by the United Nations system, including by undertaking collaborative evaluations by ensuring that the results of these evaluations are applied through improved programmes. Moreover, the Council may wish to reaffirm the importance of focusing the evaluations of United Nations system organizations foreseen in paragraph 53 of General Assembly resolution 53/192 on poverty eradication, intensifying collaborative evaluations in this area.

III. Capacity-building

80. The present section builds on the report of the Secretary-General for the triennial comprehensive policy report, and provides initial information on the implementation of paragraph 32 of General Assembly resolution 53/192. It is supplemented by a study on capacity-building issued recently by the United Nations under the title "Building national capacities: some lessons from impact evaluations by the United Nations". Moreover, a panel

of capacity-building specialists will speak at the operational activities segment of the substantive session of 1999 of the Council to report on progress to change current programme policies in the United Nations system to reflect the outcome of the impact evaluation of 1998 and other evaluations of capacity-building.

81. The concept of capacity-building within the United Nations system has evolved as a result of several decades of experience. Until the mid-1980s, capacity-building through the operational activities for development of the United Nations system focused primarily on institution building or strengthening of individual organizations, which involved techniques and concepts that involved what can be described as "organizational engineering". This meant that particular attention was paid to strengthening specific technical and administrative capacity of individual organizations through training, fellowships, expert services and equipment. By the end of the 1980s, this approach began to give way, based on learned experiences, to a broader concept of capacity-building which placed it in a broader national context and included increased attention to such areas as policy and programme formulation, budgeting and financial management, development planning, programme implementation, coordination and performance monitoring and evaluation. Programme and project design tended to take more fully account of external factors to reflect the context in which the building of capacity took place. This could include institutional and social patterns of a country, its legal systems, its political dynamics and centres of political power, its governance, the rule of law, its ethics and attention to human rights and other societal rules under which organizations functioned.

82. Greater efforts were also made to include such areas as partnerships, linkages, networks, stakeholder involvement, integrated planning and inter-organizational coordination. Capacity-building thus began to deal with changes on a larger scale, involving complex issues such as urban development, HIV/AIDS, poverty and environmental management. These complicated and often multisectoral issues posed new challenges for a United Nations system whose technical capacity is for the most part organized on a sectoral basis.

83. Capacity-building was also increasingly seen as a dynamic process in which individual and organizational learning and innovation became more widely accepted by the United Nations system. Support for capacity-building by the United Nations system thus needed to be conceived more flexibly, taking account of experimental and risk-embracing ideas, identifying and supplying additional resources, and introducing facilitation and access to outside learning.

84. The specific requirements of effective capacity-building through technical cooperation should be viewed from the perspective of this evolution. Moreover, while capacity-building continues to be seen by some as a means to achieving such development ends as better maternal child health or higher agricultural productivity, capacity-building should be increasingly an explicit objective of all technical cooperation as provided by General Assembly resolution 53/192. Efforts are now under way within CCPOQ to develop a shared understanding of capacity building with the aim of combining effectively specific technical goals of cooperation with capacity-building objectives.

85. The results of six impact evaluations prepared within the context of the 1998 triennial comprehensive policy review of operational activities for development were reported to the Council in 1998, and some key points were included in the report of the Secretary-General to the Assembly (A/53/226). These evaluations confirmed that policies pursued by the system, such as independence, impartiality and balance in its handling of issues, enable the system to have an impact in capacity-building. Moreover, as a result of continuity of its presence at the country level, the United Nations system has an understanding of evolving local circumstances that permit it to adapt its approaches rapidly to changing requirements. The

United Nations system is often acting locally as a convenor of various development partners, in full accord with the host country, to help address capacity-building issues, reflecting, whenever appropriate, follow-up to global conferences.

86. The evaluations of capacity-building also confirmed that the degree of coherence and collaboration within the United Nations system can be a crucial factor for positive impact in capacity-building whenever several organizations are involved on such issues as health or human resource development. Single-sector high quality technical support from smaller technical agencies can also have a very positive impact on the development of a country's technical capacity.

87. Among the concerns identified by the evaluations were the administrative burden imposed on Governments by the large number of projects supported by the United Nations system and the consequent proliferation of effort. Weaknesses of the institutional memory in many country teams and the resulting difficulties in drawing country level lessons were also mentioned. The greater rigour that is being promoted via the UNDAF process, notably the preparations of the common country assessments, should help the system to make improvements here.

88. In general, the evaluations suggested that operational activities are effective in handling cross-cutting issues, such as capacity-building, in which the organizations of the United Nations system work with the Government on a common set of goals, mutual expectations and limits, which gives their technical competence and advocacy roles an opportunity to be most effective.

89. Among the other factors which were identified by the evaluations as having a significant bearing on varying levels of impact of the United Nations system are (a) civil and political stability; (b) appropriate degrees of decentralization or centralization of national capacity; (c) technological specificity in the capacity required and degree of competition affecting the institutions or entities concerned; (d) ability of countries to deal overall with the effects of policy reform; (e) national ownership; and (f) an effective analysis of the requirements to develop fully operational capacity. Of these factors, (a) and (e) were identified as being of particular relevance in this respect.

90. The evaluations also identified proliferation of effort over too many projects; pressure to undertake projects recommended by individual entities with the United Nations system, with the number and diversity of proposals going beyond the country's managerial capacity; and failure to build sustainability into project design and transfer ownership and accountability as causes for lack of impact in some cases.

91. The evaluations showed that there was an evolution from direct support to institutions to capacity-building through policy advocacy. Although the latter is more difficult to evaluate in terms of specific outcomes, it nevertheless exemplified an important area of assistance by the United Nations system. They also showed that United Nations system support helped to translate internationally agreed concepts into national policy and helped to readjust capacity-building to meet new and changing policy environments. In one case, institutional capacity developed with United Nations system support was eventually bypassed as new approaches to health programmes were being introduced. However, the United Nations system was able to adjust its operational activities to help empower local initiatives to manage community-based health services. The evaluation exercise identified concern about the administrative burden placed on Government by the varying rules and procedures and a large number of projects supported by the United Nations system.

92. Thus, the evaluation in Mali showed that capacity was created, including the capacity of Malians to change and rebuild their own institutions, especially in health. But in both the

education and health sectors, some institutional capacity was lost partly because donors bypassed. The main result of the capacity-building effort supported by the United Nations system was found to be the increased confidence the nationals had in themselves. The evaluators recommended against the use of parallel administration by Mali's international partners and help in developing ability for capacity retention.

93. The evaluations show that United Nations system activities were able to prepare conditions for larger programmes to be implemented, highlighting the role of the United Nations system in innovation, testing and demonstration, which illustrates the multiplier effect of operational activities. They also show that a major factor for achieving positive and sustainable results in capacity-building is the availability of a critical mass of financial resources. The evaluation noted that national capacity created successfully with United Nations system support remained nonetheless vulnerable to resource uncertainties. This holds regardless of whether these resources come from within the United Nations system, or from national or other external sources.

94. The evaluations confirm that building effective and sustainable capacity is indeed difficult and demanding work in any country and at any time. The best ways to build capacity are not always clear even to the most experienced advisers.

95. It is clear from the evaluations that the notion of sustainability — which, when and how capacity needs to be maintained — needs a fresh look. This is certainly an inference that can be drawn from the impact evaluation of United Nations system support to building telecommunications capacity in Brazil. In that case, the telecommunications capacity, which the United Nations system supported, was created and grew in the public sector and then was done away with once it was no longer needed. The capacity remained and was used in different forms within the society.

96. The United Nations system's approach may need to move towards codifying a body of sound basic principles and reflecting them in solid practical guidance. One of the lessons suggested by the impact evaluations is that capacity-building may be too broad a term to have sufficient operational significance. This suggests that more attention be paid to analysing specific kinds of capacity building and codifying best practices for each kind. Practices that have been found to work when dealing with poverty eradication may well involve significantly different factors than those associated with governance.

97. Even the limited range of experience examined by these evaluations suggests that it is important for all relevant entities within the United Nations system, as well as interested member States, to monitor their support to capacity-building much more closely to detect required changes and to take appropriate measures. This means that more attention needs to be given to examining experience and current approaches with a view to extracting the lessons learnt and best practices and feeding them back into current operations. The Council, for its part, should maintain its interest in and monitor the development of a systematic and system-wide approach.

A. Initial follow-up to General Assembly resolution 53/192

98. A seminar is being planned by CCPOQ, just prior to the substantive session of 1999 of the Council, to bring together specialists with extensive operational experience and sensitivity to both strategic operational aspect of capacity building. The evaluations will be used as the basis for developing a draft guidance note to the United Nations system, both at headquarters and the country levels, to ensure that capacity-building and its sustainability are explicitly articulated as a goal of the operational activities of the United Nations system

at the country level. It will be followed up through training and country-level missions as determined at the seminar. A new series of impact evaluations, focused, *inter alia*, on capacity-building and poverty eradication is foreseen. The results are to be presented to the next triennial review in 2001.

99. In the short run, as part of its specific follow up of paragraph 37 of General Assembly resolution 53/192, the Department of Economic and Social Affairs is disseminating the six pilot impact evaluations of capacity-building, carried out as part of the 1998 triennial review in a publication, which also contains introductory chapters about the capacity-building lessons learned and evaluation issues raised.

100. Seminars are being organized jointly by UNDP and UNICEF, building on their respective experiences and intended to give practical guidance to their staff. A new policy paper on capacity building has been issued by UNDP updating its position. The reports, which were recently submitted to the Council by UNDP, UNFPA and UNICEF⁶³ on progress made in implementing the resolution, do not treat the topic extensively. This is largely due to the relatively brief period between the passing of the resolution and the date when the reports have to be prepared. The reports of the organizations concerned are expected to be able to go into greater depth on this topic in their submission to the substantive session of 2000 of the Council, but it would be premature to say that there is as yet a concerted process under way to make capacity-building and its sustainability explicitly articulated as a goal of technical cooperation provided via the United Nations system at the country level, but the first steps in that direction are being taken.

B. Recommendations

101. The Council may wish to take note of the steps being taken to implement General Assembly resolution 53/192, paragraph 37, dealing with capacity-building, particularly the development of United Nations system guidance on capacity-building with a view to making capacity-building an explicit objective of programme and projects supported by the system, including by revising relevant programming guidelines, by taking fully into account the results of recent impact evaluation studies on the subject, prepared within the context of the 1998 triennial comprehensive policy review and the results of a joint CCPOQ/Department of Economic and Social Affairs seminar on the formulation of suggested guidelines for the system.

102. The Council may wish to call on the United Nations system to undertake to ensure that all programmes have a capacity-building objective and have simple explicit indicators of performance as well as baseline data built into such programmes before they are approved.

103. The Council may also want to encourage the United Nations to take further steps to assemble and disseminate all relevant information on capacity-building.

104. The Council may wish to address the subject of the sustainability and adaptability of capacity-building in a variety of development contexts and in response to a range of sectoral, cross-sectoral and technical requirements of recipient countries. In particular, it may want to draw the attention of donors and recipients to the necessity of taking appropriate steps to ensure the financial viability of capacity created in priority areas.

⁶³ See DP/FPA/1999/5, DP/1999/10 and E/ICEF/1999/4 (Part 1).

IV. Resources and funding

105. The General Assembly, in its resolution 48/162, defined the oversight role to be exercised by the Council in relation to the work of funds and programmes. By its resolution 50/227, adopted in June 1996, the Assembly further decided (para. 11) that the Council should consider, on an annual basis in the operational activities segment, the overall financial picture of the funds and programmes, including the availability of resources, the priorities and programmes agreed upon in the funds and programmes, the adopted targets and further guidance on priorities, and make recommendations thereon to the General Assembly and the funds and programmes. The Council is scheduled to discuss the subject of funding at its substantive session of 2000. Such a high level of consideration will be timely.

106. In its decision 98/23, the UNDP/UNFPA Executive Board adopted an annual funding target for UNDP core resources of \$1.1 billion, and stressed the urgent need to achieve annual increases until the target is met (the preliminary data shows that contributions to UNDP core resources in 1998 did not exceed \$751 million). The Board reaffirmed the need to reverse the downward trend in core resources and to establish a mechanism to place UNDP core funding on a predictable basis. UNDP was requested to develop a multi-year funding framework that integrates programme objectives, resources, budget and outcomes with objective of increasing core resources. In addition to reaffirming these elements, the Board, in its decision 99/1, also reaffirmed the importance of the development of the multi-year funding framework as an integral element of the funding strategy approved by the Board in its decision 98/23. The first funding session was held, in accordance with paragraph 12 (b) of decision 98/23, at the second regular session of 1999. In order to enhance predictability, and as outlined in decision 98/23, member States were encouraged to provide multi-year pledges as follows: a firm funding commitment for the current year (1999); for those in a position to do so, a firm contribution or indication of the contribution for the following year (in this case 2000); and firm or tentative contribution for the third year (2001) if possible. The interim report on the implementation of the funding strategy for the funds and programmes associated with UNDP, as requested in paragraph 8 of decision 99/1, will be submitted to the Executive Board at its annual session 1999, and a report to the Board at its annual session 2000 on the proposed timing, format and content of the multi-year funding framework, including a clear indication of how the lessons learned in one multi-year funding framework cycle will be fed into the next cycle.

107. As to UNFPA's multi-year planning, management and funding framework, the Executive Board, in its decision 99/5, requested the Executive Director to submit to the Board at its first regular session of 2000 the multi-year funding framework, 2000–2003, and decided to hold the first funding session as outlined in paragraph 11 (b) of decision 98/24 at the second regular session of 2000 (preliminary data on 1998 contributions to UNFPA core resources shows a decline of about 20 per cent compared with 1997, to a level of \$269 million).

108. The UNICEF Executive Board, in its decision 99/8, endorsed the funding target of annual growth in income of 7 per cent, to reach \$1.5 billion by 2005, as a challenge for the mobilization of general resources and supplementary funds from Governments and from the private sector and all other donors (preliminary data show that 1998 contributions to UNICEF core resources did not exceed \$571 million). The Board also decided that UNICEF should adopt and develop a multi-year funding framework that conceptually integrates UNICEF organizational priorities and major areas of action, resources, budget and outcomes. The Board also requested the Executive Director to propose, at the first regular session of 2000, a plan on the timing of presentation to the Board of the various elements of the multi-year funding framework, with a view to enhancing their interlinkages.

109. The financial stability of the United Nations development system continues to be of serious concern (see E/1999/55/Add.2 for details) while clearly UNDP requires priority attention, in relation to inherent policy and programme implications, the issue should be addressed in the broader framework of the United Nations system's presence, profile and programming at the country level. The system, particularly the funds and programmes, have built an elaborate infrastructure over forty years, which many countries have come to accept and view as an integral to their development effort. Many bilateral donors and Bretton Woods institutions have also been extensively using these facilities. Any dismantling or any serious scaling down for financial reasons would be extremely injurious both to the United Nations system and to the recipient countries. This is an aspect that needs to be borne in mind while considering the future and financial position of United Nations development system. The sweep of globalization, the force and velocity of economic reforms that many countries are implementing are germinating new demands and challenges, and many countries are looking to the United Nations to help cope with them.

110. The steady decline in the core contributions of UNDP carries important policy implications that need careful consideration by the Council in 2000, when resources will be the focus area. There is a need for a strategic decision on this. These extend beyond the future of UNDP itself and embrace the gamut of the United Nations system, including the specialized agencies. Perhaps far more significant, they impinge on the current paradigm of development in which UNDP, along with other funds and programmes, still play a significant albeit diminished role.

111. For an informed consideration of the subject of funding and resource situation of the United Nations development system, it will be necessary to review how the stagnation and decline of resources at the country level is impacting development work. Have any programmes or projects been shelved, scaled down or sidelined? Has it affected the ability of the United Nations to fill critical gaps in mobilizing the critical mass of external resources? What effect is there on implementing goals of global conferences and in achieving the targets of poverty eradication? How is it affecting its credibility and image of the United Nations system as credible and reliable partner? What is the impact in its leverage in relation to other external partners? What can the system collectively do in the field to optimize the cost of programme delivery and administrative expenses? What should be done by the broader membership of the United Nations at the political level to arrest and reverse the situation? And what kind of policy options exist to ensure that the functions assigned to UNDP are carried out at the country level?

112. Besides the issue of and impact on field level, the overall delivery capacity of United Nations funds and programmes has to be considered. For example, with its existing delivery capacity, UNFPA can backstop programmes worth much more than current average of \$250 million per annum. Although UNICEF is more comfortably and securely placed than UNDP, there is still a significant gap between the projected demands and expected availability. The adverse impact of enfeebled United Nations programming at the country level on United Nations specialized agencies, particularly smaller ones without field presence, should not be forgotten.

113. Concessionary resource flows to developing countries, instead of moving towards the globally agreed target of 0.7 per cent, are in a state of steady decline at a time of increasing needs and demands. In nominal terms, the members of the Organisation for Economic Cooperation and Development (OECD)/Development Assistance Committee (DAC) as a group (and a number of large donors among them) have not been able to stem the decline in ODA. Net ODA had been rising until 1992, when it reached a record amount of \$61 billion. Since then it has declined by one fifth to reach \$48 billion in 1997. The Group of Seven Major

Industrialized Countries have accounted for practically all of the real fall in ODA in recent years, which fell by 29 per cent in real terms between 1992 and 1997, while real ODA from countries outside this group was practically unchanged. Non-Group of Seven countries now provide 28 per cent of DAC ODA, which is double their share in total DAC gross national product (GNP). In terms of combined aid effort, the overall percentage of ODA in terms of GNP for DAC member countries is 0.25 per cent.

114. The funding and resources situation of the United Nations development system and of the funds and programmes continues to be a matter of grave concern, particularly at a time of growing consensus and convergence on global priorities centered around the time-bound eradication of poverty. In response to Assembly resolutions 50/227, 52/12 B, and 52/203, the executive boards of United Nations funds and programmes have developed new funding strategies articulated in decisions 98/23, 98/24, and 99/1 of the UNDP/UNFPA Executive Board and 99/8 of the UNICEF Executive Board. In particular, the UNDP/UNFPA Executive Board, in its decision 98/23, stressed the urgent need to achieve annual increases in the mobilization of UNDP core resources until the target of \$1.1 billion has been met and the UNICEF Executive Board, in its decision 99/8, endorsed the funding target of an annual growth in income of 7 per cent, to reach \$1.5 billion by 2005.

115. A review of resource trends in operational activities for development within the United Nations system up to 1997 is provided in the addendum to the present report (E/1999/55/Add.2). Addendum table A-1 on contributions shows a steady decline from US\$ 5,489.3 million in 1994 to US\$ 5,431.3 million in 1997 in total resources channelled for operational activities through the United Nations system. The fluctuation of contributions within the system should be noted, with obvious consequences in programme and project planning and implementation.

116. Contributions to UNDP core resources has steadily declined from its peak of \$942.8 million in 1994. In 1995, the decline was almost 4 per cent, in 1996 7 per cent and in 1997 11 per cent (or almost 20 per cent, if compared to the 1994 level). Based on preliminary data for 1998 and estimates for 1999, this negative tendency will continue (\$750.9 million in 1998, and \$738.1 million in 1999). Not only did this fall short of the \$1.1 billion set out in decision 98/23, but the trend continues to be moving farther away from the target rather than towards it. The contributions to UNICEF have also steadily declined in both core and supplementary resources, from its peak of \$679.0 million in 1994 to \$529.3 million in 1997 (or 22 per cent) to core resources, and from \$464.7 million in 1995 to \$357.7 million in 1997 (or 23 per cent) to supplementary resources; meanwhile, preliminary data for 1998 shows an increase to core resources to \$570 million which is nevertheless 16 per cent less than in 1994. The contributions to UNFPA (its non-core component is traditionally small) shows relative stability and reached its highest level of \$369.5 million in 1997 (\$305.0 million in 1995). While clearly UNDP is most affected, the fall-out is by no means confined to it. For example, UNICEF and UNFPA face a growing gap between the resource requirements in terms of their mandates and demands from developing countries and their resource availability on a stable, secure and predictable basis. If viewed in the context of the targets and goals set at the International Conference on Population and Development and the World Summit for Children, the paucity of resources available to UNFPA and UNICEF become even starker. Their vulnerability should also be seen in the context of the increasing importance of social issues and of women and children in development.

117. Despite the steady decline in the core resources of UNDP, it remains central to the United Nations development system. It was designed to be the principal development arm of the United Nations, and its financial fragility has serious implications for the United Nations system as a whole given UNDP's special role and, even more importantly, for the developing countries. UNDP's non-core resources have been stable and have shown some increase, but this is due to a large extent to special situation in a few countries. It is the core funds that conform to the traditional character of United Nations development funding and provide the programme flexibility that is needed.

118. While there is as yet no hard empirical evidence, there are indications that the fall of core resources is adversely affecting the capacity of the United Nations system to effectively contribute to national development and its responsiveness to emerging needs. As shown in table B-1 of the statistical addendum, the United Nations system development grants dropped in nominal terms from \$4.9 billion in 1993 to \$4.8 billion in 1997. However, during the same period, UNDP expenditures financed from government cost-sharing contributions rose from \$0.4 billion in 1993 to almost \$1 billion in 1997 (60 per cent rise). UNFPA expenditures have been declining since 1995, from \$231.1 million to \$214.4 million in 1997 (almost 8 per cent). UNICEF expenditures, after relative stability for several years, also began declining from \$803.3 million in 1995 to \$672.6 million in 1997 (or 16 per cent). As shown in the same table B-1, the share of the United Nations specialized and technical agencies within total United Nations system grant assistance dropped from 26 per cent (\$1.3 billion) in 1993 to about 20 per cent (\$1.0 billion) in 1997.

119. The first funding session, for UNDP only, was held at the second regular session of the UNDP/UNFPA Executive Board (15 April 1999), in accordance with Board decision 98/23, in which the Board also endorsed the funding target of \$1.1 billion. In order to enhance predictability, member States were encouraged to provide multi-year pledges, as follows: a firm funding commitment for the current year (1999); for those in a position to do so, a firm contribution or indication of the contribution for the following year (in this case 2000); and firm or tentative contribution for the third year (2001), if possible.

120. So far, the first funding session for UNDP showed mixed results. With respect to volume of resources, UNDP estimates that the total volume of core resources for 1999 would be around \$738 million, while the final core resource figure for 1998 was \$751 million (both

are lower than \$766.6 million in 1997). At the same time, there are some indications that a new funding strategy based on the multi-year funding framework, which received the overwhelming support of member States, may work in the future and help to stop the declining trend in the core resources situation. Even now, if one could apply, for instance, exchange rates as they were on 1 April 1997 to the estimated contributions for 1999, their US dollar equivalent would be almost \$786 million, or almost 3 per cent increase over 1997. It is encouraging to note that for the first time in seven years, 12 OECD/DAC donors are set to increase their contribution in local currency in 1999 over the previous year. Eight recipient countries have also indicated increased contributions. Another six OECD/DAC members have confirmed that they will maintain their 1998 level of core pledges, and 23 recipient countries have indicated the same.

121. A number of countries made an initial commitment to the new funding strategy of UNDP by announcing their pledges at that time. As concerns all funds and programmes, the new mechanism will be introduced more fully early in 2000, and the Council will receive the results at its substantive session for the year 2000. A total of 13 contributing countries have made indicative contributions for 2000 and all but one of these for 2001. In most of these cases, the amount indicatively pledged for 2000 and 2001 is at least at the same level as that of 1999, if not higher (subject to government or parliamentary approval). While many member countries were unable to provide a multi-year pledge in 1999, some indicated that they were making concerted efforts to revise domestic legislation so that they would be in a position to commit to multi-year pledges in 2000.

122. It was agreed that the interim report on the implementation of the funding strategy for the funds and programmes associated with UNDP will be submitted to the Executive Board at its annual session in 1999, as well as a report to the Board at its annual session in 2000 on the proposed timing, format and content of the multi-year funding framework, including a clear indication of how the lessons learned in one multi-year funding framework cycle will be introduced into the next cycle. As to UNFPA's multi-year planning, management and funding framework, the Executive Board, in its decision 99/5 adopted at that session, requested the Executive Director to submit to the Board at its first regular session in 2000 the multi-year funding framework, 2000–2003, and decided to hold the first funding session at the second regular session in 2000.

123. The UNICEF Executive Board, in its decision 99/8, endorsed the funding target of an annual growth in income of 7 per cent, to reach \$1.5 billion by 2005, as a challenge for the mobilization of general resources and supplementary funds, and decided that voluntary contributions should be announced at the first regular session each year, together with the payment schedules. Governments which are not able to make such announcements at the first regular session should communicate their contribution once their budgetary processes are complete, if possible no later than April. With the aim of strengthening the multi-year funding framework, UNICEF was requested to develop a separate part of the annual report of the Executive Director with analysis of the payments received against payment schedules, the availability of resources, their predictability, as well as obstacles, constraints and future potential introduced by the multi-year funding framework. This analysis would be discussed by the Executive Board at its annual session. The UNICEF Executive Director was also requested to propose at its first regular session in 2000 a plan on the timing of the presentation to the Executive Board of the various elements of the multi-year funding framework with a view to enhancing their interlinkages.

Recommendation

124. The Council may wish to indicate the issues on which it wishes the Secretary-General to focus in preparing the documentation for its substantive session of 2000.

V. United Nations funds and programmes: oversight role of the Council

A. General issues

125. This section aims to summarize and draw the attention of the Council to current issues arising from the executive boards of the United Nations funds and programmes which require its attention and in relation to which the Council may wish to provide the necessary policy guidance. In taking action on the decisions of the boards of UNDP/UNFPA, UNICEF and WFP, as well as on the annual reports of their executive heads, the Council is fulfilling the mandate given to it by General Assembly resolution 50/227, in which, *inter alia*, the Assembly calls on the Council to consider on an annual basis the overall financial picture and availability of resources, the priorities and programmes agreed upon, the adopted targets and further guidance on priorities and to make recommendations to the Assembly, and the funds and programmes. The presentation and section IV on resources and funding provide an overview in this respect.

126. While the Council has endeavoured to discharge its responsibilities as spelled out by Assembly resolutions 50/227 and 48/162,⁶⁴ the Council may wish to assess whether the division of responsibilities between it and the boards is functioning as mandated, particularly on issues in which both have roles to play such as funding and programming. As spelled out in its resolutions 1994/33, 1995/51, 1996/42 and 1998/27, the Council has dealt at various times with the reporting relationship to the boards and funds and programmes, and expects them to raise and bring to its attention issues that they consider requiring the attention of the Council. The Council has, thus, largely left the initiative to the boards and the funds and programmes, and they have responded with some useful suggestions. Nonetheless, it might be useful if the Council were to indicate the kinds of issues that it wishes the boards and funds and programmes to consider for eventual transmission to the Council for appropriate action. They may include such issues as funding, target setting, resource mobilization and allocation which have important policy, programmatic and development implications that extend beyond a single organization.

127. There are such areas which are currently under active consideration by the boards, with implications for future programming centered on a resource strategy and the introduction of new programming arrangements and allocation of resources that carry system-wide implications. The recent decision of the boards to move towards multi-year funding is relevant in this respect on account of its potential for increased predictability and levels of funding. Given the interrelatedness of issues and the converging mandates of funds and programmes, the Council may wish to consider the issue of collective coherence. It may also wish to consider how to reverse stagnant or shrinking core funding, and identify measures to ensure

⁶⁴ Paragraph 16 (c) of General Assembly resolution 48/162 defines the function of the Council in this respect as: to review and evaluate the reports on the work of the development funds and programmes, including the assessment of their overall impact, with a view to enhancing the operation activities of the United Nations on a system-wide basis.

coordinated and cost-effective programming at the country level. That, in turn, may even require greater and more focused conclusions of the reports of executive boards to identify areas of convergence, complementarity and contradictions and bring specific issues before the Council.

B. Annual reports of the heads of the United Nations funds and programmes to the Council

128. In its resolution 1998/27 (para. 1), the Council called on the executive boards of the United Nations funds and programmes to ensure that the heads of these funds and programmes include in their annual reports to the Economic and Social Council, prepared in accordance with Council resolution 1994/33, a thorough analysis of problems encountered and lessons learned, with emphasis on issues arising from the implementation of the Secretary-General's reform programmes, the triennial policy review and the follow-up to conferences so as to allow the Council to fulfil its coordinating role.⁶⁵ Both the UNDP/UNFPA Executive Board and UNICEF Board requested that these reports be submitted to the present session of the Council, together with comments made by delegations and statements and answers given by the Administrator of UNDP and the Executive Director of UNFPA (information is contained in relevant executive boards' reports).

129. Detailed information on the results of considerations of the annual reports of the executive heads of the United Nations funds and programmes can be found in the relevant reports of the executive boards (E/1998/31/Rev.1 and DP/1999/13).

C. Concise consolidated list of issues

130. In its resolution 50/227 referred to above, the General Assembly indicated that the guidance functions of the Council should be reinforced by giving attention to the objectives, priorities and strategies in the implementation of the policies formulated by the General Assembly, as well as concentrating on cross-cutting and coordination issues. In its resolution 1998/27, the Council invited the Secretary-General to arrange for submission to the Council by the executive heads of the United Nations funds and programmes, in consultation with the United Nations Development Group (UNDG), of a concise consolidated list of issues which are central to the improved coordination of operational activities and on which the funds and programmes seek consideration by and guidance from the Council.⁶⁶ The requested consolidated list of issues is provided in conference room paper 1.

⁶⁵ In paragraph 2 of its resolution 1998/27, the Council also requested the executive boards, when considering the annual reports of the executive heads of the United Nations funds and programmes to the Council, to identify specific problems, opportunities and areas in which the Council could provide cross-sectoral coordination and overall guidance on a system-wide basis and to make appropriate proposals in line with Council resolution 1995/51.

⁶⁶ In paragraph 4 of its resolution 1998/27, the Council invited the Secretary-General to arrange for the submission to the Council at its annual substantive session by the executive heads of the United Nations funds and programmes, in consultation with the United Nations Development Group, of a concise consolidated list of issues which are central to the improved coordination of operational activities and on which the funds and programmes seek consideration by and guidance from the Council, particularly in regard to the triennial policy review, and to include in the list recommendations, whenever possible.

D. Joint and concurrent meetings of the executive boards

131. An important initiative (called for by the Council in its resolution 1995/51, para. 6), which was also included in the Secretary-General's reform proposals, was the holding of joint and concurrent meetings of the boards of UNDP/UNFPA and UNICEF. In 1999, the joint meetings of the boards of UNDP/UNFPA and UNICEF addressed the following major areas of concerted action for 1999: resource flows, follow-up to international conferences, the resident coordinator system, monitoring and evaluation, use of common indicators, harmonization of programme cycles, common premises and services, UNDAF and the common country assessments, link between development and humanitarian operations. No decisions or conclusions were adopted as a result of joint meetings of the Boards.

E. Joint meetings of the bureaux of the Council and executive boards

132. In April 1999, the bureaux of the Council and the UNDP/UNFPA and UNICEF Executive Boards for the first time held their joint meetings in pursuance of the Council's charter role as the coordinator of activities of its subsidiary bodies. The results of the meeting, along with the outcomes of a series of similar meetings with other subsidiary bodies, will provide an important element in laying the groundwork for the substantive session of the Council. The aim of the first round of meetings was to exchange ideas on how the Council can better discharge its coordinating role and to encourage the boards to increase their cooperation with functional commissions. Based on the experience of this first round of meetings, future meetings will be prepared by taking account of the decisions of the Council at its current session which are of direct relevance to the Boards.

133. The meetings reviewed how the executive boards take into account the work of functional commissions as regards the integrated and coordinated follow-up to global conferences and on cross-cutting issues. It was agreed that one possible tool for facilitating future collaboration could be joint meetings of the bureaux, in particular the bureaux of the Commission on Sustainable Development and the Commission for Social Development with those of the funds and programmes.

134. It was noted at these meetings that the Council should identify cross-cutting areas not adequately addressed and provide feedback to funds and programmes. In particular, the contents of the humanitarian activities segment of the Council, as well as issues of the relationship between emergency humanitarian assistance and development activities, was mentioned in relation to paragraph 40 of Assembly resolution 53/192.

F. Timing of the annual sessions of the executive boards

135. An issue which has preoccupied the Council previously is the timing of the annual sessions of the Executive Boards in relation to the Council's calendar.⁶⁷ Scheduling such sessions too close to the substantive session of the Council continues to create difficulties for the timely review of issues to be brought to the Council and for it to discharge its responsibility, vis-à-vis the Executive Boards.⁶⁸

⁶⁷ The annual session of 2000 of the UNDP/UNFPA Board is scheduled for Geneva from 12 to 23 June 1999.

⁶⁸ See Council resolution 1995/50, para. 5, in which the Council called for more realistic scheduling.

G. Resources⁶⁹

136. In its decision 98/23, the UNDP/UNFPA Executive Board adopted an annual funding target for UNDP core resources of \$1.1 billion, and stressed the urgent need to achieve annual increases until the target is met. The Board reaffirmed the need to reverse the downward trend in core resources and to establish a mechanism to place UNDP core funding on a predictable basis. UNDP was requested to develop a multi-year funding framework that integrates programme objectives, resources, budget and outcomes with the objective of increasing core resources. The Board, in its decision 99/1, also reaffirmed the importance of the development of the multi-year funding framework as an integral element of the funding strategy approved by the Board in its decision 98/23.

137. As to UNFPA's multi-year planning, management and funding framework, the Executive Board, in its decision 99/5, requested the Executive Director to submit to the Board, at its first regular session of 2000, the multi-year funding framework, 2000–2003, and decided to hold the first funding session as outlined in paragraph 11 (b) of its decision 98/24 at its second regular session of 2000.

138. The UNICEF Executive Board, in its decision 99/8, endorsed the funding target of annual growth in income of 7 per cent, to reach \$1.5 billion by 2005, and decided that UNICEF should adopt and develop a multi-year funding framework that conceptually integrates UNICEF organizational priorities and major areas of action, resources, budget and outcomes.

139. WFP has also placed an increased emphasis on resource mobilization in order to strengthen and broaden its financial and resource base, as well as to improve the predictability and reliability of funding. A concerted effort was made throughout 1998 to enhance coordination between headquarters and the field offices in fund-raising. To facilitate this process, new guidelines were prepared in 1998 to strengthen resource mobilization at the field.

140. With all these developments the time has come to decide on the future of the United Nations Pledging Conference for Development Activities, as requested in paragraph 16 of annex I to General Assembly resolution 50/227.

141. The Council may wish to review the resource situation currently facing the funds and programmes, as requested in paragraph 16 of General Assembly resolution 53/192, as well as funding strategies and progress achieved in development of the multi-year funding frameworks, with the aim of reversing the declining trend in core resources and putting funding for United Nations development activities on a predictable, continuous and assured basis, commensurate with the needs of the developing countries. The Council also may wish to make a recommendation to the General Assembly on the future of the United Nations Pledging Conference for Development Activities.

H. Overview of decisions taken, main agenda items of the Executive Board since the 1998 regular session of the Council, and agendas for annual sessions

142. Tables 1, 2, and 3 provide the Council with a quick overview of decisions and main agenda items of the Boards since its last session, as well as the items currently placed on the

⁶⁹ For more details, see chap. III.

agendas of the annual sessions of the boards scheduled prior to the substantive session of the Council of 1999.

Table 1
Some of the principal decisions adopted by the executive boards of the United Nations funds and programmes since the substantive session of 1997 of the Council

Subjects of the principal decisions	UNDP/UNFPA Executive Board						UNICEF Executive Board		WFP Executive Board	
	3rd of 1998		1st of 1999		2nd of 1999		2nd of 1998	1st of 1999	3rd of 1998	1st of 1999
	DP ^a	PA ^b	DP ^a	PA ^b	DP ^a	PA ^b				
Annual report to the Council					X	X			6, 7	17
Funding strategy	23 ^c	24	1			5	14	8		
Financial and budgetary matters	20	21, 22					21	2-4	2-5	3-5
Revisions to the financial regulations and rules	18								25, 26	2, 15, 1, 8, 19
Medium-term plan							22			
Programme cooperation (allocation of resources)							15		7-23	6-14
Successor programming arrangements	19		2							
Sector-wide approach						4				
Evaluation reports									6	
The environment issues									1	
Support for reproduction health in emergency situation						6				
Partnership with NGOs										1

^a UNDP segment.

^b UNFPA segment.

^c Reference numbers of the relevant decisions.

Table 2
Some of the principal items on the agendas of the executive boards of the United Nations funds and programmes since the 1997 substantive session of the Council

Main agenda items	UNDP/UNFPA Executive Board						UNICEF Executive Board		WFP Executive Board	
	3rd of 1998		1st of 1999		2nd of 1999		2nd of 1998	1st of 1999	3rd of 1998	1st of 1999
	DP ^a	PA ^b	DP	PA	DP	PA				
Policy issues, including follow-up to United Nations global conferences, partnership with NGOs, sector-wide approach, organizational changes etc.										
Resource mobilization	X	X	X		X	X	X	X		X
Financial, budgetary and adm. matters	X	X	X		X		X	X		X
Annual report to the Council					X	X	X	X		
Joint meetings of the Executive Boards					X	X	X	X		
CCF, country programmes and related matters	X	X	X	X	X	X	X	X		X
The medium-term reviews and evaluation rep.							X	X		X
South-South cooperation		X								
Emergency assistance							X			
Organizational and procedural matters							X	X		X
Common premises							X	X		
Information and procedural strategy			X							

^a DP-UNDP segment.

^b PA-UNFPA segment.

Table 3
Main items of the provisional agendas for the 1999 annual sessions of the executive boards of the United Nations funds and programmes

UNDP/UNFPA Executive Board (14-23 June 1999)	UNICEF Executive Board (7-11 June 1999)	WFP Executive Board (17-20 May 1999)
UNDP segment	Report of the Executive Director (part II)	Annual reports
Annual report of the Administrator	Positioning UNICEF to meet the needs of children and women in the twenty-first century	(a) Annual report of the Executive Director for 1998
United Nations reform	Ensuring children's rights in Africa	(b) 1998 annual report of the Executive Board to the Council and FAO Council
Evaluation	Progress, challenges and future strategies in basic education	Policy issues
Country cooperation frameworks and related matters	Progress report on the UNICEF strategy and investments in information technology	(a) Food aid and development
Information and communication strategy	Progress report on mainstreaming gender in UNICEF	(b) WFP commitments to women
Resource mobilization	Oral report on implementation of the health strategy for UNICEF	Financial and budgetary matters
Technical cooperation among developing countries	Reports on field visits of Executive Board members	(a) Strategic and financial plan (2000-2003)
United Nations Office for Project Services		(b) Budgetary performance report for 1998
Item 14 (Financial, budgetary and administrative matters)		(c) Financial management improvement programme
UNDP/UNFPA segment		Evaluation work plan, 1999-2000
Internal audit and oversight		Organizational and procedural matters
Field visits		Administrative and managerial matters
UNFPA segment		(a) Report on post-delivery losses
Report of the Executive Director for 1998		(b) Composition of WFP international staff
Work plan and request for programme expenditure authorities		(c) Report on common premises
Information and communication strategy		

I. Recommendations

143. On the basis of the experience gained so far, the Council may wish to assess its approach to exercising oversight responsibilities in the area of operational activities for development as mandated by the General Assembly in its resolutions 48/162 and 50/227 over the work of the executive boards of United Nations funds and programmes. In particular, the Council may wish to strengthen its role in providing necessary policy guidance and assisting in implementing the policy decisions of the Assembly, particularly in the implementation of all provisions of Assembly resolution 53/192 on the triennial comprehensive policy review.

144. To this end, the following are the types of issues and questions that the Council may wish to consider and raise:

- What steps can be taken to ensure that the funding strategies and targets established by the Boards are actually implemented by all Member States in a consistent and equitable manner?
- How can the funding targets be placed in the larger context of resource mobilization efforts relating to the implementation of agreed international targets?

145. The Council may also wish to request that the funds and programmes submit to it through the executive boards analysis of the extent to which the cross-cutting themes and goals emerging from global conferences (on enabling environment, financing, gender, employment, health, nutrition, education, governance and human rights etc.) have been integrated into their programme priorities in a coherent manner. The Council may wish to seek information on specific steps taken by the funds and programmes to develop complementary and collaborative approaches with other United Nations organizations in promoting the implementation of global targets.

146. The Council may wish to take appropriate action on the consolidated list. It also may wish to consider how the reports of the Secretary-General can better contribute to the Council's capacity for monitoring the coherence and impact of the United Nations operational activities. The Council may wish to bear in mind that reports of the Secretary-General take fully into account the work of UNDP and the system as a whole.

147. The Council may wish to take appropriate action on recommendations contained in the reports of the executive heads of the United Nations funds and programmes, as well as on relevant forms and contents of their future annual reports to the Council.

148. The Council may wish to take note of the joint and concurrent meetings of the Boards of UNDP/UNFPA and UNICEF, and to provide guidance on how they can facilitate the preparation of the Council's exercise of providing overall guidance.

149. The Council may wish to address once more the timing of future annual sessions of the boards in relation to its requirements.

150. The Council may wish to recommend to continue the practice of holding joint meetings of the bureaux of the Council and the UNDP/UNFPA and UNICEF Executive Boards, and to recommend that this practice be extended to the bureaux of relevant functional commissions of the Council.

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**Implementation of the first United Nations Decade for the
Eradication of Poverty****Implementation of the first United Nations Decade for the
Eradication of Poverty (1997-2006)****Report of the Secretary-General***Summary*

The present report has been prepared in response to General Assembly resolution 53/198 of 15 December 1998 on the implementation of the first United Nations Decade for the Eradication of Poverty. The Assembly requested the Secretary-General to report to it at its fifty-fourth session on progress made in the implementation of measures, themes, recommendations and activities related to the Decade, including recommendations for possible actions and initiatives towards the new millennium and proposals for better coordination of actions taken by the United Nations system.

The report highlights progress made and remaining challenges in global poverty reduction; it also stresses gender inequalities and poverty, and the importance of public policy in reducing poverty and mitigating vulnerability during crisis. The report further highlights recommendations for possible action and initiatives towards the new millennium. Finally, it reviews coordination at the intergovernmental level and the activities of the United Nations system in relation to the Decade for the Eradication of Poverty.

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I. Introduction

1. Poverty in general, in particular abject poverty, is one of the central challenges for the international community in the new millennium, despite the significant progress in development at the end of the twentieth century. In its resolution 53/198, the General Assembly requested the Secretary-General to report to it at its fifty-fourth session on progress made in the implementation of measures, themes, recommendations and activities related to the first United Nations Decade for the Eradication of Poverty, including recommendations for possible actions and initiatives towards the new millennium and proposals for better coordination of actions taken by the United Nations system. The Assembly also decided that the themes for the International Day for the Eradication of Poverty in 1999 and 2000 shall be, respectively, "Women and the eradication of poverty" and "Globalization and the eradication of poverty".

2. The main objective of the first United Nations Decade for the Eradication of Poverty (1997-2006) is to work towards the goal of eradicating absolute poverty and reducing overall poverty substantially in the world. The means to be adopted include decisive national and international cooperation in implementing fully and effectively the relevant resolutions and decisions of the United Nations and all agreements and commitments agreed upon at the major United Nations conferences and summits organized since 1990 as they relate to poverty.

3. The present report has been prepared in response to General Assembly resolution 53/198. Section II reports progress in global poverty reduction at the end of the 1990s; section III covers the theme of the year, "Women and the eradication of poverty"; section IV covers policy issues; section V discusses further initiatives and recommendations for possible action for poverty eradication towards the new millennium; and section VI highlights coordination at the intergovernmental level. The annex contains activities carried out by the United Nations system related to the first United Nations Decade for the Eradication of Poverty. The present report should be read in conjunction with the report of the Secretary-General on the implementation of the outcome of the World Summit for Social Development (A/54/____).

II. Progress in global poverty reduction at the end of the 1990s

4. Considerable advances have been achieved in the last five decades in social and economic development, including

disease eradication, massive immunization programmes, improved agricultural productivity, increased adult literacy rates, improved sanitation and water systems, and technological advances for production and communication. Poverty eradication has become the central theme of the international community. The goal adopted by the Organisation for Economic Cooperation and Development (OECD) that the proportion of people living in extreme poverty in developing countries should be reduced by at least one half by 2015¹ has gained wide support from multilateral development institutions, developing country partners and non-governmental organizations. A set of international development goals has been agreed upon by the United Nations, the World Bank and OECD in partnership with developing countries, which include (a) reducing by half the proportion of people living in extreme poverty by 2015; (b) achieving universal primary education in all countries by 2015; (c) making progress towards gender equality and the empowerment of women by eliminating gender disparities in primary and secondary education by 2005; (d) reducing by two thirds the mortality rates of infants and children under five and by three quarters the mortality rates for mothers by 2015; and (e) providing access to reproductive health services for all individuals of appropriate age no later than 2015.

5. These goals reflect the multidimensional nature of poverty, which encompasses not only lack of income but more qualitative aspects of life, such as illiteracy, poor health, lack of access to basic social services and productive assets, insecurity, powerlessness, social exclusion, physical isolation and vulnerability. Many development agencies have reformulated their mission statements, policies and operating strategies to give more central focus to poverty reduction. Moreover, poverty is a key policy concern for many Governments all over the world, and increased prominence has been given to poverty reduction in their national strategies. Furthermore, many non-governmental organizations have emerged to measure both progress towards the eradication of poverty and to assess the current status of aid and development cooperation.

6. In recent years the international creditor community has introduced a number of debt relief measures for the poorest countries. The Heavily Indebted Poor Countries (HIPC) framework has made a small but useful contribution in this respect. However, recent experience suggests that further efforts are needed to achieve a more enduring solution to the problem of unsustainable debt burdens. The 1999 Cologne debt initiative, which is designed to provide deeper, broader and faster debt relief through major changes to the HIPC framework, is a further step towards the goal of poverty reduction. The central objective of this initiative is to provide

a greater focus on poverty reduction by releasing resources for investment in health, education and social needs.

Challenges and conditions

7. Despite the countless programmes and campaigns waged against poverty over time and across regions, it continues to be a major impediment to human development and economic progress. Half of the world's six billion people are still mired in poverty, trying to eke out a living on US\$ 2 a day or less. The majority of people living in poverty live in the developing world in rural areas and depend, to a large extent, on agriculture for their livelihood and employment. Poverty is also widespread in urban areas and significant in some industrialized societies, and is growing rapidly in many countries with economies in transition. The greatest number of poor people live in Asia, but the depth of poverty, which measures how far incomes fall below the poverty line, is greater in sub-Saharan Africa than in any other region. In the next century, a poor person is less likely to be a male smallholder in rural Asia, and more likely to be an unskilled, low-wage female worker in urban Africa or Latin America. Efforts to reduce global poverty have been severely constrained because of the slowing down of the global economy as a result of the financial turmoil of the last two years.

8. Social indicators have improved over the last 30 years, but there are some worrying trends that threaten the achievement of key international goals. Life expectancy has declined in the first few years of the transition in former USSR countries and is declining in African countries hardest hit by the AIDS epidemic. Sub-Saharan Africa also experienced declines in enrolment rates over the last decade and a half. According to the World Bank's *1999 World Development Indicators*, on current trends neither the infant mortality nor the primary education target set for the international development goals are achievable.

9. With three billion people still living under \$2 a day, growing inequity within and between countries, 130 million children still not in school, 1.5 million people still without access to clean water and two billion people without access to sewage, national and international action must be significantly strengthened and transformed.

10. The current global picture is one of likely gains for the extremely poor in China, possible stagnation in India and sharp declines in living standards in countries hit by financial crises, natural disasters and conflicts in East Asia, Africa and the former USSR. The financial crisis put an end to a long period of rapid growth in East Asia and led to significant increases in poverty. The mounting retrenchment, the failure

of the new job-seekers to find employment, the erosion of earnings of those who managed to stay on the payroll and the increases in inflation brought about sharp increases in poverty. Recent data from the region indicate that poverty increased significantly in all affected countries. According to the World Bank report entitled "Poverty reduction and the World Bank: progress in fiscal 1998", Indonesia, which is forecast to experience the biggest drop in output, would experience the sharpest increase in poverty (assuming no changes in income distribution). The number of people living under US\$ 1 a day could increase from almost 7 to 16 per cent of the population, corresponding to an increase from 13 million poor people estimated in 1997 to 34 million in 2000. Thailand and Malaysia are also expected to be hit hard, with increases in the incidence of poverty of 20 and 10 per cent, respectively (from 15 to 18 per cent in Thailand and from 20 to 22 per cent in Malaysia, using a US\$ 2 per day line, which is appropriate for these countries).

11. The situation has been mixed in South Asia. Growth rates for the region remained positive and significant in 1998. But recent data on rural wages in India suggest stagnation and that the poor may not have benefited from growth as much as hoped for. Bangladesh, which has been performing well, has been hit by devastating floods; and performance has been poor in Pakistan.

12. Prospects for Africa to reduce poverty remain weak. Although Africa experienced less contagion from the financial crisis (with the exception of South Africa), declining primary commodity prices, slower world trade growth and the prospect of increased competition from countries with depreciated exchange rates contribute to increases in poverty. The combined effect of crisis, conflicts, the entrenched extent of poverty, the AIDS epidemic, corruption and inefficiencies, which continue in some of the region's poorest countries, severely impede growth in sub-Saharan Africa. Gross domestic product (GDP) in 1998 appears to have been below the rate of population growth, causing a decline in per capita income.

13. Further declines in economic activity and increases in poverty are also anticipated in the Russian Federation, Ukraine and Romania as a result of the crises there. Despite significant growth in other areas of the Eastern Europe and Central Asia region, most notably Poland and Hungary, growth in GDP per capita is expected to be generally negative. Declining GDP is also expected in the Middle East and North Africa.

14. According to an Economic Commission for Latin America and the Caribbean report entitled, "Social panorama of Latin America", poverty levels in Latin America fell from

41 per cent per cent of the total in 1990 to 36 per cent in 1997, reflecting steady economic growth in the first half of the decade and a decline in inflation. However, the prospects of Latin America are clouded by the crisis in Brazil, although per capita GDP growth was significant in 1997 and still positive, albeit lower in 1998. The region has recently suffered from devastating natural disasters, such as the effects of the El Niño weather patterns to the ravages of hurricane Mitch in Honduras and Nicaragua. In addition, recent evidence of rising inequality, most notably in urban Brazil, adds to concerns about the already high disparities present in the region.

15. In 1999, if the proportion of people living in poverty had remained the same as in 1993, there would be 1.5 billion people living in abject poverty at the dawn of the new millennium. The global target of halving the number of people living in poverty by 2015 seems to be daunting because of recent setbacks. East Asian countries that recently succeeded in reducing poverty are now experiencing its emergence along with hunger and the human suffering it brings. It is estimated that the number of people living in poverty will be 1.9 billion by 2015 unless concerted efforts to reduce poverty are taken now and in future years both at the national and international levels.

III. Women and the eradication of poverty

16. The Copenhagen Declaration calls for achieving equality and equity between women and men, and recognizing and enhancing the participation and leadership roles of women in political, civil, economic, social and cultural life and in development. At the Fourth World Conference on Women (Beijing, 1995), Governments from around the world reaffirmed their commitment to equal gender rights and women's empowerment. The participation of women as equal partners in national development not only enhances their productivity and earnings potential but also raises women's living standards and contributes to better economic performance, the reduction of poverty and improved family welfare. Gender-based inequality within most households, reinforced and enhanced within the legal, cultural, social, economic, and institutional spheres, contribute to women commonly being poorer than men.

17. The link between poverty and gender has been stressed by all the international conferences of the 1990s. In its resolution 53/198, the General Assembly designated the theme for the 1999 International Day for the Eradication of Poverty as "Women and the eradication of poverty". The

majority of people living in poverty are women. On the other hand, women are a key force in reducing hunger and poverty, promoting family welfare and contributing to overall economic development in the developing world. Thus, the empowerment of women is a prerequisite for effective eradicating of poverty.

Gender inequalities

18. Women's economic options vary widely in different cultures and in countries at different stages of economic development. However, women encounter some form of discrimination in almost all societies. They have less power than men, receive less for their work, and have less control over household resources, and in many developing countries they receive less education. Using the household as the basic unit of analysis, studies show that the incidence of poverty is higher and more severe in female-headed households than male-headed households. Moreover, women have less access to better paying jobs in the formal sector and are disproportionately represented among unpaid family workers and in the informal sector. Globally, women on average earn about two thirds of average male wages (see E/1999/53). Despite their increased share of labour participation in both developed and developing countries, most women are still clustered in low-skill service or clerical jobs with little potential for advancement. Owing to their position in the labour market, where they are concentrated in precarious forms of low-skilled wage employment, women are more vulnerable to layoffs during economic and financial crises.

19. Developing countries have made substantial progress in expanding access to schooling over the last two decades; however, gender disparity in access to education opportunities still persists. Two thirds of the world's 900 million illiterate adults are women, the majority of whom reside in the rural areas of developing countries. Of the 125 million primary school-age children in developing countries not attending school, about two thirds are girls.

20. Education for women is both a development issue and an equity issue. Evidence from a variety of socio-economic settings shows that the economic returns on female education are substantial and comparable to or higher than those for male education. Female education can help to improve health, decrease the birth rate, reduce illiteracy and, in general, improve living standards. The current labour force participation, occupational structure and earnings of women are related to their low levels of education.

21. Women are predisposed to illnesses related to their productive roles. These include sexually transmitted diseases, the physical toll of adolescent and repeated pregnancies,

contraceptive side effects, the after-effects of clandestinely induced abortions, malnutrition and anaemia. The burden of maternal conditions is hard to quantify because of the lack of data in developing countries. The international goals call for reducing maternal mortality by three quarters by 2015, but significant improvement does not seem to have been achieved yet. It is estimated that in many developing countries, more than 1,000 women die for every 100,000 live births. According to the *World Health Report 1999*, obstructed labour, sepsis and unsafe abortions were among the 10 leading causes of death and disability among women aged 15-44 years in developing countries in 1998. Furthermore, women are particularly vulnerable to infection, and nowadays the human immunodeficiency virus (HIV) poses a growing threat to the health and survival of young women and their offspring.

22. Mainstreaming gender perspectives into all policies and programmes aimed at poverty eradication both at the national and international level is the key to reducing gender inequalities. Investing in human capital through education, health and nutrition programmes is the basis for greater participation of women and growth. In addition, empowering poor women to expand their economic and social participation through community-based projects and other schemes that give them greater control over their own destinies is of utmost importance for development. Targeting economic and social as well as productive resources to improve women's status and enhance their productive capacity can help to reduce poverty and contribute to stable long-term growth. All States parties should fully implement their obligations under the Convention on the Elimination of All Forms of Discrimination against Women and other international human rights instruments.

IV. Public policy

23. A country improves its chances of success in the struggle to reduce poverty when it achieves strong, sustained economic growth which creates a substantial expansion in the number of high-productivity jobs; when the incomes such growth generates are also helped by a policy aimed at defending their purchasing power through low inflation; and when support also exists in the form of significant programmes of well focused public transfers. Income transfers received by household from the public sector have had an appreciable effect in reducing poverty, wherever they have been used.

24. Human resources development is also fundamental for poverty eradication. Basic education, health, vocational

training, secondary and tertiary education, lifelong upgrading of skills and knowledge and support for the development of innovative thinking are crucial to technical progress. They also enrich individuals and foster civic responsibility and social cohesion.

A. Macroeconomic policies for poverty reduction

25. An appropriate macroeconomic framework is essential for growth and poverty reduction, but the social, structural, and human development is also crucial. A policy framework that integrates macroeconomic, financial, structural, social and human issues is imperative if there is to be equitable and sustainable development. The quality of economic growth is important as well as the quantity. For human development, growth should be job-creating, poverty-reducing, participatory, culturally entrenched and environment-friendly. A growth strategy that aims for a more equitable distribution of assets, that is job-creating and labour-intensive, and that is decentralized maximizes the possibilities for poverty eradication.

Reducing vulnerability and protecting the poor in a crisis

26. The impact of a crisis on the poor can be mitigated if appropriate policies are adopted. Policies may limit the impact of crisis on the poor by preventing or dampening changes in the key variables that affect household income, such as employment, labour earnings, availability of credit, interest rates and public services. Distributional concerns should be of central importance in the design of policy responses. Poverty-focused responses to a crisis should, *inter alia*:

(a) *Choose macroeconomic stabilization policies that achieve their macroeconomic objectives with the least possible short- and long-term cost to the most vulnerable.* Pro-poor macroeconomic policy has an important role to play in reigniting growth and thereby reducing poverty. If policy is appropriately counter-cyclical, it can offset to some degree the worst effects of recession on the poor. To counter the impact of economic contraction, expansionary fiscal policies are normally the appropriate macroeconomic response, not least because of their benefit for the poor. A fiscal stimulus directed at labour-intensive activities, such as rural roads or other rural employment programmes, combines the benefits of growth with those of income support for people living in poverty;

(b) *Ensure that fiscal adjustment protects the items of spending most important for the poor and redistributes resources, and that services are provided by effective, inclusive institutions.* Fiscal policies that protect spending on education and health enable maintenance of services which are vital to the poor and continue the process of building up human capital;

(c) *Set up or reinforce safety nets capable of providing effective insurance before a crisis and assistance once a crisis hits.* In a short-run crisis situation, the focus should be on programmes that deliver the services the poor need, such as transfers to buy food. Other programmes that can be scaled up include public works and other workforce programmes, which can provide employment for the poorest and reduce open unemployment. Expanding employment assistance may be an option where the institutional infrastructure for such a programme exists. If programmes already exist which reach the poor and help them cope with the impact of the crisis, they should obviously be supported and expanded;

(d) *Set up mechanisms to provide information for monitoring the impact of the crisis and evaluating responses.* Adequate information on the impact of a crisis on various groups and areas helps design appropriate policy responses, and provides feedback on the impact of policies. Information can also play a crucial role in national and local politics of design and implementation.

B. Mobilization of resources

27. Globally, the major part of some social services has to be provided or supported through the public sector in order to ensure equitable accessibility. Resources should be allocated to basic priority human concerns, for example, moving away from military towards social spending and shifting the focus to better education, health services and safe water accessible to people living with poverty. Ensuring adequate sources of revenue to support these services is essential.

1. Role of public expenditure in eradicating poverty

28. Adequate and universal access to basic social services contributes to the development of human capital, and can be an important factor that can reduce poverty. The World Summit for Social Development adopted quantitative targets for meeting basic needs, specifically on primary education, illiteracy, life expectancy, infant and maternal mortality, health and health care, food security and malnutrition, and

affordable and adequate shelter. The Programme of Action of the Summit also calls for countries to make efforts towards reaching the goal of universal coverage for all, and access by all to basic social services. Enhanced access to basic social services is a critical dimension of equity. The international community has recognized the importance of maintaining adequate public spending, notably in education and health sectors, during economic adjustment.

29. There are many reasons for the shortfall in achieving goals and targets for social development at the national level, and they are often country-specific.² But one reason stands out in virtually all countries: the resources allocated to basic social services are inadequate to achieve universal access within the next 5 to 10 years. While some countries have made progress, many of the promises for the year 2000 and beyond are likely to remain unfulfilled unless the pace of progress substantially accelerates, and Governments of both developing and developed countries translate their social development goals into increased financial allocations for social services. Governments and their partners in development should also undertake the necessary policy reforms and institutional development to increase the effectiveness and equity of the available resources for such services.

30. Current allocations for basic social services fall short by about a third of the financial requirements to achieve universal coverage. These requirements are estimated at about \$206 billion to \$216 billion per year. Today, the amount of funds channelled to these services is conservatively estimated at about \$136 billion. Therefore, an increase of at least \$70 billion to \$80 billion will be needed annually to provide coverage to all.³

31. Different sources of financing often have different implications for equity and efficiency, and these in turn affect the effectiveness with which services are delivered. For example, broad-based tax systems with simple tax structures and few exemptions can increase the effectiveness of revenue collection, and thereby increase the availability of resources. Experimenting with alternative forms of social service delivery by private sector or non-governmental organizations can sometimes lead to reducing the demand for publicly provided services. It has also been found that the more transparent the instruments of resource mobilization and the more closely service delivery is tied to these instruments, the more acceptable revenue collection is politically.

32. The 20/20 Initiative calls for the allocation of, on average, 20 per cent of the budget in developing countries and 20 per cent of official development assistance (ODA) to basic social services. It also aims to ensure that these resources are

used with greater efficiency and equity. In response to the Oslo Consensus which affirmed the need to gather data on budget and aid allocation to basic social services, a survey of 30 developing countries from all regions was conducted which reveals that, for most countries, budget allocations to basic social services tend to vary between 12 and 14 per cent of the national budget. Very few of them spend less than 10 per cent of their budgets on basic social services, while very few spend 20 per cent or more.

33. The Hanoi Consensus, adopted in October 1998, reiterated the objectives of the 20/20 Initiative, and emphasized that the goal of universal access to basic social services is based on ethical, social and economic imperatives. Ensuring access to basic social services for the unreached, the vulnerable and the most disadvantaged members of society is not only morally imperative but also economically rational, eradicating the worst manifestation of poverty and laying the foundations for sustainable economic growth and productivity gains in the future. Moreover, developing countries are the main actors in expanding the coverage and improving the quality of basic social services, although donors have a great responsibility for increasing resources through their ODA.

2. Microcredit and poverty eradication

34. As a follow-up to the first report of the Secretary-General on the role of microcredit in the eradication of poverty (A/53/223), the General Assembly once again emphasized, in its resolution 53/198, the role of microcredit as an important anti-poverty tool that promotes the generation of productive self-employment and empowers people living in poverty, especially women. The Assembly encouraged Governments to adopt policies that support the development of microcredit institutions and their capacities. It called upon the international community, in particular the relevant organs, organizations and bodies of the United Nations system and international and regional financial institutions involved in the eradication of poverty, to support and to explore the incorporation of the microcredit approach in their programmes and further development of additional microfinance institutions.

35. Microcredit has received prominence recently because of the recognition that the latent capacity of the poor for entrepreneurship would be encouraged with the availability of small-scale loans which would enable them to establish small enterprises. This would allow them to be more self-reliant, create employment opportunities and engage women in economically productive activities.

36. There are many practitioners who are increasingly dedicating their time and effort in developing various mechanisms aimed at strengthening microcredit institutions and programmes around the world. This was evident at recent meetings that took place in Africa and Latin America. The microcredit annual meeting of councils was held at Abidjan, from 24 to 27 June 1999, with the participation of representatives from the United Nations system, the United Nations Secretariat, UNDP, UNIFEM, UNICEF, ILO, IFAD and FAO. The meeting brought together institutions and practitioners around the world who are involved in the global campaign to ensure that 100 million of the world's poorest families receive credit for self-employment and other financial and business services by the year 2005. The main objective of the meeting was to enable microcredit practitioners to (a) share and further develop institutional plans that contribute to the fulfilment of the goal; (b) share experiences on the best practices and constraints that hamper the fulfilment of the goal; and (c) identify ways and means of addressing those challenges.

37. Participants discussed a wide range of issues that are of crucial importance to the future growth and development of microcredit institutions, including how to identify eligible families in designing microcredit programmes; how to assess and improve the impact of microcredit programmes; how donor funds could better reach and support grass-roots programmes; and how to work towards institutional financial sustainability while maintaining a commitment to serving the poorest families.

38. The meeting also identified a number of constraints in the development of microcredit programmes, including the lack of reliable sources of finance, especially at the start of a programme; difficulty of determining appropriate interest rates on loans for the poor; lack of an enabling environment due to unfavourable government regulatory systems; and hostile banking sectors and lack of support for training institutions.

39. In Latin America, an inter-American forum on microenterprise, which was co-sponsored by the Inter-American Development Bank, the United States Agency for International Development (USAID) and the World Savings Bank Institute, was held at Buenos Aires, from 24 to 26 June 1999. The meeting was attended by representatives of NGOs, Governments, financial institutions and experts in the region. Among the topics discussed by panellists were experiences and challenges in regulating and supervising microfinance; microenterprise and microfinance: the Argentina experience; microfinance in emergency situations; the role of the state in developing the microenterprise sector; microenterprise and

the environment; and sustainability versus outreach in microfinance.

40. While these meetings represent an important phase in the development of microcredit institutions around the world and in the search for solutions to some of the problems affecting the effectiveness of microcredit group-lending, there is a need for further research on a number of critical aspects of microcredit lending to the poor. These include the impact of microcredit lending on poverty and the empowerment of women; how to determine success of microcredit lending programmes; why, despite the high loan repayment rates, many programmes remain heavily dependent on subsidies and donor funds; and why in some countries men control a large share of the loans although women account for the bulk of the borrowers and bear the liability of repayment.

41. Within the international community, the Consultative Group to Assist the Poorest continues to spread information on microcredit best practices to different parts of the world. In collaboration with other donors, the Group has also recently launched capacity-building programmes in a number of countries in Africa and Asia. Many United Nations organs also continue to support microcredit programmes and institutions with the emphasis on capacity-building and institutional strengthening; training and consultations to spread best practices; and developing funding mechanisms that foster institutional sustainability of microcredit programmes, NGOs and other microfinance institutions.

C. Partnership

42. Governments have the responsibility for putting all these issues together in a comprehensive strategy for growth and poverty reduction. But not all Governments have the capacity, the resources or sometimes even the will to do so. Making use of partnership with others who have more effective skills or greater availability of resources than national Governments alone is crucial for poverty eradication. It is essential to strengthen national capabilities of both the public and non-governmental sectors to plan and implement social development programmes, particularly those targeting the poor and other disadvantaged and vulnerable groups. Emphasis should be placed on the need to strengthen the capabilities and to empower the poor and other disadvantaged and vulnerable social groups who are not only the beneficiaries of social progress but are also key participants in the development process. In order to address effectively the short- and long-term challenges of social and economic development and ensure the attainment of economic growth with social equity, partnerships need to be established among

government agencies, civil society including NGOs, the business sector and communities at the local and national levels.

V. Recommendations for possible action and initiatives for poverty eradication towards the new millennium

43. Recent experience and discussion underscore the need for designing poverty alleviation strategies that cover a comprehensive mix of policies and programmes and encompass all interacting development sectors impacting on the poor. The following aspects are of particular relevance:

- All countries should set poverty eradication goals. Only 35 countries have done so, according to the UNDP poverty report, "Overlooking human development 1998";
- Promote and sustain economic growth, based on macroeconomic policies that create an enabling environment for poverty reduction;
- Increase the incomes and participation of poor people in the economy through expanding employment, increasing productivity and skills, widening their access to land, credit and other productive assets, enabling them to take up self-employment and labour-absorbing activities, and applying science and technology towards improving their quality of life;
- Empower and organize the poor themselves, individually or collectively, in mutual aid or self-help initiatives, such as cooperatives, and develop their capacities to enable them to participate effectively in social, economic and political processes;
- Target programmes to the poorest localities and groups to improve their socio-economic conditions, and integrate their development needs with the wider regional and national development programmes;
- Devise social protection schemes, wherever possible, to meet the basic needs of the poor. In addition to cash transfers for destitute families and children, the chronic sick, elderly and unemployed, assistance should be provided for developing capacities through the provision of basic services, skill training and retraining for the changing employment and market demand, micro-credit facilities, and other productive assets to help to broaden the income support base for the poor and vulnerable groups;

- Mobilize and augment community, national and voluntary funds for anti-poverty programmes;
- Pay attention to the interlinkages of sustainable development and poverty reduction. The protection and management of the natural environment has a decisive impact on the long-term quality of life of human beings and has to be considered in the process of socio-economic development. Poverty alleviation programmes should aim to reduce if not eliminate the negative impact of growth on the environment. The vicious cycle by which residents of poor areas are trapped in poverty through environmental degradation must be broken. Population growth should be managed to reduce the population pressure on resources, environment and the economy;
- Strengthen collection of development indicators and gender-disaggregated statistics in order to allow more accurate analysis and monitoring of programmes and policies towards poverty eradication;
- Strengthen the legal, political and institutional structure, and collaborative efforts among government agencies, NGOs, civil society and the business sector for poverty reduction.

44. In designing and implementing the policy and programme options for improving the conditions of the poor in an increasingly global context, three factors are essential for success: good governance; an efficient administrative and institutional support structure at both the national and local levels for the effective delivery and monitoring of social development programmes; and adequate human and financial resource capacity and active partnership among all development actors. Given the financial and technical constraints in many developing countries, the role of civil society, including the private sector, and of international support measures in this area of concern, will be significant.

45. The international community has a key role in assisting developing countries in reducing poverty and deprivation through development cooperation. It includes:

- Creating an enabling environment at the international level to facilitate and improve the conditions of marginalized countries to integrate into the world economy. This could be done through fair trade, human resources development, technological development, and institutional building which attracts investment;
- Mobilizing resources through new and additional resources. Adequate financing for poverty reduction and social development is crucial and it should not be at the expense of ODA. Debt forgiveness can go a long

way, recognizing the benefits of both the HIPC framework and the new Cologne Initiative;

- Mobilizing global science and technology to address such issues as the development of appropriate technologies for developing countries, seeking means of increasing agricultural productivity, reducing environmental degradation and improving public health.

VI. Coordination at the intergovernmental level

A. Commission for Social Development

46. At its thirty-seventh session, the Commission for Social Development considered the theme "Social services for all" under its restructured agenda and multi-year programme of work. The Commission's agreed conclusions stressed that social services are an integral part of and positively contribute to social and economic development. Investment in social services will contribute to poverty eradication, peace and equality, social progress and cohesion, economic productivity, productive employment and full participation of all people in society. The salient elements in the agreed conclusions include (a) ensuring that all social services are accessible to those who are living in poverty, disadvantaged or socially excluded or have special needs; (b) strengthening partnerships between the State and civil society, while recognizing that the primary responsibility of governments is the provision of basic social services; (c) provision of and access to information, particularly to the under-served and disadvantaged groups; (d) mobilization of resources, including the resources of the private sector and the not-for-profit and voluntary sectors; and (e) strengthened international cooperation for social development with a strong political will.

B. Economic and Social Council

47. The second special high-level meeting of the Council with the Bretton Woods institutions, held in New York on 29 April 1999, addressed the theme "The functioning of international financial markets and stability in financing for development", a topic closely tied to globalization and poverty. The discussion focused on six main issues: measures to promote recovery and sustained economic growth; financial architecture and financial flows for development; increasing participation and cross-sectoral coherence; international

policy on external debt; economic crisis and social policy initiative and further cooperation between the United Nations and the Bretton Woods institutions.

48. The theme of the 1999 high-level segment of the Council was "The role of employment and work in poverty eradication: the empowerment and advancement of women". Widespread concern was expressed on the broader world economic situation, notably the slowdown growth of developing countries. It was noted that while the financial crisis has receded, its human cost has been staggering and will continue for a long time. A call was made for a new North-South partnership to revive economic growth and social progress on the basis of the pledges made at global conferences for poverty eradication, empowerment of women and employment. The unique role of the Council in promoting an integrated and coherent view of cross-cutting policy issues was highlighted. A ministerial communiqué was adopted by consensus at the end of the session.

49. The high-level portion of the Council's operational segment in July 1999 was also devoted to the themes of poverty eradication and capacity-building.

C. United Nations Secretariat

50. The Department of Economic and Social Affairs supports the work of the intergovernmental bodies in the area of poverty eradication, through the collection and dissemination of information, analytical and normative work, panel discussions and expert group meetings, and by encouraging the contribution of civil society. The Department, in particular the Division for Social Policy and Development, assists intergovernmental bodies in preparing for the special session in the year 2000 for an overall review and appraisal of the outcome of the World Summit for Social Development, with reference to resolution 50/161, as well as to consider further initiatives to achieve the commitments adopted at Copenhagen. The Division is also the focal point for the preparations for the Decade for the Eradication of Poverty, proclaimed by the Assembly in its resolution 50/107. Two reviews, entitled "Poverty reduction strategies" (1998) and "Participatory approaches to poverty alleviation" (1999) were recently published by the Division.

51. With regard to studies, the *World Economic and Social Survey 1999* devotes a chapter to the topic "Financial services for the poor". The chapter addresses issues related to finance for groups of poor people, mostly in developing countries that have limited or no access to formal commercial finance. Another study on microfinance is being carried out by the Division of Public Economics and Public Administration. The

study will review the socio-economic impact of microfinance programmes, focusing on the areas of job creation and household income generation. It will also attempt to show the existing and potential interactions between microfinance programmes and other institutions such as international organizations, Governments and NGOs.

Office of the United Nations High Commissioner for Human Rights

52. The Universal Declaration of Human Rights lays the foundation for a human rights-based approach to poverty eradication. Article 25 provides for the right to a standard of living adequate for the health and well-being of the individual and his/her family, including food, clothing, housing and medical care and necessary social services.

53. A human rights-based approach to poverty eradication focuses on the respect for fundamental freedoms, equality of opportunities and empowerment. This approach recognizes the inherent dignity of every human being without distinction; recognizes and promotes equality between men and women; promotes participation as a key principle for governance and development planning; promotes equal opportunities and choices for all so that everyone can develop his or her own unique potential and have a chance to contribute to development and social progress. In response to calls for action, the Commission for Human Rights appointed an independent expert to address a wide range of issues relating to human rights and extreme poverty,⁴ namely to (a) evaluate the relationship between human rights and extreme poverty, including assessment of national and international measures, taking into account obstacles encountered by women in extreme poverty; (b) make recommendations in the sphere of technical assistance; and (c) make suggestions on the main points of a possible draft declaration on human rights and extreme poverty.

54. The independent expert's recommendations to facilitate the eradication of extreme poverty include the universal ratification of relevant human rights instruments, including the reinforcement of economic, social and cultural rights by the ratification of regional instruments; legal guarantee of minimum income in the hope that this will facilitate access to essential social services such as social and medical welfare, food, housing, employment, training, schooling, education and culture; occupational reintegration programmes for the poorest segments of the population such as women, single mothers, children, migrants, the disabled, internally displaced persons, members of minorities and indigenous populations, etc; human rights information and education for the poorest of the poor designed to reach persons living in extreme

poverty; strengthening of local social welfare bodies by providing them with the resources and powers necessary to identify poverty and distribute welfare effectively; and sufficient resources mobilization for poverty eradication including transfer of resources from the military sector to the social sector domestically as well as the encouragement of the 20/20 Initiative internationally. The independent expert stressed the importance of adopting the legal framework for micro-finance in order for micro-enterprises to embark on new projects and thereby create work and reduce poverty.

D. Regional commissions

Economic Commission for Europe

55. A workshop on measuring poverty was organized by the Statistical Division of ECE in Lithuania in July 1999 as part of a UNDP-funded project on human development statistics and social trends reporting, for which ECE is joint executing agency. This workshop covered conceptual, technical as well as practical bases for measuring poverty. The conceptual bases included absolute, relative and subjective indicators; single and multidimensional measures; monetary and non-monetary measures; and the dynamics of poverty. The technical ones included data sources; equivalence scales; and income versus consumption/expenditure as a basis for monetary measurement. In addition, ECE will participate in the project to be jointly undertaken by the regional commissions in the framework of work on globalization, and the analysis of issues, problems and policies regarding social safety net programmes and their impact on the reduction of poverty among households.

Economic and Social Commission for Asia and the Pacific

56. In the light of development trends and emerging social challenges as well as the recent socio-economic upheavals in the region, ESCAP has called for accelerated implementation of the regional social development agenda and follow-up actions to the World Summit for Social Development. The secretariat continues to contribute to the strengthening of national capabilities and supporting the implementation of the national and regional commitments in the Programme of Action of the Summit, with specific reference to the regional priorities and actions identified in the agenda for action on social development in the region. The recent economic crisis in some countries in the region has worsened further the situation for many, especially the poor and other disadvantaged and vulnerable social groups, including women, children, older persons, disabled persons,

minority groups and migrant workers. Further misery was experienced by some members of those groups owing to the impact of natural disasters that have hit many countries of the region with unusual frequency.

57. Among its activities on poverty alleviation, ESCAP gives special emphasis to enhancing the quality of life of the poor and other disadvantaged and vulnerable social groups, including youth, older persons and disabled persons, through policy-oriented research, surveys and programme analysis. These activities aimed at policy advocacy and forging agreements on regional standards of benchmarks and their implementation and monitoring. The theme study entitled "Asia and the Pacific into the twenty-first century: prospects for social development", prepared for the fifty-fifth Commission session, engendered substantive proposals for ESCAP action in the field of poverty alleviation. A panel discussion on the social impact of the financial crisis at the same Commission session considered strategies for sustaining social development and mitigating the potentially adverse effects of the crisis, particularly on the poor. Technical assistance activities have focused on the implementation of demonstration projects; exchange of experience and expertise through the organization of seminars and training workshops; exchange of personnel through promotion of technical cooperation among developing countries; and advisory services in support of national social development initiatives. ESCAP's focus has been on strengthening national capabilities of both the public and non-governmental sectors to plan and implement social development programmes, particularly those targeting the poor and other disadvantaged and vulnerable social groups. Emphasis is also placed on the need to strengthen the capabilities and to empower the poor and other disadvantaged and vulnerable social groups who are not only the beneficiaries of social progress but are also key participants in the development process. In order to address effectively the short- and long-term challenges of social and economic development and to ensure the attainment of economic growth with social equity, the secretariat recognizes the need for partnerships among government agencies, civil society including non-governmental organizations, the business sector and communities at the local and national levels.

Economic Commission for Western Asia

58. ESCWA work in the area of poverty eradication comprises three distinct but related phases: (a) measurement, characteristics and determinants of poverty; (b) policies to eradicate poverty; and (c) tools to eradicate poverty. During the first phase, ESCWA undertook a number of technical studies on the concept, measurement and determinants of

poverty in Western Asia. The research focused on the approach that poverty is a multidimensional phenomenon that results from complex inter-linked determinants, including social, economic and political conditions and the disabling environment. At the country level, ESCWA prepared poverty profiles for several countries and areas in the region, including Iraq, the West Bank and the Gaza Strip and Lebanon. Emphasis was then shifted to the second stage on the evaluation of policy measures adopted by the ESCWA member States to combat poverty. To lay the ground for ESCWA's future work in formulating policies and strategies to eradicate poverty in the ESCWA region, a meeting on improving standards of living in the Arab Mashreq countries was convened at Cairo in November 1997. Pursuant to the recommendations of the meeting, during the current biennium work is concentrating on policies required to alleviate poverty. The issues of poverty and youth and the role of income-generating activities in eradicating poverty and improving the standards of living in local communities will also be explored. The third stage (2000-2001 biennium) will be devoted to proposals of operational policies aimed at eradicating poverty in the region. Work will concentrate on three major tools for poverty eradication — social funds, micro-credit lending and community development.

Notes

¹ See *Shaping the Twenty-first Century: The Contribution of Development Cooperation* (OECD, May 1998).

² See "Country experiences in assessing the adequacy, equity and efficiency of public spending on basic social services", paper prepared for the Second International Meeting on the 20/20 Initiative (Hanoi, 27-29 October 1998) by UNICEF and UNDP, based on the 20/20 country studies, with contributions from the World Bank and UNFPA.

³ See "Implementing the 20/20 Initiative: achieving universal access to basic social services", September 1998.

⁴ See Commission on Human Rights resolutions 1998/25 and 1999/26.

Annex

Activities carried out by the United Nations system on poverty eradication: United Nations programmes, funds and specialized agencies

United Nations Children's Fund

1. UNICEF assistance and advocacy for children is guided by the Convention on the Rights of the Child and the firm

conviction that realizing the human rights of children and women are necessary contributions towards the eradication of poverty. Within this framework, activities in promoting universal access to basic social services, social mobilization

of communities around the rights of children, girls' education and attention to adolescents are among the areas where UNICEF provides assistance in addressing poverty. UNICEF country programmes of assistance are formulated with counterpart Governments, increasingly within the United Nations Development Assistance Framework. The 1999 UNICEF annual report contains illustrations of successful UNICEF supported interventions as part of its country programmes.

2. UNICEF, in close collaboration with UNDP and the World Bank and in consultation with UNFPA, contributed the four background documents for the Second International Meeting on the 20/20 Initiative (Hanoi, 27-29 October 1998). Based on country studies sponsored by UNDP and UNICEF as well as research undertaken by the agencies, the papers illustrated that countries which allocate above-average resources to basic social services and utilize them effectively and efficiently also achieve better than average human development outcomes.

3. UNICEF is also concerned as to how the HIV/AIDS pandemic is contributing to the erosion of hard-won human development gains. It has been observed that the burden of the AIDS pandemic is increasingly shouldered by the poor, particularly poor women. It is devoting increasing attention to protecting children from getting infected, or if infected, to protecting their rights. UNICEF is also working with WHO, the World Bank and other partners on the global vaccine initiative, which holds the potential for developing affordable vaccines for diseases seriously affecting children not covered by previous immunization initiatives. Moreover, UNICEF is actively supporting the "Education for all" country assessments for a meeting at Dakar in 2000, and is working with "Education for all" partners to revitalize the drive for universal access to quality basic education. Importantly, in areas affected by conflicts, UNICEF is working with other United Nations and NGO partners to ensure ongoing access to basic social services wherever possible. In these situations, the "School in a box" is an important tool in assuring that the education process can continue.

United Nations Development Programme

4. In the aftermath of the World Summit for Social Development, UNDP launched the Poverty Strategies Initiative, a \$20 million programme to support country-level implementation of Summit commitments, the elaboration of national definitions, indicators, measurements and criteria of absolute poverty, and the formulation of national strategies, action plans and programmes against poverty. The programme has been in operation for two years. Allocations

have been approved for projects in over 100 countries, of which one third have already been completed. Most projects have focused on (a) qualitative assessments of poverty; (b) household surveys and poverty maps; (c) poverty reduction strategies and programmes; (d) analyses of social spending and aid flows to basic services; (e) national human development reports; (f) capacity development for poverty reduction planning; (g) social mobilization and constituency building.

5. Poverty Strategies Initiative resources have been used to support the preparation and dissemination of social sector expenditure reviews in seven African countries: Benin, Burkina Faso, Kenya, South Africa, Chad, Uganda and Zambia. Five of these reports have already been finalized, and a workshop will be held to discuss their findings and recommendations. The other two reports are due to be finalized in early 1999. This exercise has been conducted in collaboration with UNICEF, and supplemented the reviews UNICEF has been supporting in another eight countries in the region. Preliminary findings of these studies were shared in three regional meetings, co-sponsored by UNDP and UNICEF, which served to sensitize policy makers about the 20/20 Initiative and prepare them for the international meeting that took place at Hanoi in October 1998. UNDP's *Poverty Report 1998: Overcoming Human Poverty* shows both the scale of the challenge of and the measures being taken to address poverty.

United Nations Environment Programme

6. UNEP programme areas of concentration, as established by its Governing Council at the fifth special session, in May 1998, reaffirm the fundamental message emanating from the United Nations Conference on Environment and Development that the only route to sustainable development, and thus the eradication of poverty, is one that includes all the three dimensions, the economic, the social and the environmental. The protection of fragile ecosystems is a critical element of the sustainable development equation and the quest to eradicate poverty. The need for an integrated and coherent policy response to the existing and emerging environmental challenges is mirrored in UNEP's integrated organizational structure and work programme, which is based on environmental monitoring, assessment, information and research, including early warning; enhanced coordination of environmental conventions and development of environment policy instruments; freshwater activities; technology transfer and industry; and support to Africa. UNEP programme activities within these areas of concentration directly contribute to

sustainability and thus serve to enhance poverty eradication efforts.

United Nations Population Fund

7. In recognition of the multidimensionality of poverty, UNFPA actively promotes the widening of choices and opportunities in the various population and reproductive health programmes it supports in countries. Through this, it contributes towards the achievement of the broad development goals and objectives of the international conferences, particularly those contained in the ICPD Programme of Action. UNFPA is the main advocate for ICPD goals, and encourages Governments to invest in human capital since such investments have high rates of return and help to raise the productivity of the poor. The Fund supports measures that help individuals to meet their reproductive health needs, through the provision of universal access to a full range of safe and reliable family-planning methods and to related reproductive health services. In addition, UNFPA accords highest priority in its programming and resource allocation to the poorest countries and disadvantaged segments of the population, and advocates for priority attention and allocation of domestic resources for poverty alleviation. UNFPA fully subscribes to the 20/20 Initiative in its programming, urging Governments to designate 20 per cent of domestic allocations to basic social services, focusing on the poorest. Moreover, in line with the ICPD Programme of Action, UNFPA recognizes that women and children bear a disproportionate burden of poverty, and that eliminating discrimination against women and securing their empowerment are preconditions for poverty eradication. UNFPA actively promotes expanded access to basic education, especially for girls and disadvantaged sub-groups. Poverty tends to be associated with low access to information, services and community participation. Reaching the poorest and most disadvantaged groups requires political resolve, imaginative policies and innovative approaches, which UNFPA supports through advocacy efforts. Hence, UNFPA programmes target poor sub-groups, for example, through campaigns to disseminate culturally sensitive information about the linkages between human sexuality, family planning and the transmission of sexually transmitted diseases, the availability of reproductive health services, and details about how and where these can be obtained.

World Food Programme

8. WFP targets the most vulnerable and helps them survive crises, thus enabling them to become eligible for mainstream development activities. WFP focuses particularly on women, not just because women comprise the majority of the poor but

because women hold one of the keys to poverty reduction. WFP enables women to acquire assets, skills and resources to help poor families improve the quality of their lives. This also empowers women and contributes to their bargaining power within the household and in the community. Through WFP food-for-work projects, communities, especially women, are being assisted in improving their lives. Roads lead to markets and clinics; fish ponds provide income opportunities; community woodlots reduce women's workloads and save natural resources. WFP is committed to strategically invest in women so that they have a voice in decision-making, which in turn promotes economic asset-building and empowerment for poverty eradication.

United Nations Relief and Works Agency for Palestine Refugees in the Near East

9. UNRWA has a range of activities in its five fields of operation (Jordan, Lebanon, the Syrian Arab Republic, the West Bank and Gaza) aimed at helping Palestine refugees, especially women, to improve their socio-economic situation. The core elements of UNRWA action against poverty are the poverty alleviation programme and the income generation programme. The poverty alleviation programme aims to help the most socially and economically disadvantaged Palestine refugees to rise above the poverty line, and to be self-reliant through skills training, income generation and income consideration, including credit and savings schemes. While its primary targets are "special hardship" families who are offered viable alternatives to dependence on welfare assistance, the scope of the programme also extends to non-special hardship refugees, including women, who could benefit from poverty alleviation schemes. The key components of the poverty alleviation schemes include skills training, self-support projects (soft/micro loans), community/group-managed finance schemes and credit schemes linked to vocational training/apprenticeship. These are tailored in accordance with community needs and the overall socio-economic context. UNRWA also established an income-generation programme in 1991 to support Palestine refugees by providing credit to small business. The activities of this programme have been mainly concentrated in the Gaza Strip, and it is composed of three subprogrammes. By the end of May 1999, these three subprogrammes had provided 19,534 loans valued at \$27.7 million; 54 per cent of those loans went to women microenterprise owners.

United Nations University

10. UNU aims to contribute to poverty eradication and food security through its research, capacity-building and dissemination activities. It will be recalled that in the previous

review of the Decade, a selection of research projects in areas involving African development, food and nutrition, and biodiversity conservation were mentioned in the Secretary-General's report (see A/53/329). With regard to UNU capacity-building efforts, in 1998 a total of 663 project coordinators and consultants were engaged, of whom 354 were from least developed countries; 226 fellowships and internships were granted, including 177 to least developed countries students/researchers; of 44 training courses organized, 33 took place in least developed countries, with 1,092 of 1,432 participants coming from least developed countries. UNU realizes that further efforts are required to increase women's participation in UNU activities, in recognition as well of women's crucial roles in eradicating poverty. Moreover, the theme of the fifteenth UNU global seminar planned for September 1999 in Japan is "Globalization and human development: Towards the eradication of poverty". The UNU global seminar is an annual programme of five days designed to enhance international awareness among the student population in Japan through active interaction with scholars and experts working in UNU global networks. Furthermore, the UNU strategic plan 2002, which will be submitted to its Governing Council in December 1999, includes a priority Africa programme to intensify UNU efforts oriented to development in the continent.

International Labour Organization

11. The four major objectives of ILO are to: (a) promote and realize fundamental principles and rights at work; (b) create greater opportunities for women and men to secure decent employment and income; (c) enhance the coverage and effectiveness of social protection for all; and (d) strengthen tripartism and social dialogue. In pursuance of these objectives and in accordance with General Assembly resolution 53/198 and commitments 2 and 3 adopted by the World Summit for Social Development, the ILO, in close cooperation with agencies of the United Nations system and the Bretton Woods institutions, enhances the capacity of — and provides assistance to — its constituents in the design, formulation and implementation of comprehensive employment strategies and policies, and anti-poverty strategies based on job creation, the development of private sector enterprises and the application of labour standards. As a follow-up to the Summit, countries in the eastern and southern Africa subregion held a conference at Nairobi from 15 to 17 March 1999 aimed at monitoring progress since 1995 in poverty reduction, employment creation, achieving social sector objectives and governance. The review on employment creation in the subregion was facilitated by the

ILO. It revealed that despite the revival of GDP growth in the two subregions, the employment situation remained critical. However, the conference demonstrated that there was an increasing awareness by top policy makers and social partners of the urgent need for a comprehensive approach to tackle unemployment.

12. ILO's employment-intensive programme has promoted employment and investment policies in productive and social infrastructure — one of the factors which have caused the continued socio-economic deterioration in many member States. It has also promoted private sector execution of public works, and contributed to capacity-building through local contractor development programmes and training for community-based organizations. Experience has shown that a prerequisite for success with these policies is the development of necessary capacity for contract preparation and management among government officials responsible for these tasks, both at the central and decentralized local government levels.

ILO recommendations for possible action and initiatives towards the new millennium

13. A specific emphasis should be placed on the problems of the working poor. It has long been apparent that the process of economic growth is inadequate to absorb surplus labour into the formal economy. On the contrary, uneven rates of growth in the organization of production have led to pervasive informalization. It is among workers in the informal economy that the problems are the greatest. It is their rights that are least respected. It is they who are underemployed and poorly remunerated, who have no social protection, and for whom social dialogue and participation have little meaning. The time has come to establish a coherent policy for the working poor, specifically in the areas of employment generation, social protection and social organization, where their needs are most acute.

Food and Agriculture Organization of the United Nations

14. Within the context of the World Food Summit Plan of Action, FAO continues to focus its normative and field activities on agriculture, livestock, fishery and forestry sectors to contribute to the eradication of poverty and food insecurity. Under its normative activities, FAO concentrates on developing approaches, strategies and appropriate technologies suitable for different socio-economic and agro-ecological conditions to eradicate poverty and food insecurity. At the field level, FAO supports member countries in their efforts to eradicate poverty through policy advice and transfer

of technology in the field of agriculture, livestock, fishery and forestry with the view of enhancing the productivity and income, especially of the rural poor. Support is provided to member countries on crop and livestock diversification; plant breeding, including quick maturing crops resistant to drought or disease and pest attacks; watershed management, including development of small-scale irrigation; soil conservation; aquaculture; improved coastal fishing; and forest management and pest and disease control measures. FAO also prepared a field manual on small farmer group association development, as a follow-up to an FAO global e-mail conference on the same topic held in September 1998. Such associations strengthen the collective self-help capacities of both male and female rural producers. An English version of the manual is expected to be ready for printing and distribution at the end of 1999.

15. The ACC Network on Rural Development and Food Security, established by ACC, acts as the mechanism for inter-agency follow-up to the World Food Summit. Jointly managed by FAO and IFAD, in close cooperation with WFP, the ACC Network is generating complementarity and synergy in food security efforts, particularly at the country level. The ACC Network is a two-tiered mechanism. At the country level, the ACC Network consists of national thematic groups working on rural development and food security. At the international level, these national thematic groups are supported by a network of interested United Nations organizations and associated international and regional NGOs. To date, 55 national thematic groups have been established, and 22 national thematic groups are in the process of being established, throughout the world. Activities on rural development and food security stimulated by the Network range from supporting the special programme on food security to developing food insecurity and vulnerability information mapping systems, addressing El Niño effects on food production and assisting the World Food Programme (WFP) in providing food aid.

United Nations Educational, Scientific and Cultural Organization

16. UNESCO action with regard to the eradication of poverty is carried out through major programmes and projects in its various fields of competence (social sciences, education, science, communication and culture). An area of poverty eradication and development in which UNESCO has a comparative advantage is human resource development and capacity-building, broadly defined. This involves formal and non-formal education and training, in relation to productive activities, particularly of girls and women in poorer areas, and training and support in organizational and management fields,

so that they develop their economic and political capabilities in generating income and defending their rights and participation in society as full-fledged citizens. UNESCO places emphasis on endogenous empowerment, specially the empowerment of women, as an essential component of this process, since women constitute two thirds of the poorest people. The organization promotes all the approaches, most of them informal and community-based, which — by capitalizing on the skills and capacities of the poor themselves — are aimed at helping them to determine their own ways to move out of poverty. The emphasis on alternative forms of education, endogenous management of cultural sites and natural resources, crafts and community media, micro-credit and social support services reflects the spirit of the General Conference at its twenty-ninth session, which placed cultural development at the centre of strategies for the alleviation of extreme poverty. UNESCO is increasingly focusing its efforts on promoting a variety of innovative and non-formal approaches geared to provide learning opportunities to youth and adults living in situations of extreme poverty.

17. At another level, UNESCO capacity-building concerns the improvement of a country's institutional and administrative set-up. This is to implement more effectively anti-poverty policies, training to improve endogenous skills in policy-making, evaluation and management in poverty issues, training of researchers in social sciences. In addition, research infrastructures should be strengthened in order to reinforce national capacities to understand the root causes of poverty, collect data, measure and assess its extent in specific economic and sociocultural contexts, as a basis for developing, implementing and evaluating effective policies. UNESCO believes that culture is also a basic variable in the analysis of poverty and the development of actions for poverty eradication. To this end, emphasis is placed on the non-economic sources of poverty, such as ethnic conflict and discrimination. Within the framework of the United Nations Decade for the Eradication of Poverty (1997-2006), UNESCO plays an important role in the eradication of poverty by participating in multilateral and bilateral mechanisms and cooperation programmes operating in the regions and subregions, by supporting demonstration projects, promoting exchanges of information, publicizing successful experiments, and mobilizing governmental and especially non-governmental partners at all levels.

International Civil Aviation Organization

18. Civil aviation has become an increasingly important factor in the alleviation of poverty in developing nations. In fact, civil aviation is having a most significant impact on the

economies of most developing States, and is affecting, both directly and indirectly, the standard of living of the citizens of those States. The positive effects of air transport on the immediate living conditions of the very poor can readily be seen in the emergency distribution of essential foods, medicines and other commodities, and in the transport of health and social workers to remote locations where traditional means of transport are often impractical or impossible. These relief services, however essential in the short term, do not have a significant long-term effect on poverty alleviation. Rather, it is the utilization of air transport that serves as a mechanism for trade and communications, as a significant employer, as a conduit for technology transfer and as a powerful engine for economic development. Since its establishment in 1947, ICAO has been the primary source of technical assistance in the field of civil aviation to practically all developing countries. This assistance has included the provision of international expertise to assist Governments in developing their aviation infrastructure; the establishment and/or improvement of civil aviation training centres; the procurement and commissioning of aviation equipment systems; and the provision of fellowship training assistance.

World Health Organization

19. The Director-General of WHO has stressed that over one billion human beings have been left behind in the health revolution which has brought gains to many in this century. One of her declared aims is to see a concerted global effort to bring these people into the mainstream of health and development initiatives. In the past year, WHO began conducting a far-reaching restructuring with a major renewal and reform process to enable it to play a more effective and integral role in the international agenda for sustainable human development. That means placing an increasing emphasis on the health-related conditions that create, perpetuate, or result from poverty — both relative and absolute. Over 50 separate programmes at WHO have been brought together in nine new clusters, one of which is entirely devoted to strengthening health's contribution to poverty eradication and sustainable development. Increasing life expectancy by five years can yield an annual increase in economic growth of 0.5 per cent. A new generation of human development policies is needed in which the economic and social dimensions are well integrated in order to capture this potential. Ministers of health must play a more central role in preparing national development strategies, and ministers of finance will need to be more knowledgeable about health's role in eradicating poverty and building human capital. WHO's role will be to provide the knowledge base and the necessary policy and

technical guidance, both to countries as well as to the external agencies that support them. WHO's work pursues four interconnected strategic themes: first is to make WHO work for and with countries more effective. A special project has been set up in the Director-General's office to lead that effort. The second theme is to focus WHO work in order to obtain better and more equitable health outcomes. Leading elements are promoting equitable policies for health, including gender equity; supporting social solidarity mechanisms; and focusing on health strategies to help men and women respectively out of poverty. This is important due to concerns that growing poverty can further distort gender relations and contribute to undermining social cohesion and stability. The third theme is to support health sector development and capacity-building. Improving the health of poor people is a non-starter when health systems do not work and are hopelessly underfunded. A key issue is to strengthen the effectiveness of ministries of health — to link up with other sectors of government, the private sector and civil society; to influence public policy; and to regulate private health care. The fourth theme is building influential partnerships. At the country level, WHO is participating in the common country assessment/United Nations Development Assistance Framework process. In Nicaragua, Uganda and Viet Nam, WHO is working with IMF to ensure a better recognition of the role of health in overall macroeconomic policy and structural adjustment programmes. At the global level, WHO has renewed its collaboration with all major United Nations partners as well as with the Bretton Woods institutions.

20. To ensure consistency and quality in its work on poverty and health, WHO is in the process of setting up a high-level advisory committee representing major development stakeholders — countries, civil society organizations, development researchers, bilateral donors and United Nations partners. The principal characteristics of this group will be expertise in poverty eradication and human development. WHO is also making preparations for its participation in the special session of the General Assembly on the five-year review of the Summit in June 2000. During this time, WHO will make a concerted effort to draw health into the mainstream of the human development process.

World Bank

21. The World Bank activities support the implementation of the institution's overarching goal of reducing poverty. They continue to be broadly guided by the strategy proposed in the 1990 *World Development Report*, the 1991 policy paper on assistance strategies to reduce poverty, and operational directive 4.15, "Fostering labour-based growth while investing in the development of human capital and providing

safety nets for those unable to benefit from growth". However, several new themes that have emerged since the early 1990s have influenced implementation of the strategy: the vulnerability of the poor to shocks, the role of institutions in implementing policies and providing services, and the recognition of the importance of participation, partnerships and social capital. These new themes can be seen throughout the Bank's work. Activities in 1998 also reflected the impact on poverty of some of the key events of the year: persistent conflict in some of the poorest African countries; the sudden impoverishment of millions in East Asia as a consequence of the financial crisis; the continuing pain of transition in former socialist economies; and the tenuous situation of the millions of poor people who live in China and India. These themes will be brought together in a major new synthesis of the underlying determinants of poverty reduction in the 2000/2001 *World Development Report*, and a subsequent policy paper will discuss the implications of the report's findings on the Bank's policy and operational work. The World Bank recently advocated a new holistic development framework, integrating macroeconomic and financial considerations on the one hand, and structural, institutional, social and human considerations on the other. Integration of these elements is imperative at the international level, as well as nationally.* The report also addresses prerequisites for poverty alleviation and sustainable development through a matrix of specific actors and interventions involving structural, human, physical and sector-specific strategies. This framework is seen to be a necessary complement to macroeconomic considerations, and it places strong emphasis on participation and partnership.

International Monetary Fund

22. IMF reported that following the Summit, it has strengthened its approach to support countries' efforts to accelerate social progress and alleviate poverty, and has sought to incorporate the major recommendations of other United Nations global conferences into its policy dialogue with each member country. As part of its activities in Africa, IMF has also been actively involved in the TICAD process, including in the implementation of the Tokyo Agenda for Action adopted at TICAD II.

23. IMF policy advice, financial and technical assistance has sought to improve the quality of public expenditure by shifting resources away from unproductive outlays, such as excessive military expenditure, to infrastructure, basic education and health care, which build physical and human capital and thus enhance broad-based growth and equity, and to target poverty alleviation programmes. As part of IMF support for social development and poverty alleviation, guidelines have recently been given to IMF staff with the

purpose of strengthening the monitoring of social expenditures and social output indicators within the context of IMF surveillance activities and support for countries' adjustment programmes. IMF policy advice and technical assistance has increasingly focused on incorporating cost-effective and financially viable social safety nets into countries' reform programmes. These safety nets may include subsidies or cash compensation targeted at vulnerable groups, improved distribution of essential commodities, such as medicine, temporary price controls on some essential commodities, severance pay and retraining for retrenched public sector employees, employment through public works programmes, and appropriate unemployment insurance and pension schemes.

24. In its work in the social sector areas, IMF relies on the expertise of other institutions, including the World Bank, regional development banks, UNDP, the ILO and other United Nations agencies, and efforts have been made to strengthen collaboration. The Bank and the Fund collaborate closely in the context of public expenditure reviews and more recently, in the context of a general review of World Bank-IMF collaboration in 1998, measures are under way to better integrate social sector reforms in the design of countries' adjustment and reform programmes, as well as to coordinate technical assistance and policy advice, including in public sector work. Also, in late 1998 a pilot initiative to strengthen collaboration between the WHO and IMF on health-related issues in low-income countries was started. Good governance contributes to high-quality pro-poor growth and to social development. Policies that strengthen good governance can help to make adjustment and reform a participatory process in which stakeholders in society, including the poor, have a greater chance to express their concerns, needs and join in a partnership. IMF has sought through its advice and technical assistance to improve governance through, *inter alia*, greater transparency and accountability in the formulation of and implementation of all aspects of economic policy. This can contribute to greater equality of opportunity and access, and help eliminate the diversion of scarce public resources to fraudulent and corrupt activity. Moreover, an important element of the IMF mandate is to promote high levels of employment. High sustainable growth and labour market reform supports this goal. IMF supports labour market policies that ensure labour market flexibility and encourage training, retraining, and the mobility of workers within and between sectors and regions, supported by adequate unemployment benefits.

Universal Postal Union

25. Poverty eradication and freedom from poverty have been identified as high priorities within the United Nations system; the Universal Postal Union (UPU) has incorporated this goal within its basic missions of maintaining universal service and improving the international postal network. Postal services provide a basic communications infrastructure that enables financial, economic, educational, and cultural activities to flow throughout and among countries. UPU has identified six major objectives for the 2000-2004 time-frame, with due regard for the potential assistance which each can provide in the drive to reduce and eliminate poverty: (a) ensure the provision of a universal postal service; (b) strengthen the quality of the international network; (c) increase the cost-effectiveness of the international postal network, providing customers with affordable prices; (d) respond to the needs and expectations of postal customers; (e) utilize postal reform to diffuse benefits of technological, economic and regulatory changes; and (f) strengthen and broaden cooperative activities among postal stakeholders. In addition, UPU and the World Bank have jointly implemented a number of postal reform projects that widen pro-poor economic growth and sustainable job creation.

International Maritime Organization

26. Given IMO's global regulatory mandate, which encompasses the development of international rules and standards designed to enhance the safety of life at sea and protect the marine environment from pollution caused by ships, the twin fundamentals of "sustainable development" and "poverty alleviation" have evolved in recent years as parallel concerns to the Organization. IMO has developed an integrated technical cooperation programme as a capacity-building machinery to assist developing countries in implementing promulgated rules and standards uniformly since they lack the wherewithal to do so. The impact and global outreach of these activities contribute directly to civic society through the liberalization and globalization of trade, which in turn sustain development and lead to poverty alleviation and prosperity by creating employment opportunities in the fishing, tourism, recreation and export-led industries. Taking into consideration the magnitude of global maritime transport, it is noteworthy that over 95 per cent of international trade is seaborne: goods and commodities are channelled through ports to markets in both coastal and landlocked States. In this context, the direct linkage with the seafaring industry — which frequently draws on the poorest strata of the population in developing countries for employment — is highly relevant. Employment in the shipping industry provides access to foreign currency, and provides a regular salary — a direct impact on the economic

viability of the families of seafarers, and through income generation for the local community as a whole. It is also important to note that "the poor" are not only a rural phenomenon: the seafaring career often attracts the "urban" poor, who are more difficult to track and monitor.

United Nations Industrial Development Organization

27. A UNIDO position paper entitled "Social progress through industrial development", presented at the World Summit for Social Development (Copenhagen, 6-12 March 1995), spelled out the avenues of alleviating poverty using the manufacturing sector as a dynamic force. Complying with UNIDO's commitment in the position paper to treat industrialization as an effective means of accelerating growth essential to rapid economic and social development, the research wing of the organization prepared a few concept papers, focusing on the crucial role of agro-industry in income generation and employment creation contributing to sustainable livelihood patterns.

28. Addressing widespread poverty requires priority attention to the creation of economic opportunities for the disadvantaged and poor segments of the population. In other words, there is a need for creation of both employment and entrepreneurial opportunities to enable these segments to enter the mainstream of economic development. Three of UNIDO's service modules address this issue with the primary objective to create employment and generate income to the broader population and hence eliminate poverty: (a) the policy framework for small- and medium-scale enterprises; (b) the policy for women entrepreneurship development; and (c) the entrepreneurship development module. UNIDO support to small and medium enterprises (SMEs) enables Governments and their institutional partners to formulate national strategies and programmes to promote SME development and to develop SME policies that are interrelated, focused and targeted towards enhancing the overall efficiency of the sector with a view to maintaining existing and creating fresh opportunities. UNIDO's future activities include improvements in sustaining self-relying national capacities to create perceivable impact on the improvements in the living standards among the rural poor households. Within the context of the United Nations Development Assistance Framework, UNIDO will continue to support industrial development for effective poverty reduction, in coordination and cooperation with national stakeholders and development partners from multilateral, bilateral and NGO communities.

Notes

^a See James D. Wolfenson, "Comprehensive development framework: a discussion draft" (World Bank, 1999).