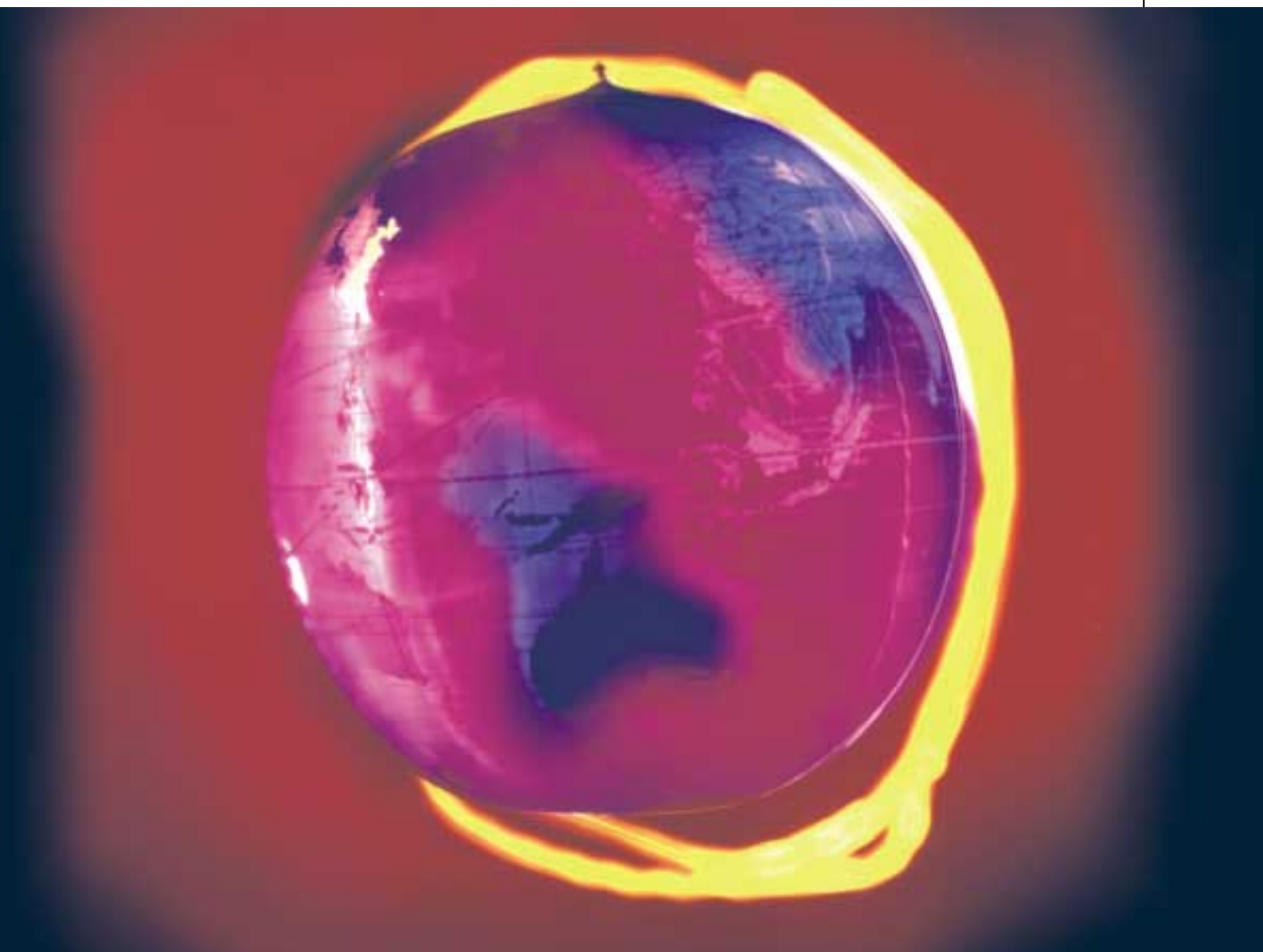
MINISTRY OF FOREIGN AFFAIRS

Action Plan

Fighting Poverty

The Norwegian Government's Action Plan for Combating Poverty in the South towards 2015

March 2002



**“Your hunger is never satiated,
your thirst is never quenched;
you can never sleep
until you are no longer tired.”**
From Senegal

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Preface by the Prime Minister

Poverty is the greatest challenge of our time.

Poverty is the lack of freedom to meet one's basic needs and those of one's family. Hunger, disease and vulnerability are today the fate of the 1.2 billion people living in absolute poverty.

The profound gap between the rich and the poor is making the world more insecure. Social need and injustice are indissolubly linked with challenges in areas such as peace and security, democracy and good governance, human rights and the environment.

Together with the rest of the UN member states, we adopted a set of global development goals at the UN Millennium Summit in autumn 2000. We committed ourselves to halving world poverty by 2015. We agreed that basic education for boys and girls, gender equality, health, combating communicable diseases, environmental concerns and sustainable development should be the guiding principles for our efforts.

This Action Plan is an overall strategy for Norway's efforts to achieve the Millennium Development Goals.

Norway will continue to be a leading player in development policy.

Norway will allocate more to development, and will seek to persuade other rich countries to do the same. The Government's goal is that by 2005, 1 per cent of our gross national income will be allocated to development assistance.

At the same time we recognize that development assistance alone cannot solve the problems of poverty. The Action Plan therefore extends beyond this. It covers basic framework conditions such as trade, debt and investment. We will adjust our other policies in such a way that they do more to combat world poverty.

The Government also invites the private sector and civil society to participate in the efforts to achieve the Millennium Development Goals.

We are looking forward to a broad-based cooperation in the fight against poverty in the South.

Kjell Magne Bondevik
Prime Minister

Preface by the Minister of International Development

The presentation of this Action Plan for Combating Poverty is a happy and very serious occasion.

The fact that the whole Norwegian Government is united behind a document that commits us to the fight against world poverty, across ministerial boundaries and sectoral interests, is cause for rejoicing. It represents a new departure in Norwegian politics.

I am also looking forward to its reception, both in Norway and internationally. Our goal is to use the plan in the efforts to attain the Millennium Development Goals – the eight goals for development and poverty reduction that the entire international community has committed itself to achieving. Imagine if the proportion of people living in absolute poverty were halved by 2015! I really believe this is possible. Extreme poverty is a brutal fact of life for far too many people, people like you and me. It is actually costing millions of innocent people their lives. Norway, as one of the world's richest countries, has a moral responsibility to take an active part in the fight against poverty.

Now you will understand why I call this a serious occasion. We have no more time to waste. Development policy is all about letting children grow up, about realizing fundamental rights such as education, health and codetermination, about giving the individual the opportunity to choose how he or she wants to live. It is really about expanding people's choices, or their freedom. This is a serious matter. This means that development policy is not an esoteric hobby for enthusiasts or a sideshow on the margins of our "real" foreign policy. It is not an indulgence that allows us to ignore world poverty in our other policies. If nothing else, 11 September taught us that conditions in other parts of the world also concern us. We cannot stick our heads in the sand like ostriches.

This Action Plan is a broad-based guide to development policy. It covers fundamental framework conditions for development, such as trade, investment and debt. It describes how we will use our economic assistance in development cooperation with the individual country. It outlines how we will cooperate with international organizations, with the private sector and with civil society to combat poverty. It also describes what the Government will do to ensure coordination and consistency between development policy and Norwegian policies in other areas such as energy, fisheries, education and trade. In this way Norwegian policies will combat poverty in the South in a broad range of areas.

But the authorities in the developing countries must also keep their own house in order. It is they who must live with poverty and who must create conditions that will enable people to extricate themselves from poverty. It is they who must improve the management of public and natural resources, who must develop good operating parameters for business, investment and trade, who must pass laws that provide security of life and property for all, and who must enforce them.

We will help to ensure that these goals are achieved. We will give priority to supporting countries with good poverty strategies and concrete plans to strengthen important preconditions for development, such as democracy, the rule of law and effective public management. We will attach importance to the will to combat corruption and improve the framework conditions for agriculture and other industries. We will support efforts to promote gender equality, education, health and the fight against HIV/AIDS.

One hundred and eighty countries have endorsed the UN Millennium Declaration, and have thus committed themselves to doing what they can to achieve the concrete goals for poverty reduction. The present Action Plan is a guide to Norway's contribution to this effort. It is intended as a "living" plan, which we will adjust as necessary up to 2015. We therefore call for comments, suggestions, criticism, dialogue – all such contributions will be welcomed because they will help to make the plan a good tool for us all to use.

With this Action Plan the Government has taken an important step. The next steps will be even more important. The years up to 2015 will show whether we and succeeding governments are able to realize these ambitions.

Photo: © C F Wesenberg

Hilde Frafjord Johnson
Minister of International Development

Executive Summary

Why do we need an Action Plan against poverty? There are several reasons.

The first reason is that poverty is still the greatest global challenge. There are more than a billion people in the world living in extreme poverty.

Norway, as one of the richest countries in the world, has an obligation to take this challenge seriously. Poverty is an attack on human dignity. It is morally and politically intolerable that basic human rights are being violated in such a massive and constant way. Poverty has complex roots and is in itself complex. It therefore challenges us in many political areas and it challenges us intellectually. This Action Plan is the Norwegian Government's answer to these challenges.

The second reason is that we have actually vowed to eradicate poverty. In setting the Millennium Development Goals all UN members have committed themselves to making a sustained effort to do this. The Action Plan says something about how we plan to achieve this target. The most significant milestone along this road is the year 2015. By then the world's nations have agreed that the proportion of humans living in extreme poverty or with hunger must be halved compared with the proportion in 1990. This is an ambitious target, but we can achieve it.

The third reason is that we have acquired new knowledge and experience. Our understanding of what promotes and hinders development has increased immensely. Internationally a broader consensus than ever is emerging on this among actors in the field of development policy. This Action Plan builds on documentation from the World Bank, from the International Monetary Fund, from the many organizations, funds and programmes of the UN, from the OECD[1)], from governments in developing countries and from research by independent institutions.

The Action Plan itself does not purport to break new ground in terms of analysis. It seeks instead to build on a synthesis of the knowledge we and others have acquired. This deepened understanding shows that there is a need to adjust our course in certain areas. But it also shows that Norwegian development policy over the last ten years has been mainly on the right track.

We will use the Action Plan to confirm what we have done right and to find out where there is a need for adjustment and which direction we should take in the future. As conditions in the world and our perception of them will continue to change, we must always be flexible. We must avoid using yesterday's methods to deal with today's challenges.

This is why we call it a "living plan". When the national and international debate on development issues shows that fundamental changes have taken place, we will revise the plan. And we will do this in the same spirit as that in which we developed it. We shall draw on the experience of poor countries, of our international development and alliance partners and of our partners in Norway.

The Action Plan points to a number of key challenges that call for a response from us.

- **Development assistance is inadequate. It must be increased substantially. Debt relief arrangements must also be improved.**
  The World Bank has estimated that development assistance today is about half of what is required to cover the needs of developing countries for capacity-building and infrastructure. A substantial increase in the annual investment in health would probably give a yield many times greater than the original investment by 2015. It has also been shown that investment in tropical agriculture has declined dramatically over the last 20 years. A number of other agencies have shown how great the needs are in their respective areas. Any visit to a developing country shows that they are right. Assistance is particularly urgently needed for the 49 least developed countries, which attract little international investment and have little capacity for generating equity capital for investment.

The Action Plan confirms that it is our goal to increase development assistance to 1 per cent of GNI by 2005. We also urge other OECD/DAC members to increase their shares substantially. We intend to channel at least 40 per cent of total Norwegian bilateral assistance to the least developed countries. The Norwegian Government will also intensify its efforts to improve the international debt relief systems.

- **Development assistance alone cannot lift a country out of poverty.**
  Other aspects of industrialized countries' policies often have much greater impact on the situation in poor countries than assistance does. The multilateral trading system and the system for debt relief should be improved. There is also a need to establish a system of rules and regulations for investment. We, on our part, must seek to ensure that our trade, agriculture, energy and immigration policies are consistent with our development policy.

The Norwegian Government has therefore decided to review certain aspects of its policies with a view to achieving the best possible coherence between development policy and other policy areas. In addition we will urge other rich countries to improve market access for products from developing countries, and do what we can to reduce barriers to trade. We will also assist the poorest countries in making better use of the existing opportunities in world markets.

- **The international community must listen more carefully to the voice of the developing countries.**
  Rich countries dominate the international economic cooperation organizations: the World Bank, the IMF, the WTO2), the OECD and so on. The voting systems largely follow the size of members' capital contributions. These organisations work and have advantages that should be retained, not least as regards ensuring access to capital for developing countries. However, they do not always work to the benefit of the poor countries. It is important to promote measures that can rectify this, especially in the area of trade. This also applies to environmental issues.

The Action Plan recognizes this and states that Norway will work to develop and improve various aspects of the international organizations so that the interests of poor countries are better served.

- **Development and poverty eradication are impossible without peace and security of life and property.**
  Conflict is an obstacle to ordinary economic and social activity in a society, among other things because it undermines opportunities for long-term investment. Although poverty may not lead directly to conflict, war and terror, it helps create a breeding ground for it and an increased risk of its breaking out. Thus, poor countries can easily become the source of problems that spread to other parts of the world.

The Action Plan states that Norway will help reduce conflicts and create conditions that prevent them from starting in the first place. The plan also stresses the need to secure the interests of civilians in the transition process from conflict to normal life. Often the possibilities for political and economic reform in the interests of development are best immediately after conflicts have been resolved. Such opportunities must be exploited.

- **Growth must be increased.**
  In many countries economic growth is well below population growth. This can be remedied to a certain extent by development assistance, but private investment is above all what is needed. Development of the private sector is crucial. In many poor countries the primary industries are essential for development. Countries that give priority to agriculture and other primary

1) See www.worldbank.org, www.imf.org, www.un.org and www.oecd.org

2) See www.wto.org

industries must be given sufficient support for these activities. Access to energy is also of crucial importance, and Norway is in a good position to support countries that give priority to this sector. There is a general need in many countries for better governance to attract investment. There is also a need for measures to mobilize the considerable resources which poor people have access to but often cannot utilize due to a lack of basic and formalized rights. This applies to civil and political rights as well as economic, social and cultural rights – including the right to own property and to engage in economic activity.

Norway will actively seek to stimulate private sector development, trade and investment in poor countries, i.a. by contributing to better framework conditions that will promote the investment of both local and international capital.

- **Partner responsibility must be strengthened, governance improved and corruption combated.**

The conditions for growth and development are far from good in many developing countries. In countries where corruption is endemic and governance – both in the political and in the administrative sense – is poor, national and international investors will stay away. And the poor are the ultimate losers. Good governance is a precondition for development. This is something we wish to promote.

The Action Plan emphasizes the importance of good governance. One of the ways in which development cooperation can follow this up is by providing assistance for capacity-building. Countries that are willing and able to improve governance will in general be given priority when we allocate government-to-government assistance. In countries with poor governance, channels other than the official ones will be given preference, channels that reach the poor and support the forces of reform. The strengthening of public and other "watchdogs", like the auditor general, ombudsman systems, civil society, political parties, and a free press, will be given priority.

- **Fighting poverty is about promoting human rights.**

This is an ethical and an altruistic project, but promoting human rights is much more that that. It is also about creating conditions that promote the sustainable development of societies both locally and globally. It is about giving the population the opportunity to create a better society and to function well within it. Poor people must therefore be empowered to make positive changes in their situation. In many poor countries such conditions are absent. The human rights of the poor are particularly inadequately protected. This applies to children's rights, both in war and in normal situations, it applies to women, who are systematically oppressed in many countries, and it applies to the most vulnerable groups, such as the elderly and the disabled. Human rights must be an inseparable part of the development process, because development is precisely about realizing the freedoms and possibilities implied in the concept of human rights. This is especially evident in the present context, where the focus is on the poorest.

Hence, the Action Plan strongly emphasizes that human rights must be an integral part of Norwegian development policy. The rights of the most vulnerable groups will be given special attention, both at country level and in international fora.

- **Developing countries must be given back control over their own development.**

Development agencies have for far too long unempowered their cooperation partners by doing their work for them or ignoring their wishes. At the same time the lack of coordination of donors' efforts has led to serious administrative problems in many countries. Industrialized countries must leave the implementation and coordination of measures to the partner countries themselves, so that they can acquire real ownership of their challenges and tasks.

The Action Plan states that Norway will continue to scale down project assistance and to increase the proportion of sector programme and budget support. At the same time we will seek to improve public financial management, control and surveillance systems and other key administrative processes in the partner countries. Our assistance will be based on the country's own development and poverty strategy. This means that partner governments will be given the opportunity to control the development process, which will make it realistic for both donors and actors in these countries, and especially the voters, to hold the government accountable for results.

- **We must forge alliances to combat poverty.**

Alliances between countries in the North with similar views on development policy are necessary both in international fora and in relation to partner countries. It is particularly important to seek to persuade international organizations to base their activities on the development and poverty reduction perspectives expressed in the Action Plan. Similar alliances with countries in the South are also important so that we can stay in touch with crucial issues. We are also working to further develop our alliances with Norwegian NGOs, other public bodies and the private sector.

The Action Plan states that Norway will continue to promote such alliances and use them actively to promote the development agenda internationally. In this connection Norway will convey a consistent message in bilateral dialogues with partner countries and in international organizations and fora. Alliances with Norwegian partners will be further developed.

- **Education and health are to be promoted. HIV/AIDS must be combated.**

When a large part of the population is illiterate, weakened by HIV/AIDS and other diseases, and has neither income nor property, this hinders economic and social development. Education is perhaps the most important precondition for development. Without education, the state receives less income that can secure basic social services, costs are high and the private sector has less access to the human and economic resources it needs. Investment in education and health is one of the most effective measures we have for combating poverty.

The Action Plan particularly emphasizes efforts to improve education, through the dialogue on national poverty strategies, through development assistance and through support for international organizations working in these fields. Norway will play a pro-active role in these efforts. This also applies to health. We will help combat HIV/AIDS and diseases such as malaria and tuberculosis by strengthening the health sector at national level so that as many people as possible receive the help they need. We will also support preventive measures, awareness raising and information activities, and treatment facilities, in line with the countries' own strategies. We will actively seek to ensure that the donor community coordinates its efforts in the fight against deadly epidemics and we will promote improved cooperation with the private sector.

- **A sound environmental policy is in the interests of the poor.**

The poor are often those who are most affected by local and global environmental degradation, such as climate change or pollution of air and drinking water. Thus it is often the poor who benefit most from improvements in living conditions resulting from measures that prevent and reduce pollution and help to maintain ecological functions. Sound environmental and resource management prevents a worsening of the living conditions of vulnerable groups. This applies especially to indigenous peoples.

Norway will continue to stress the importance of implementing measures to combat climate change in international fora. We will seek to ensure the equitable utilization of regional water resources and in our dialogue with our partner countries we will emphasize the importance of sustainable environmental and resource management. We will offer to assist in strengthening such management, especially as regards water resources and energy and in cases where this will improve living conditions for the poor.

- **Donors must be willing to be coordinated by partner countries.**
They must also cooperate more closely among themselves. The form of national poverty strategies and the accompanying processes now require donors to rethink their planning. There is no need any more for the long, elaborate and donor centered planning documents of the past. Donors should rather make short business plans to consider how they can put their technical and economic resources to the best possible use, while taking account of the other actors. This applies to all donors, public, non-government and private. The UN and the World Bank will be key instruments in this coordination. NGOs must have an active and constructive attitude to this coordination process, although they will continue to have their own agendas, principles and functions. Coordination in line with national poverty strategies presupposes an active dialogue in which partners from the North express themselves clearly about the strengths and weaknesses of the strategies and about what they can and cannot finance.

The Action Plan states that national poverty strategies are to be taken seriously. Development assistance and other measures must be guided by these strategies. Activities that are not based on these strategies are to be phased out of cooperation programmes, unless there are special reasons for continuing with them. We will use our positions on the boards of international organizations like the IMF, the World Bank and UN agencies to insist that poverty strategies must be drawn up and implemented by the partner countries themselves.

- **Results must be measured.**
The UN will monitor progress towards the Millennium Development Goals. The OECD/DAC[3] will hold members accountable for coordinating their policies so as to make them more effective in the fight against poverty. It is important to recognize, however, that poverty reduction takes a long time and happens gradually. It is therefore necessary to measure short-term progress to make sure we are on the right track. In order to do this, better indicators and statistical capacity will have to be developed in developing countries.

Norway will therefore contribute to the international cooperation on the development of intermediary indicators for measuring and reporting on short- and medium-term progress in the war on poverty. In this connection we will also help to develop indicators that make Norway's contributions more visible. If little progress is being made towards the specific Millennium Development Goals, Norway will advocate more intensified efforts in all relevant fora.

The Action Plan is a basis for both political action and practical implementation.
Like development policy itself, the Action Plan must have a broad agenda so that it covers all the issues that are necessary to bring about positive and sustainable development. A considerable number of the measures mentioned in the Action Plan must be carried out if we are to achieve the Millennium Development Goals. This does not mean, however, that Norway should do it all or be active in every field. We are one of many actors. But we have clear views on what should be done and we intend to state them in all relevant contexts.

The Action Plan sets out tasks and priorities at the strategic level. Assigning priorities and implementing the many essential measures will be done through the partner countries' own poverty strategies. It is our development partners who own the challenges and it is they who must play the main part. The role of the industrialized countries is to contribute advice and resources.

3) The Development Assistance Committee of the Organization for Economic Co-operation and Development

Introduction

“Nobody is able to communicate our problems. Who represents us? Nobody.”
From Egypt

The above quotation is taken from a study entitled “Voices of the Poor”, a collection of statements by poor people which the World Bank compiled as a basis for the World Development Report 2000/1 on Poverty and Development. We have included this quotation, and a number of others, in this Action Plan to remind those of us who know poverty only through literature, visual impressions and statistics that poverty is an extremely concrete reality in many peoples’ lives. There are, in fact, between one and three billion people who can describe their life situation in much the same way as the voices we hear here. These are the people that this Action Plan aims to help. It is their problems we will be communicating.

The decision to draw up a coherent Norwegian strategy or Action Plan for combating poverty in developing countries was made by Minister of International Development Hilde F. Johnson following a major study carried out in 1999 by the OECD/DAC of the efforts of its member states to reduce poverty. However, the actual work on the strategy did not begin until 2001 because we wished to draw on the work being done in important international processes, such as the preparations for the UN Millennium Conference, work on the World Bank’s World Development Report for 2000/1 on Poverty and Development and the preparation of the OECD/DAC’s Guidelines on Poverty Reduction[4].

The Action Plan is based among other things on the experience of development cooperation gained by Norway and other countries and players, and on goals and principles formulated partly on the basis of various UN conferences in the 1990s and the work of the OECD. This includes the Millennium Development Goals for poverty reduction. The aim is to achieve several of these concrete, ambitious goals, which concern such important sectors as health, education, gender equality and environment, by 2015. The Norwegian Government has committed itself to following up these goals, and both the UN and the OECD will monitor the contributions of their member states.

The Action Plan confirms that development assistance is, and will continue to be, an important instrument in combating world poverty. However, assistance is just one of several instruments. Studies show that it is equally important that the framework conditions for trade, private sector development and growth are improved and that developing countries pursue policies that promote equitable distribution.

The Action Plan also emphasizes that the policies otherwise pursued by rich countries will have a greater impact than development assistance on the ability of developing countries to reduce poverty. The dumping of agricultural products on global markets and trade barriers in the form of tariffs, import quotas and health restrictions on products from poor countries are relevant examples.

The OECD has drawn up a checklist which they recommend that member states use to reveal inconsistencies between different policy areas. Improving policy coherence will help to reduce poverty. An abridged version of this list is attached as Appendix 2 to the Action Plan. The OECD itself will use this checklist in its periodic examinations of member states to determine the extent to which they are making an effort to coordinate and adapt all areas of their policies with a view to effectively combating poverty in developing countries. This means that Norway, too, will have to carry out a review of various policy areas to determine where there is potential for improvement and what can be done to help reduce poverty in developing countries. In this connection, the Action Plan gives an account of specific Norwegian efforts to achieve this goal in a number of fields.

4) See www.oecd.org/dac/poverty

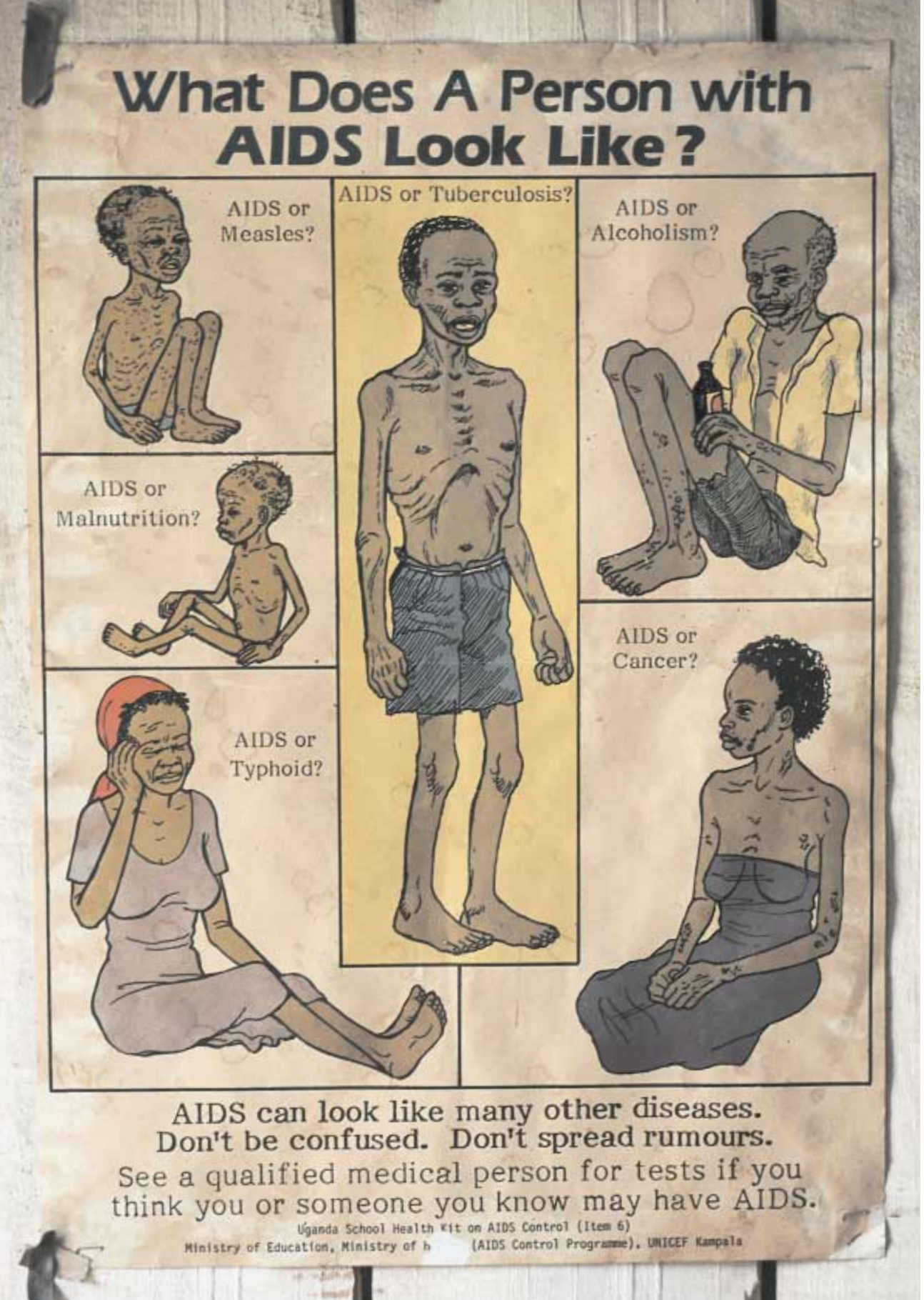
Man in a Nairobi slum, Kenya.
A large majority of those hardest hit by poverty say that they are isolated, are not respected as human beings and do not feel that they are part of the society in which they live.

Photo: © Jørn Stjerneklar / Phoenix

This Action Plan is the Government’s primary tool for promoting and coordinating efforts to combat poverty through development policy in a broad sense. However, it does not replace other documents that lay down guiding principles for the respective fields covered by development policy. Areas that are considered to be well covered in other plans and strategies are not specifically discussed in this document.

The Action Plan is not a final document. Our operating parameters will undoubtedly change considerably between now and 2015. Things may happen that will require strategic initiatives that are different from those that we have planned here. Furthermore, our base of experience and knowledge and our understanding of the world around us will also change. We must therefore be prepared to re-evaluate established standpoints and apply old truths to a new reality. We will do this in cooperation with all those who have contributed to drawing up this Action Plan.

Therefore, the Action Plan also represents the starting point of an ongoing dialogue with other public agencies, non-governmental organizations, experts in various fields, business and industry and the authorities of our partner countries on how we can achieve the Millennium Development Goals.



An information poster on AIDS from Mbarara, Uganda. In many countries the HIV/AIDS epidemic has reached such catastrophic proportions that it jeopardizes all the measures taken to alleviate poverty. The rapid spread of the disease is due to violations of basic human rights, wars and conflicts, poverty and social violence, illiteracy, powerlessness and unemployment.

Photo: © Heldur Netocny / Phoenix

1. Plan 2015 in the fight against poverty

"We poor people are invisible to others – just as blind people cannot see, they cannot see us."
From Pakistan

Poverty is the greatest challenge of our time. Approximately 1.2 billion people live in conditions that can be described as extreme poverty. In the least developed regions, where there is also high population growth, the number of people living below the poverty line has risen. Population growth has resulted in slower income growth and pressure on wood fuel, grazing land, agricultural land and other scarce resources. However, the percentage of the world's population who live in extreme poverty fell slightly in the 1990s, as did the number of people living in extreme poverty. Nonetheless, we continue to face enormous challenges - if our objective is to achieve the Millennium Development Goals.

What is poverty?

"Don't ask what poverty is, because you have met it outside my house. Look at the house and count the number of holes. Look at my utensils and the clothes that I am wearing. Look at everything and write what you see. What you see is poverty."
From Kenya

Poverty is a complex phenomenon. Income and consumption figures do not adequately describe the nature of poverty, although they are important and provide a good, tangible measurement of the phenomenon. Poor people describe their own situation in greater detail. They attach considerable importance to general aspects, such as the lack of food, clothing and shelter, poor health and the lack of the basic skills required to make a living for themselves. Other aspects are related more specifically to their social relations, and have to do with the lack of a sense of community, solidarity, dignity, the sense of lacking freedom and rights. The lack of documentable rights to land and other resources that can serve as a basis for obtaining a loan and thereby improving their own means of livelihood is also typical of the situation of poor people. Many poor people also point to the insecurity and vulnerability arising from violence, natural disasters and economic upheavals. Others emphasize their inability to influence their own situation and the fact that no one represents them.

The UN Development Programme (UNDP)[5] defines development as expanding people's options, based on the premise that poor people often do not have the same possibility as others to defend the rights to which they are entitled in principle.

People who have to live on less than a dollar a day are described as being extremely poor. In the light of what has been said above, a dollar a day is a one-dimensional measurement of a complex reality. Other measurements are therefore also used. Nevertheless, consumption and income are closely related to many other aspects of poverty, and they are relatively simple to measure. Consequently, a dollar a day has generally become a commonly used indicator of people's social and economic standards of living.

The causes of poverty are many and varied. Among the most important we find:

- Poor framework conditions for investments and private sector development (macro-economic instability, unsatisfactory taxation systems, laws, regulations and judicial systems, an inadequately developed financial sector and weak public control mechanisms).
- Trade practices that are unfair to poor countries.
- An unsustainable debt burden.
- Inadequate investments in health and primary education in general, and particularly for girls and women.

5) www.undp.org

- Inadequate control of HIV/AIDS, malaria and tuberculosis, diseases which currently threaten the very process of development in many poor countries.
- Population growth due to high birth rates, resulting in pressure on natural resources and reduced income growth.
- Economic and social policies that are not sufficiently focused on development and poverty reduction.
- Weak public institutions and poor governance (including the arbitrary exercise of justice and corruption).
- Political unrest and war.
- Lack of sound resource management and the deterioration of associated living conditions.
- Lack of individual property rights, weak collective rights to the use of land and water resources and individuals' lack of financial, political and social freedom to realize their potential. When poor people do not own the land they cultivate, the result is dependence, insecurity and poor access to credit for investments. Women are particularly vulnerable.
- Poor infrastructure which leads to high production prices, weak competitiveness and a high degree of vulnerability to fluctuations in the price of imported energy.
- Low productivity in the agricultural sector, low prices for agricultural products, and an inadequately developed market system for the sale of agricultural products.
- Closed economies with little competition. State monopolies or industries concentrated in the hands of a few players who prevent competition.
- Rigid social divisions with little social mobility.
- Lack of a middle class with purchasing power.

Many of the factors on this list are interrelated. High population growth affects a number of factors that contribute towards perpetuating poverty. The linkages in the economic system tell us that weak demand may be one of the reasons for the slow development of countries' own industry. Moreover, a lack of purchasing power is closely related to a low wage level, which in turn is a result of low productivity which itself is caused by many factors. This vicious circle is exacerbated by the privileged status of state monopolies and by corruption.

The nature, extent and causes of poverty are discussed in greater detail in Appendix 1.

Combating poverty is the most important task of the 21st century - what can Norway do to help?

"Who can afford to help in this age of crisis?"
From Pakistan

Everyone has a duty to help to reduce the enormous amount of distress and suffering that accompany poverty in the world. Norway has an important role to play in this effort. This Action Plan describes Norway's contribution to the international fight against poverty, in the form of both new initiatives and the continuation of work that is already in progress.

The Action Plan aims primarily to meet four objectives:

- *Guiding principles.* Define the main principles underpinning Norway's contribution to development and poverty reduction. These principles should also apply to all those who are involved in work that has relevance for the poverty situation in developing countries.
- *Policy coherence.* Emphasize how aspects of policies pursued by Norway and other industrialized countries that do not primarily target developing countries nonetheless have an impact on development and poverty reduction efforts in these countries, and seek to ensure that Norwegian policies do not exacerbate the situation of poor countries.
- *Cooperation and coordination.* Point out the links between Norway's efforts to promote development and combat poverty in developing countries, the work that is being done by developing countries themselves to achieve these goals, the international efforts that are being made by other players to the same end, the great need for coordination and the dependency on good national and international/ global framework conditions in order to succeed.
- *Measures.* Identify measures that may help to ensure that Norwegian policies of relevance for poor developing countries are more supportive of efforts to achieve the goal of poverty reduction.

The fundamental motivation for combating poverty is of a moral nature. Everyone who has the possibility of doing so also has a responsibility for helping to eliminate the suffering and need associated with poverty. At the UN Social Summit in Copenhagen in 1995, the international community committed itself to eradicating poverty in the world. This is the ambitious, long-term and ultimate goal of the war on poverty.

The Millennium Development Goals

The eight Millennium Development Goals (MDG)[6] are set out in the final declaration of the UN's Millennium Assembly held in autumn 2000. To some extent, they are also integrated in the OECD/DAC guidelines for poverty reduction, which are intended to help OECD/DAC member states improve their efforts to achieve the Millennium Development Goals, and for use in examining the development policies of OECD/DAC countries. The goals are based on the prevailing situation in 1990.

The Millennium Development Goals

- Eradicate extreme poverty and hunger. Halve the proportion of people whose income is less than a dollar a day and the proportion of people who suffer from hunger by 2015.
- Achieve primary education for all boys and girls by 2015.
- Promote gender equality and empower women. Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015.
- Reduce the under-five mortality rate by two-thirds by 2015.
- Reduce the maternal mortality ratio by three-quarters by 2015.
- Have halted and begun to reverse the spread of HIV/AIDS, malaria and other diseases threatening humanity by 2015.
- Ensure environmental sustainability. Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources, halve the proportion of people without access to safe drinking water by 2015, and achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020.
- Develop a global partnership for development. Develop an open, rule-based, predictable, non-discriminatory trading and financial system. Address the special needs of the Least Developed Countries (LDCs), landlocked developing countries, and small island states. Resolve the debt problems of developing countries by implementing national and international measures for a sustainable reduction in debt. Take action to develop and implement strategies for the productive employment of young people. In cooperation with the pharmaceutical industry, give people in developing countries access to necessary medicines at reasonable prices. In cooperation with the private sector, make modern technology, especially information and communication technology, accessible.

In the declaration from the Millennium Conference, reference was also made to challenges related to peace and disarmament, human rights and good governance. These are factors that are particularly important for the lives of poor people.

6) More information on the Millennium Development Goals and the Millennium Assembly may be found on the Internet at the UN and UNDP websites.

Recently-arrived refugees from Sudan in Koboko, Uganda. Fighting poverty means promoting human rights. The human rights of poor people, in particular, receive little protection. This applies especially to the rights of children, both in normal conditions and in war, and of women, who are systematically oppressed in many countries. Efforts to promote the rights of these groups are therefore particularly important if we are to achieve the Millennium Development Goals.

Photo: © Jørn Stjerneklar / Phoenix

Poverty also poses a threat to political stability and welfare and creates refugee flows, uncontrolled urbanization, crime, conflict and terrorism, the spread of disease and degradation of the environment in many countries.

Industrialized countries, too, have an economic interest in reducing poverty and promoting the integration of poor countries into the global economy. Economic development and increased participation in world trade generate more diversified production, stronger purchasing power and expanded markets, thereby boosting economic growth in developing countries. This in turn means expanded global markets, to the benefit of all parties.

The challenge of poverty confronts us in all policy areas

"We keep hearing about monies that the government allocates for projects, and nothing happens on the ground."
From South Africa

Norwegian development policy aimed at combating poverty must embrace a broader range of issues and contain more than measures limited to financial transfers from development assistance budgets. A number of policy areas have direct or indirect significance for the possibilities of developing countries and the international community of solving poverty problems. This applies to the efforts of poor and rich countries alike to promote international peace and stability, democratic values and respect for human rights, and policy in the field of trade, business development and competition, including agricultural policy. It also applies to the environment and natural resources, women's and gender equality issues, financial markets and refugee and immigration policy.

Norwegian foreign policy has a number of specific goals, besides safeguarding Norwegian interests in general. Combating poverty in poor developing countries is one of these goals, and it is important that Norwegian foreign policy functions coherently and with credibility in relation to global efforts to achieve this goal. We must therefore identify important political and practical linkages and ensure, as far as possible, that our policy in different fields underpins international poverty reduction efforts.

In the light of the above, one of the most significant elements of the Action Plan is its increased emphasis on the demand for coherence in various fields of policy, both in Norway and internationally. In a Norwegian context, the OECD/DAC checklist will be used in efforts to achieve policy coherence in relevant fields with a view to ensuring, as a minimum, that it does not have a negative impact on poverty reduction in developing countries. Consequently, the term "development policy" is used in this Action Plan to refer to all *Norwegian policies with particular relevance for development and poverty reduction in developing countries.*

There has been progress towards achieving several of the Millennium Development Goals in the past decade. The proportion of people living in extreme poverty was reduced in the 1990s. Least progress has been made towards the goals that are specifically linked to the situation of women and children, which shows that their lives and rights have low priority in many countries. Efforts to secure increased rights for these groups are therefore particularly important in the future if we are to achieve the Millennium Development Goals.

Several factors, such as economic crises and downturns, can impede efforts to realize the Millennium Development Goals. The financial crisis in Asia in the late 1990s, for instance, led to a decline in economic growth both in Asia and on a global scale, and had dramatic consequences for millions of poor people. Armed conflicts, HIV/AIDS and natural disasters are other threats that can undermine the livelihoods of poor people.

The will of the authorities in developing countries to promote development and secure the human rights of poor people is decisive for achievement of the Millennium Development Goals. In this connection, the role of the international community is to conduct a dialogue in which these rights are emphasized and to contribute technical assistance to make it possible to realize them. The rich countries must also ensure that poor countries share in global goods such as market access, and they must generally support the poor countries' own efforts by providing financial and technical assistance when it is agreed that such assistance is required and may be useful. Important international conferences on issues such as development financing have addressed these challenges and made constructive contributions towards meeting them.

The possibility of achieving the goals varies from one part of the world to another. The challenges are greatest in sub-Saharan Africa, where the proportion of extremely poor people rose 20 per cent between

1990 and 1996 and where women account for a substantial percentage of these people. Economic growth in this region barely exceeds population growth and thus is insufficient to improve the welfare of the population.

Development assistance for Africa has dropped from USD 32 per inhabitant in 1990 to USD 18 in 1998. This has happened at a time when many African countries have begun to organize their economic policies more effectively and are starting to show results in the form of increased growth and poverty reduction, and are thus in a phase where development assistance has proved to be particularly effective. Norway will continue its efforts to reverse the decline in development assistance. Our goal is to increase development assistance to 1 per cent of gross national income by 2005 and to influence other rich countries to increase their assistance to at least 0.7 per cent of GNI, which is the UN and OECD/DAC goal for the proportion of development assistance in relation to the GNI of member states. At the same time, we will seek to promote other forms of financing for the poorest countries, in co-operation with the private sector, the finance sector, other countries and international organizations.

We need cooperation and alliances at all levels

"The most important asset … is an extended, well-placed family network from which one can derive jobs, credit and financial assistance."
From Senegal

The Millennium Development Goals can only be achieved by a broad alliance of countries, multilateral institutions and organizations and by making better use of the potential in civil society and the private sector. Substantial efforts are required, both bilaterally and through multilateral institutions. A great deal has been done on the international front. Norway wishes to help strengthen and utilise the powerful momentum that has been created in international cooperation on achieving the Millennium Development Goals. To help achieve these goals, Norway's efforts to promote development must be based on cooperation and alliances with developing countries themselves, multilateral organizations, other industrialized countries, other international players, the private sector and non-governmental organizations.

This cooperation must be based on the principle that developing countries themselves must take the lead in coordinating development assistance and other resources at national level. Multilateral organizations' use of Norwegian funds channelled through them must also be based on this premise. This means forming alliances with them to promote the implementation of coherent poverty reduction strategies such as PRSPs and related mechanisms such as PRGFs and PRSCs[7].

Both in relation to multilateral institutions and bilateral donors, efforts to realize the Millennium Development Goals can be made more effective by coordinating efforts, channelling funds, engaging in consensus-building dialogue on policy issues and monitoring follow-up. Tasks should be shared on the basis of each player's comparative advantages.

Norwegian development cooperation policy is promoted most effectively in alliances with like-minded countries. Close cooperation is also useful for promoting Norwegian perspectives on development policy. For instance, the EU is a very influential player in the development arena both in the UN and bilaterally, and as a trading partner for developing countries. We cooperate closely on development policy, not only with the Nordic countries, but with the United Kingdom, the Netherlands and Germany in the so-called Utstein Group[8]. We wish to intensify this cooperation to promote common development policy views, and at the practical level in connection with cooperation on financing development assistance for developing countries. Our dialogue with like-minded countries must also address policy coherence issues relating to trade and development financing.

Alliances in the form of informal groups such as the Utstein Group, "G 0.7"[9] and other groups of like-minded countries have proved to be effective in many contexts and will be actively used in efforts to realize the Millennium Development Goals.

Cooperation with civil society plays a vital role. Non-governmental organizations' extensive network of contacts outside the public sector in partner countries, their insight into local conditions and their work at grass-roots level make them important cooperation partners. They often reach poor people in countries where political conditions make this difficult to achieve through the public authorities. These groups' strong commitment to the Millennium Development Goals and their special experience of grass-roots work in developing countries also make them particularly valuable partners in a dialogue on identifying ways of combating poverty.

Cooperation with the private sector is important because it contributes towards companies in industrialized countries establishing cooperation with enterprises in developing countries or starting up their own operations in such countries, thereby transferring capital, technology and knowledge to poor countries.

Cooperation abroad requires coordination in Norway. The Government attaches importance to cooperation between the public authorities, non-governmental organizations, research and educational institutions and the private sector in Norway in order to increase understanding of the challenges faced by developing countries and to mobilize all good forces in the fight against poverty.

More knowledge for better policy

"At last those above us will hear us. Before now, no one ever asked us what we think."
From Guatemala.

If we are to ensure greater policy coherence with a view to combating poverty more effectively across technical and formal divisions, broad-based, relevant knowledge is essential. Research and development work must focus on issues that clarify how Norway, as a small player, can make a contribution. Knowledge, expertise, training and recruitment in those parts of the public administration that have a main responsibility for policy that affects poor countries must reflect the fact that poverty reduction is the key goal. Both in evaluations of development cooperation and in the organization of human resource development in relevant Norwegian institutions, it will be important to take account of the changes that are taking place in partnership relationships between developing and industrialized countries. It will also be important to acquire sufficient knowledge of the impact of various policy areas on poverty and poverty reduction. The areas of public administration that have more indirect responsibility for development cooperation must have the opportunity to share in this knowledge.

7) PRSP: Poverty Reduction Strategy Papers, the poverty reduction strategy documents of partner countries. Norway and other players actively engaged in development cooperation in these countries help to ensure that these strategy papers are drawn up in dialogue with civil society and representatives of the poor. PRGF: Poverty Reduction and Growth Facility, the IMF's credit facility for the poorest countries. PRSC: Poverty Reduction Support Credit, the World Bank's credit facility for support for the PRSPs.

8) Informal network originally established by the Ministers for Development Cooperation of Germany, the Netherlands, Norway and the United Kingdom.

9) Countries that provide development assistance in an amount equivalent to 0.7% or more of GNI. In 2001 these countries were Denmark, the Netherlands, Norway, Luxembourg and Sweden.

2. The biggest challenges

"Being poor is being always tired."
From Kenya

Although external factors have an impact on a country's poverty situation, it is the country itself that has the most important role in dealing with its own poverty problem. Experience shows that it is primarily in countries where the authorities acknowledge this role, feel a sense of ownership for their problems and assume responsibility for solving them, while guaranteeing their inhabitants peace, co-determination and security, that the conditions are most conducive to poverty reduction.

However, poverty is also the responsibility of rich countries, because they often have a decisive say in determining international framework conditions for trade and financing and in allowing market access. Poverty reduction is also a question of a more equitable distribution of resources. It is therefore important to ensure that issues relating to poverty reduction remain high on the agenda in all relevant international organizations where industrialized countries convene.

Many developing countries prepare national poverty reduction strategies as a tool to shed light on linkages between various development tasks and to determine their order of priority. For the majority of the least developed countries, a poverty reduction strategy will necessarily include more than special sector initiatives, measures targeting special groups and regions or specific measures to remedy structural imbalances. Efforts must also be made to ensure coherence between the supply of resources, macro-economic goals and all central sector plans. In countries where a large proportion of the population is poor, a poverty reduction strategy will therefore usually be a broad-based development plan with special focus on poverty reduction.

Norway does not necessarily have to spearhead efforts to meet each and every one of the challenges described above. However, we must contribute towards ensuring that the international community as a whole focuses on them and makes active efforts to develop and implement better solutions. We must also take a leadership role when our assistance is requested and we are particularly qualified to make a useful contribution.

Peace and security must be safeguarded

"What determines poverty or well-being?
It is the indigenous people's destiny to be poor."
From Ecuador

Peace and security are fundamental prerequisites for any stable, positive development. Population groups who are vulnerable from the very outset are always those who are hardest hit when armed conflicts arise. They are the victims of physical abuse, rape, brutality and murder. They are driven from their homes, their families are split up and they lose all their property. Their social capital - networks, knowledge of their local community, etc. - which is an important resource for poor people in their struggle to survive, is demolished. The community's ability to ensure employment and social services is undermined. Efforts to prevent conflicts and to create, maintain and build peace are therefore of vital importance to the poorest population groups. Religious players also have a role to play in this connection.

Poverty reduction is the overarching goal of development policy. This also makes sense from a more general foreign policy perspective. The effective reduction of poverty will have a positive effect on the underlying causes of conflict and terrorism. Peace and stability are in turn essential framework conditions for economic and social development. A development policy that combats

Homeless children sleeping on the street in Bangkok, Thailand. Extreme poverty is a violation of human dignity, and makes it difficult to implement human rights. The poorest members of the population, including children, are also those whose freedom is most limited and whose human rights are most often violated.

Photo: © Jean-Léo Dugast / Phoenix

poverty helps to strengthen international cooperation and is thus also good foreign policy. Norway's efforts in this field will be presented in a separate strategy for supporting and participating in peace-building.

We must promote human rights

"When one is poor, she has no say in public and feels inferior. She has no food, so there is famine in her house; no clothing and no progress in her family."
From Uganda

Extreme poverty violates human dignity and makes it difficult to implement human rights. The poorest segments of the population, often groups such as the casteless, indigenous peoples and, in many cases, women and children, are also those who are most subjected to restrictions on their freedom and human rights violations. This applies to both their civil and political rights and their economic, social and cultural rights. There are therefore clear connections between poverty reduction and strengthening human rights. Both individuals and groups must have the opportunity to take responsibility for their own lives and their own welfare. In this connection, it is important to promote equal rights between women and men and to give the poor the right to own property. Facilitating the achievement of these rights is a national political responsibility.

Nobel Laureate in Economics Professor Amartya Sen strongly emphasizes the normative/ethical grounds for promoting key goals that have their basis in human rights, such as education, health and freedom of organization and expression. At the same time, Sen's research shows how promoting these goals also advances economic and social development and how they can enhance each other's positive effects. For example, there is a positive link between investments in primary health services and economic growth and poverty reduction. In the light of this, an effective development policy should actively seek to encourage not only economic growth per se, but also utilize the opportunities to expand freedoms across the whole range of human rights.

Development policy is closely related to foreign policy and we must also react negatively towards poor developing countries in response to human rights violations, sustained poor governance and major negative political incidents. However, efforts to promote development and alleviate poverty are very long-term tasks. Development policy at country and other levels must therefore take a long-term strategic approach.

The majority of the world's poor are women. Gender equality and the empowerment of women are essential prerequisites for reducing poverty and defending human rights. In most societies, women are kept low on the social ladder. They are socially, culturally and financially dependent on men. There is an imbalance between the burden of work carried out by women and men and their access to property. They often lack the right to inherit family property, other resources and power. Women are given fewer opportunities than men to influence, participate in and benefit from development. Such disparities between women and men represent a loss of economic and human opportunities and thus a loss for both the individual woman and for society as a whole.

The Convention on the Rights of the Child establishes the rights of children, but in poor countries children are often deprived of their possibilities for survival and development, and the spiral of poverty is perpetuated. Poverty can only be effectively combated if the rights of children are respected. The great challenge for poor countries is to offer children adequate services and facilities, particularly in the form of education, to enable them to develop their abilities and later in life be better equipped to make a living and contribute towards social development.

Due to the failure of a number of developing countries to recognize the status of a population group as an indigenous people, indigenous peoples are often the victims of social, economic and political discrimination. Moreover, their lack of status as an indigenous people often makes them the losing party in conflicts about hunting territories and grazing land. Discrimination and the loss of traditional

livelihoods in turn entail a danger of their losing their cultural identity and a significant risk of their becoming poor. Many indigenous peoples today are among the poorest people in the world. It is important to counter this trend and help ensure that these groups' traditional rights are respected and that their voices are heard when their rights are challenged.

Children, young people and elderly persons with disabilities also suffer considerable injustice in many societies. We must strive to ensure that the rights of these groups, too, are respected and promoted.

Children in Rwanda.
In many countries children account for a very large percentage of the population. In some countries over 50 per cent of the inhabitants are under 18. Investing in children is investing in the future of the country and in the fight against poverty.

Photo: © Oscar Mattson / Mira / Samfoto

Economic growth and distribution are crucial to poverty reduction

"I sold my land and now I have nothing. I can never buy my land back because the prices go up every year."
From Tanzania

Sustained economic growth that clearly exceeds population growth, thereby generating higher per capita income, is a prerequisite for achieving poverty reduction on a significant scale in poor countries. However, economic growth alone is not sufficient to combat poverty. In order to achieve growth in individual incomes and consumption that can create a dynamic society, growth in gross domestic product (GDP) must be accompanied by a targeted policy to promote equitable social distribution and the broad-based development of the private sector and workers' rights.

A World Bank study shows that income for the 20 per cent of the population with the lowest incomes has, on average, grown proportionally with per capita GDP in individual countries in the last 40 years. This also applies to the past few years. Typically, the health and education of poor people are better in rich countries than in poor.

There is also a clear, positive connection between economic growth and both the level and growth rate of average personal consumption for the poorest 20 per cent of the population. In countries with high economic growth, we can see a marked drop in the percentage of extremely poor people in the population, whether of a continent, country or region.

Studies also show that income distribution and an increase or a reduction in disparity has a significant effect on the progress rate in efforts to reduce poverty. In Bangladesh, economic growth remained steady throughout the 1990s with a 2 per cent annual increase in per capita GDP. However, the proportion of poor has declined extremely slowly, in part because social disparities have increased. In a country like Uganda, just the opposite has occurred. The economic growth of the 1990s led to a rapid reduction in poverty, because it benefited the poor to a greater degree.

Furthermore, in most countries where this aspect has been studied, investment in health and education has been shown to be closely related to economic progress. This has also been confirmed by other international studies carried out by organizations such as the World Bank and the World Health Organization (WHO)[10].

The debt burden must be reduced

"It was the rich who benefited from the boom … but we, the poor, pay the price of the crisis."
From Thailand

Development financing necessitates substantial investment and considerable borrowing. It is therefore normal to incur foreign debt to make sensible investments. However, over time, many of the poorest countries and many medium-income countries have acquired an unsustainable debt burden. This situation must be resolved. The HIPC initiative[11], a debt relief scheme for the poorest, most heavily indebted countries, eases this burden somewhat. However, the scheme must be fully financed and further developed if it is to contribute effectively towards achieving the Millennium Development Goals. Norway intends to help realize this objective. The goal must be to solve the debt problems of the poorest countries in cooperation with other creditor countries.

However, debt relief does not generate development unless it also benefits the poorest segments of the population. This means that the funds that are released through debt relief must be used for the benefit of the poorest population groups and that the country must pursue a policy that does not lead it back into its debt problems. For instance, poverty reduction strategies must ensure that released funds are actually used for poverty reduction measures.

One challenge in connection with the further development of the HIPC Initiative relates to countries that have been subject to armed conflict. Efforts must also be made to ensure that poor countries achieve debt sustainability through means other than participation in the HIPC Initiative. When determining the amount of debt relief, the question of whether factors over which the country does not have control warrant a further increase in debt relief must be considered. Moreover, countries' debt situation after receiving debt relief under the HIPC Initiative must be closely monitored. Consideration must be given, for instance, to whether the criteria for eligibility for HIPC assistance are appropriate, to ensure both equal treatment of the various countries and that the conditions set are realistic.

The long-term financing of multilateral creditors' participation in the HIPC Initiative must be secured to ensure that these institutions' ability to assist the poorest countries will not be reduced as a result of debt relief. This requires further contributions from a large number of donor countries, and a formalized process for the continuous evaluation of financing for the HIPC Initiative.

For medium-income countries, debt-swapping is an important debt relief instrument. Coordinated multilateral debt-swap operations will be more effective and comprehensive than bilateral debt-swapping which is the usual procedure today. The introduction of multilateral debt-swapping will offer a positive supplement to the current international financial architecture relating to debt, and should be supported to the extent that it promotes poverty reduction and underpins countries' own development strategies.

Debt crises can jeopardize international economic stability. The International Monetary Fund plays an important role in stabilizing the international financial system. The crises of the past few years show that there is a need to strengthen this system. Even when national debt crises in medium-income countries do not directly threaten this stability, the domestic consequences may be so serious that external assistance is required. The present international arrangements for dealing with situations where medium-income countries are unable to service their debt are inadequate and show the clear necessity of intervening in national payment problems before crises become serious and cause systemic ripple effects. The IMF has launched proposals for possible arrangements for an international debt moratorium, in which all creditors must assume their share of losses through organized debt settlements. In return, the debtor must pledge to seek assistance in time and treat all creditors equally. These ideas could lead to a system of earlier, faster and cheaper debt settlements, and should be followed up.

Both rich and poor countries benefit from a more open system of world trade

"Where a road passes, development follows right on its heels."
From Cameroon

A more open system of world trade with increased market access for developing countries and increased direct investment is more important for poverty reduction than development assistance. Protectionism in rich countries costs developing countries between USD 100-150 billion per year, at least twice the amount they receive through development cooperation. One of the most effective ways in which rich countries can support efforts to combat poverty is to contribute towards fairer terms of trade and open their markets to the products of developing countries, particularly agricultural products and textiles. At the same time, developing countries will benefit from reducing their own trade barriers. This is done most effectively through the WTO, which is the global instrument for multilateral trade negotiations. Almost four fifths of WTO members are developing countries. In addition to reducing tariffs through WTO negotiations, industrialized countries can unilaterally phase out or abolish duty on products from developing countries through their Generalized System of Preferences

10) http://www.who.int

11) Debt relief scheme for heavily indebted poor countries: http://www.worldbank.org/hipc/

(GSP). Norway currently has one of the most liberal GSPs of all the industrialized countries, but the system can still be improved for imports of agricultural and textile products from developing countries. As regards the least developed countries, so far only Norway, the EU and New Zealand have granted tariff and quota-free market access for all products from these countries.

Formal market access is not sufficient to ensure that developing countries can take advantage of new market openings. The few export products that the poorest developing countries have to sell often fail to meet the labelling, health, safety and environmental requirements that are set by the industrialized countries. Developing arrangements that meet fundamental health, safety and environmental standards without excluding exporters from developing countries poses a major challenge. When new rules and regulations in Norway are being drafted and new EEA directives that will also apply to Norway are being prepared, the possible consequences for exports from developing countries should be considered before such measures are implemented. Exporters must be given time and opportunity to adjust to new standards. In many cases, targeted technical assistance may be necessary to establish the standards and control mechanisms that are required. Direct cooperation between Norwegian importers and producers in the poorest countries has resulted in increased imports of both textile products and agricultural products such as meat and flowers to Norway.

There has lately been growing understanding that trade must be viewed in conjunction with the general development policy of industrialized countries and the development dimension, and that the interests of developing countries must be given greater prominence within the multilateral trade system. Greater emphasis is also placed on improving the coordination of technical bilateral and multilateral assistance in recipient countries. Furthermore, there is growing awareness of the importance of integrating trade into the developing countries' own development plans and poverty reduction strategies.

The WTO Ministerial Declaration adopted in Doha in November 2001, the Doha Development Agenda, lays a sound foundation for future negotiations in which the needs and demands of developing countries, particularly the poorest developing countries, will be better safeguarded. The Declaration commits member states to providing more technical assistance for human resource development in order to enable developing countries to participate more actively in negotiations and make better use both of the opportunities available to them under the multilateral trade rules, and of relevant market opportunities.

A separate declaration adopted in Doha on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) and public health lays down a number of important principles for ways in which patent rules can be interpreted to give developing countries better access to patented medicines. This work has Norway's full support.

The framework conditions for investment and private sector development must be improved

"You have to cultivate networks and contacts with people with power and influence to secure a livelihood and future."
From Pakistan

According to the UN Conference on Trade and Development (UNCTAD)[12], foreign direct investments (FDI) in developing countries totalled approximately USD 240 billion in 2000. This is about five times the total amount of development assistance transfers from the OECD countries in the same year. However, few investments are made in the poorest countries. Sub-Saharan Africa, in particular, has been and is still subject to a negative trend. Less than five per cent of private investments to developing countries go to this region. At the same time, the poorest countries are the ones that most need more transfers from the outside world in order to boost the investment rate and extricate themselves from the mire of poverty. The underlying reason for this is the perception that it is too risky to invest in these countries. The risk may be of a political nature, or it may be due to macro-economic imbalances, the lack of national legislation and institutions, or the lack of predictability as regards framework conditions in general. Domestic investors make the same assessments as foreign investors. In a study conducted in 1999, the World Bank demonstrated that close to 40 per cent of all private financial assets in Africa were invested in countries outside the continent. The corresponding figure for Asia is 3 per cent.

To bring back such assets and attract new investments, comprehensive reforms of the economic and financial sectors are required in many countries. There is also a need for a better institutional regulatory framework to protect investments. Inadequate information and "accepted truths" about poor countries pose a significant additional challenge. Countries that have carried out reforms are often not rewarded with increased investments, partly because the international community is not sufficiently aware of the new operating parameters.

The WTO Ministerial Meeting in Doha decided to start preparations for negotiations on multilateral rules for investment. Such rules should provide for fundamental WTO commitments that can create greater security for investors, such as equal treatment of foreign investors, transparent national regulations and the gradual phasing out of protectionist mechanisms relating to investment. They must give the host country leeway to formulate its own business policy and develop its own private sector on fair terms, and meet the need for equal treatment and predictability. Over time, this should help to increase investment flows to poor countries as well.

Poor efficiency in service production obstructs economic development in many developing countries. An independent judicial system and good public institutions that enforce rules are required, in addition to a well-functioning infrastructure. At the same time, reforms must be carried out to improve the access of poor people to financial services, including micro-credits and financing for investments in small enterprises/industries and in primary industries. Reinforcing this system and local savings banks will make a significant contribution towards promoting economic development and combating poverty in many developing countries.

Besides investments, the private sector can contribute valuable transfers of know-how and technology and provide access to new markets. In the current situation, poor developing countries have a clear need to strengthen dialogue and forge alliances with business and industry and the private sector, both at home and abroad, in order to create sustained growth. In this situation, industrialized countries such as Norway can contribute assistance and measures to facilitate such cooperation.

The poor themselves must also be given the opportunity to take part in private sector development. Studies show that they have substantial resources at their disposal which they are unable to capitalize in the economic system. Even if they actually have access to these resources (land, housing, tools), they often do not have the formal right of disposition over them, which means that they cannot use them to improve their own financial situation, for instance as security for loans. In many places, the poor do not have particularly effective legal protection against other persons appropriating these resources. The poor can be actively integrated into the formal economy by recognizing and documenting their property rights and economic activity. It is important to limit the bureaucracy and paperwork that poor people in many countries must go through to formalize and document such rights. This issue will be raised in dialogue with developing countries.

12) Further information may be found at www.unctad.org.

People's freedom, and their opportunities to rise out of poverty and realize their potential, depend on the authorities' respect for human rights and democracy. These conditions do not seem to have been fulfilled in the presidential elections in Zimbabwe.

Photo: © Dag Grundseth / Aftenposten / Scanpix

The fight against poverty cannot be won without democracy and good governance

"The municipal Congresssmen are all thieves … they do not solve anything, there are no schools, no health care. They do not vote issues that interest the people."
From Brazil

Development is contingent on dynamic interaction between social and individual resources. Democracy, whereby everyone is entitled to be politically active at the local and national level, is the best guarantee of genuine interaction. This means that individuals have freedom and opportunities to make use of their abilities and resources. Democratic rights such as universal suffrage, freedom of expression, freedom of organization, the right to basic education and primary health services, the right to own property and the right to engage in economic activity are important aspects of most of the societies that have succeeded in combating poverty and creating sustained growth. Securing these rights gives ordinary people, not least the poor, the best opportunities for mobilizing their own forces and making their own contribution towards the development of their country.

The significance of good governance in the context of development is well documented. The quality of a country's governance is a question of both how a society's assets are administered and what possibility people have to exercise their rights, in relation to contract partners, other players in society and the authorities at the local and national level. In societies where public institutions function poorly or arbitrarily, where laws are unclear and legal protection weak, the poor often have difficulty in gaining access to health services and education and exercising other rights to which they are entitled. Moreover, the fact that decision-making authority is largely centralized and local authorities are weak often poses a problem. This creates a distance between the population and the decision-makers and makes it more difficult for people to fight for their rights.

Some of the most important obstacles to the exercise of rights are a low level of education, weak institutions and rampant corruption. The authorities in many countries lack the ability or the will to acquire the necessary revenues to provide services that are crucial to the welfare of the population, or they do not use such revenues in accordance with budget priorities. For example, poor framework conditions for the establishment and operation of businesses in many countries play a role in limiting the establishment of new job-creating enterprises. This then deprives the public authorities of tax revenues that are necessary to keep basic public services in operation. In countries that receive a great deal of development assistance, the authorities become less dependent on tax revenues from their own population than they otherwise would have been. Thus development assistance can, in certain conditions, contribute towards keeping regimes that do not govern the country in the best interests of their inhabitants in power for longer than necessary. It is therefore important to consider a country's willingness to carry out governance reforms before making any development assistance commitments and to find alternative channels for combating poverty in cases where the authorities are not a suitable recipient. In many countries, moreover, widespread corruption and a low level of professionalism in the police and judicial system result in poor legal protection for the poor, who can easily be subjected to arbitrary injustices by officials and other persons who are not held accountable for such action.

Despite their right to vote, many poor people feel that they are not represented and that they have no one to defend their interests. Democracy therefore also means the right to participate in political processes and to be heard at both the national and local level. Civil society is an extremely important player and channel for efforts to realize such rights.

Good governance encompasses respect for fundamental human rights, enforcement of the principles of the rule of law, democratic control of the public administration and equal treatment of all members of the population by the public authorities as regards access to services, the right to own property and the right to protection. Good governance increases the will of individuals and the private sector to save and make long-term investments, thereby creating new jobs and increasing demand in the economy. Various studies have shown how important good governance is for ensuring that resources are utilized to promote economic growth and poverty reduction.[13)]

In general, experience has shown that the better the public sector functions, the more transparency and democratic control there is, the more effectively resources are utilized and the better civil society and free media fulfil their role as "watch dogs", the more effectively development assistance and other resources function in reducing poverty and creating long-term growth. This will be heavily emphasized by Norway. Good governance and democratic values are fundamental prerequisites for poverty reduction, in the form of better public policies and services, and in giving the poor a greater possibility of shaping their own lives.

13) See e.g. "Assessing Aid", World Bank 1998.

Education is the most important weapon in the fight against poverty

"I used to never worry about my illiteracy and the fact that I was not able to send my children to school, as long as we had something to eat. But now - I realize that my children are in trouble for life … if they don't know how to read and write."
From Swaziland

Inadequate reading and mathematical skills are one of the primary reasons why poor people in many countries are unable to promote their rights and improve their social situation. The lack of basic knowledge and fundamental technical know-how is also an important reason for the lack of private sector development and economic progress.

Investments in human resources are crucial to the creation of economic growth and poverty reduction. Studies show a clear connection between education and economic and social development. Education is also necessary for the furtherance of democracy and human rights. Education is a basic prerequisite for individuals being able to realize their potential and ambitions and contribute to necessary social and economic processes of change. A generally high level of education and knowledge is essential for an innovative, dynamic private sector. It is also essential for an increased range of self-produced goods for domestic consumption and export and thus for the country's successful integration into the global economy.

The extremely low level and quality of education is a serious obstacle to development in many countries. Educational programmes often have little relevance for people's life situation and the private sector's needs for expertise. The form and content of education are decisive for its role and significance for the individual and for society. The focus must therefore be on quality, both of teaching staff and teaching aids. Teacher training is extremely important in this connection. Strategic efforts to raise the population's level of knowledge are a key to economic growth and development. Several of the Millennium Development Goals relate to education.

In addition to a generally low level of education and a high illiteracy rate, there is a considerable disparity in the level of education of girls and boys in many countries. Two thirds of illiterates and 60 per cent of those who do not receive schooling are girls and women. Girls are worst off, in terms of the percentage who start school, attendance rates and the percentage who drop out of school. It is essential to ensure that girls and women receive a basic education and to adapt schools and teaching to their needs. It is also important to ensure that an increasing number of girls receive a higher education that will enable them to participate actively in societal development.

A strategic focus on education entails particular emphasis on education for girls and women. This has proved to generate high returns in terms of benefits to society. From a socio-economic viewpoint, the education of girls and women is considered to be the most effective investment in poor countries. Education reduces maternal and infant mortality and lowers the birth rate. It leads to better health among the poor, which in turn is of great significance for economic development. Education also empowers women. Knowledge gives them a greater sense of their own worth and confidence in their own abilities. Education generates higher productivity and income among women, and gives them power to participate in decisions that concern the family. Experience has shown that women who have some schooling themselves more clearly see the necessity of their own children receiving an education. In this way, investing in girls' education will create a positive cycle and be a very good investment.

Investments in higher education and research also have a positive impact on economic development and growth. The development of the global information society has made a particularly strong contribution in this respect. Disseminating information and communications technology (ICT) expertise is important if poor countries are to be able to benefit from the wealth of knowledge and information that is available. Higher education, particularly in the agricultural sector, must also be made more directly relevant to the goal of reducing poverty.

Focusing on higher education is also important for building capacity in the public administration. In most developing countries, the authorities have insufficient capacity to carry out the tasks for which they are responsible. Increasing the number of competent civil servants will lead to a more effective government administration and thus also improve public services.

The quality of our future society will be determined by the conditions in which children grow up

"Poverty is inherited. If you are born with a poor father, he cannot give you an education or give you land, or at least very little land of poor quality. In that way, each generation grows poorer."
From Uganda

Children account for a very large proportion of the population of many countries. In some countries over 50 per cent of the inhabitants are under 18 years of age. Children are often the ones that suffer most from poverty. Many children do not have access to health and educational services, and are trapped in a spiral of poverty. Investing in children is an investment in the future of a country and an investment in poverty reduction. In order to effectively combat poverty, therefore, we must focus on children.

The UN Convention on the Rights of the Child lays down children's rights, and marks a fundamental change in the way children are regarded. A rights-based approach recognizes that children are players with their own rights and not an object of charity. Realizing children's rights is an important area of focus. The Convention on the Rights of the Child acknowledges that in addition to such basic needs as the right to good health and education, children's right to participate and play a role in family and social life and their right to protection against exploitation are of decisive importance for the contributions that children will be able to make later in life to economic growth and development. However, many countries lack financial and other resources to implement the measures required by these conventions, and some countries have yet to acknowledge the importance of a good childhood.

Children are a resource; a resource that must be developed by providing them with a good childhood environment and schooling until they can eventually become productive adults. However, there is a great deal that prevents children from developing their potential. Children who are forced to work, children who are victims of armed conflict and children who suffer from HIV/AIDS are vulnerable groups that require special measures.

Investments in health and social services combat poverty

"In my family if anyone becomes seriously ill, we know that we will lose him because we do not even have enough money for food so we cannot buy medicine."
From Vietnam

Poverty and poor health are closely linked in a vicious circle. The prevention and treatment of disease have a direct effect in terms of reducing poverty. Infectious diseases such as tuberculosis, malaria and a number of children's diseases are very widespread and are on the rise in many places. Disease causes personal suffering, impairs learning ability, reduces productivity and undermines the family economy. Cost-effective prevention measures exist, such as vaccination and treatment, but they seldom reach the poor.

Intensified national and international efforts to combat poverty-related diseases are necessary and are among the highest priority tasks in this field. Strengthening public health care is absolutely essential to the success of this work. In order to be able to prevent and treat disease, well-functioning health systems must be developed. Furthermore, the distribution and selection of pharmaceuticals must be rationalized. Even in poor countries certain medicines, such as those used to treat HIV/AIDS, may be protected by patent. These countries must be

In Malawi and other African countries, we are attempting to change people's behaviour. A poster on the wall of the Central Hospital in Lilongwe encourages men to abstain from sex in order not to catch HIV/AIDS.

Photo: © Fredrik Naumann / Samfoto

allowed to buy these medicines and other patented pharmaceuticals at reasonable prices. At the same time, steps must be taken to ensure that these designated drugs do not wind up in countries with stronger purchasing power.

Efforts through alliances such as the Global Alliance for Vaccines and Immunization (GAVI) and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) must focus on strengthening health care and, in cooperation with other international institutions, ensure a coordinated international initiative in this field.

The report of the WHO Commission on Macro-economics and Health has pointed out that a few diseases, HIV/AIDS, tuberculosis, malaria, children's diseases, diseases related to pregnancy and child-birth, newborn infant diseases and tobacco-related diseases, are responsible for most of the poor health in the world. Alcohol abuse also poses a major problem in poor countries. The report shows that focusing on health promotes economic development and that USD 30-40 per person per year is required to meet the need for the most essential health services, including efforts to combat AIDS. The amount provided for such services in the poorest countries is currently around USD 13 per person, USD 7 of which are covered by the public authorities. In order to raise health care to an acceptable level, the countries themselves must substantially increase their investments in this sector and development assistance for health care must be increased by four to five times its present level. Nevertheless, that amount of health-related assistance will not bring the total up to more than 0.1% of the GDP of rich countries. The Commission has estimated that an annual, increasing supplementary investment in health totalling a few tens of billions of USD in the years ahead will generate a return many times that amount around 2015/2020.

In certain developing countries, Norway has contributed to the increased use of ICT in primary health services. This has proved to be extremely useful in both diagnosis and treatment.

Vulnerable, disadvantaged groups are often the victims of social injustice. The UN Standard Rules on the Equalization of Opportunities for Persons with Disabilities establish that all states are responsible for eliminating barriers to equal opportunity for participation in social life. It is particularly important to ensure that persons with disabilities and the elderly receive good social services.

Social policy generally covers a broad range of areas, including the organization of social services, social safety nets, accommodation of the needs of marginalized groups, care of substance abusers, welfare policy in a broad sense and social security.

This is clearly relevant to national poverty reduction strategies, but receives little attention in many such strategies. However, the field is gradually attracting growing attention in the World Bank, the UN and bilateral forums, and is therefore expected to play a more prominent role in the international dialogue on the formulation of national poverty reduction strategies.

The spread of HIV/AIDS must be halted

"We watch our children die because we cannot pay the high hospital bills."
From Ghana

For many countries, the HIV/AIDS epidemic has become a disaster of such enormous dimensions that it poses a threat to the results of all efforts to reduce poverty. AIDS is not just one of many communicable diseases and cannot be regarded as a traditional medical problem. Its rapid spread is fueled by breaches of fundamental rights, wars and conflicts, poverty and social violence, powerlessness and unemployment.

The epidemic is in a category of its own in relation to the Millennium Development Goals. While one of the goals is to halt and reverse the spread of HIV/AIDS and other diseases that threaten humanity by 2015, the epidemic itself is an obstacle to the achievement of these goals. It reinforces poverty, reduces production capacity and productivity, hits the poorest people hardest and places a particularly heavy burden on women and children.

According to an estimate by the WHO and the UN's Joint Programme on AIDS, (UNAIDS)[14], more than 40 million people were infected with HIV in 2001. Another 14,000 persons are infected with AIDS every day. One third of them are between 15 and 24 years old. Young women are particularly vulnerable. More than 90 per cent live in developing countries and almost three fourths in southern Africa. UNAIDS has estimated that at least 35% of all 15-year-olds today will die of AIDS in countries where 15% or more of the adult population are infected with HIV. Children are particularly hard hit when parents die and the extended family falls apart. 13 million children have been orphaned as a result of the epidemic, and UNAIDS estimates that the figure could rise to 30 million by 2010. The epidemic is spreading quickly in several countries in Asia and in Russia.

Economic growth in the countries that are the most severely affected is between 0.5 and 1.2 per cent lower than it would have been without the epidemic, and in some countries GDP may be reduced by about 20 per cent in 2020 due to AIDS. It is the poor who are most exposed to the economic impact of HIV/AIDS, slipping even deeper into poverty when their main breadwinners die. Calculations show that over half of the health budgets of Kenya and Zimbabwe will be spent on treating AIDS victims in 2005. It is also hard to maintain social services when teachers and health workers die.

We are now seeing a broad-based involvement in efforts to combat HIV/AIDS in poor countries. The WHO Commission on Macro-economics and Health has calculated that the total costs of AIDS treatment may amount to USD 14 billion by 2007 and USD 22 billion by 2015. The intention is that the Global Fund to Fight AIDS, Tuberculosis and Malaria will provide about half of the necessary amount.

There is a clear need for political leadership and strengthened alliances between government authorities and civil society in fighting the epidemic. In Norway, too, everyone who is involved in international activities must contribute, through responsible, active participation and by initiating efforts in their own field of activity. Great emphasis must be placed on preventive measures. At the same time, efforts must be made to mitigate the medical, social and economic consequences of the disease for individuals and for society as a whole.

14) www.unaids.org

The epidemic has drawn increased attention to international rules of significance for the production of medicines and protection of patents. There has been focus on both the access of poor countries to such drugs and their influence in the processes related to the drafting of rules. This applies in particular to the TRIPS rules. The epidemic has also focused attention on the skewed distribution of basic health services within and between countries.

We must focus on primary industries – the industries of the poor

"We think the earth is generous; but what is the incentive to produce more than the family needs if there are no access roads to bring produce to a market?"
From Guatemala

Primary industries play a pivotal role in the economic development of poor countries. The majority of the population of these countries make a living from them. These industries employ far more people than all other industries and sectors combined, and they provide food for large segments of the population. Historically, too, resources from primary industries have played an important role in countries' development into industrialized societies. Very often, the comparative advantages of developing countries lie in their natural resources and agricultural production. For countries that do not have rich natural resources, the agricultural sector will therefore be important as a means of earning foreign currency to import capital goods and goods that cannot be produced domestically. In many developing counties, however, this is a sector that has not been prioritized during important periods, either as regards reforms or as regards resource allocation. On the contrary, the rural areas in some countries have been "punished" through taxes that are used to subsidize the urban population. This has been to the detriment of the poorest groups.

If the goals of poverty reduction are to be achieved, efforts must be focused on developing the agricultural sector. There are several reasons why this industry has remained undeveloped in the poorest countries. The lack of well-functioning markets, poorly developed producer organizations, the lack of communications in rural areas and limited possibilities for delivering crops to the markets are just some of them. Another important factor is the difficulty of obtaining credit for expanding and modernizing operations, partly due to unclear or inequitable ownership and other land rights. Credit can often also be far more expensive in rural areas than in urban districts. The failure to give priority to research on drought and disease-resistant crops has exacerbated these problems.

For the poor it is important to obtain a clear right to the use of land, so that it cannot be confiscated or used at the discretion of other people. The right of use can give the poor an incentive to invest and produce more efficiently. If they are also awarded a documented right of ownership to housing, land, tools and business premises and to other resources which they make use of on a daily basis, this can serve as security for loans that they can use to consolidate and expand the business they operate. Studies show that the world's poor have very substantial assets at their disposal. A very great number of them would be lifted out of poverty if they were given such formal rights and helped to exercise them.

In many countries, however, laws and rules must be amended if the poorest and casteless individuals and women are to have such rights. Genuine achievement of the Millennium Development Goals necessitates initiatives on behalf of these groups as well. In Africa, for instance, where women do the bulk of the work of cultivating the land, it is important that instruments target this group.In developing the agricultural sector, due account must be taken of indigenous peoples. Their rights often conflict with the emergence of modern agricultural and industrial societies. In this connection, it is important to ensure that the interests of these groups are safeguarded and that conflicts are resolved amicably in a long-term perspective.

Threshing rice in Chiang-Mai Valley, Thailand.
The primary industries are the economic backbone of the poorest countries. These industries are vital for food security in poor countries, and provide a means for large groups of poor people to improve their situation.

Photo: © Jean-Léo Dugast / Phoenix

Challenges to the environment and resource utilization must be met

"After one poor crop, we need three good harvests to return to normal."
From Vietnam

Many of the world's poor are, more than others, directly dependent on natural resources and ecological systems in order to meet their needs. Global and local environmental changes such as soil, air and water pollution and reduced productivity in ecological systems will therefore affect the poorest people most severely. For example, soil degradation, desertification and drought threaten food security and the livelihoods of more than a billion people in over 100 countries.

The higher concentration of greenhouse gases in the atmosphere and the inertia of the climatic system make global warming inevitable. Climate changes

have the greatest impact on the poorest developing countries which have the least ability to adapt. At the same time, these countries are only to a minor degree responsible for causing the problems. Norway and other rich countries therefore have a moral responsibility, both to reduce their own emissions of greenhouse gases and to remedy the consequences.

The recommendations of the World Commission on the Environment and Development and the UN Conference on the Environment and Development in Rio in 1992 were based on an understanding of the close linkages between the environment, development and poverty reduction. This understanding was also the basis of Agenda 21, the global action plan for sustainable development, the three Rio conventions and other instruments that have given us the necessary legal framework for cooperation and concerted efforts to solve the global challenges confronting us.

In recent years, most developing countries have drawn up action plans giving national priority to implementation of the international environmental agreements. The primary challenge in the years ahead will be to carry out the initiatives that have been agreed at global, regional and national levels. It will be particularly important to ensure good coherence between national environmental action plans, economic sector plans and general frameworks for development planning, including national poverty reduction strategies.

More effective implementation of international environmental treaties also necessitates better international management for sustainable development, including a more appropriate international institutional architecture in the environmental field. Support for the implementation of international environmental conventions based on developing countries' own priorities and plans, capacity-building and technological cooperation is a potential instrument.

An adequate supply of energy is a key factor for achieving economic growth and reducing poverty. Today, approximately two billion people in developing countries have no access to electricity, a situation that puts considerable pressure on the environment and natural resources and increases women's work burden. Many countries have no energy resources of their own or have exploited them poorly. Their expenditure on energy imports is high, making them vulnerable to strong, sudden price fluctuations, particularly for oil. Furthermore, the distribution grid for energy carriers is underdeveloped and in poor condition, resulting in substantial losses. In regions inhabited by a large number of poor people, this puts great pressure on wood fuel resources, which in turn causes erosion problems and exacerbates the difficult living conditions of the poor.

These countries must adopt cost-effective alternatives as soon as possible. Alternative energy sources that offer an adequate degree of efficiency at low enough cost will gradually become relatively cheaper, but it will be some time still before such sources are in general use. Priority must therefore continue to be given to efforts to achieve the more effective utilization of fossil fuels, better management of countries' own petroleum resources and increased use of hydropower.

Water is a scarce resource, an economic, ecological and social asset, and in the poor regions of the world better utilization of water is a prerequisite for poverty reduction. There is a close connection between efforts to prevent health problems and efforts to improve water supplies. In many areas where food security and poverty alleviation have high priority, the fair, sustainable management of water resources is a major challenge. Today, one person out of five lacks access to clean drinking water and securing clean water and good sanitary conditions for more people is therefore a key goal of development cooperation.

There are strong political interests related to water resources. The administration of common freshwater resources is both a possible source of conflict and a potential incentive for cooperation. It is therefore important to support initiatives to promote regional cooperation on the exploitation of water resources. There is significant development potential in better, more equitable use of the world's water resources. Norway intends to give priority to this objective. Among other things, we participate in the Nile Initiative in which a number of countries in northern and eastern Africa are involved.

Effective international organizations are required in order to meet global challenges

"The poor person has to exist so he can serve the great one, the rich. God made things like that."
From Brazil

The challenge of poverty must be met in a world where there is a high rate of integration in all fields, and countries and regions are growing increasingly interdependent. Globalization is taking place in most sectors - economic, trade policy, foreign policy, technological, social and cultural. The more developed countries seem to be positively affected by the global integration process to a greater degree than the poorest countries.

The fear that global integration will have a negative impact on poor countries is manifested in many ways. However, the greatest danger for developing countries is not that they will be drawn into the globalization process, but that they will not benefit from the positive political, economic and technological processes to which globalization may give rise. This type of marginalization is detrimental to both industrialized and developing countries.

However, experience has shown that important measures such as the liberalization of investment regimes may pose problems for countries with an inadequately developed financial sector and weak regulatory institutions. Fluctuations in global economic cycles and a changed international assessment of the outlook for certain countries can, as we saw in East Asia in 1997, have sudden and dramatic effects on the economic situation in such countries. A responsible monetary and fiscal policy and a well-functioning financial sector that operates under active, qualified public supervision, are therefore two important factors for securing stability and preventing serious economic crises.

No country can completely guard against the possibility of various forms of financial and economic crises occurring in the future. But we must ensure that such crises have a minimal impact on the poorest people. At the national level, therefore, economic and social safety nets and a robust social policy that meets fundamental needs, also during and after a crisis, are important. Development assistance in the form of budget support can play an important role in this connection.

In general, it is important to enable poor countries to reap greater benefits from the process of global integration, while reducing its negative effects as far as possible. This was also pointed out in the preceding chapters on trade, private sector development and the environment. And to safeguard global common goods, countries that benefit particularly strongly from the global integration processes must help more marginalized countries to catch up. In the long term, both industrialized and developing countries stand to gain from this.

Securing global common goods requires global solutions. This applies both in trade and in the environmental, financial and security policy fields. Negative aspects of global integration must be curtailed and regulated. This is difficult if countries and regional blocks primarily seek individual, separate solutions and internal or bilateral approaches. Norway will therefore seek to arrive at such solutions through binding international cooperation. The international framework must be further developed and strengthened in all the areas mentioned above, as well as in the field of information technology. This applies both to the norms and rules on which cooperation is based, and to the consolidation of existing and establishment of new institutions with responsibility for monitoring and control.

3. How we intend to work

“Some people have land, but they can’t buy fertilizer; If some work as weavers, they aren’t well paid; if some work for daily wages, they aren’t paid a just wage.”
From Guatemala

Development cooperation is important if the Millennium Development Goals are to be realized. For countries with a modest level of trade that receive little private capital from abroad, assistance from the international community is essential in order to ensure investment in fundamental areas such as public administration, improvements in the operating parameters for the private sector, health and education. Correctly targeted, development assistance can be a catalyst for initiatives and processes that might otherwise come to a halt at an early stage or need a very long time to mature.

Development cooperation cannot be based on a specific formula. Every country has its own unique historical, political, cultural, social and economic history and faces its own unique challenges. This must have consequences for the organization of our development cooperation. It will be different from one country to the next. Nevertheless, our approach and working methods must be based on certain fundamental principles, not least with respect to how we behave as a partner in government-to-government cooperation and how we seek to influence the international donor community in each country. In this chapter, we focus mainly on these principles.

At the same time, this chapter points to special challenges that require a varied, flexible approach. Principles must not become unnecessary constraints that hinder effective, performance-oriented assistance.

A sprouting maize plant, part of an agricultural project supported by Norwegian Church Aid. In countries with weak governance or serious human rights problems, non-governmental organizations have a particularly important responsibility to actively support constructive forces of change and to support a vigorous civil society.

Photo:: © Mikkel Østergaard / BAM / Samfoto

Efforts must be based on national poverty reduction strategies and the Millennium Development Goals

External partners must refrain from recommending blueprint solutions for the design or content of partner countries’ poverty reduction strategies. This does not accord with an approach that takes the concepts of partner responsibility and partnership seriously. It may lead to a low degree of ownership and responsibility in partner countries and thereby to unsustainable measures. The authorities and inhabitants of developing countries must themselves analyse their situation, define their goals and formulate the strategies and plans required to achieve them.

External players must, for their part, ensure that the countries with which they cooperate have thoroughly analysed their poverty situation and that they demonstrate willingness to follow up their strategies in their political decisions. On the basis of their own assessments, they must consider whether the authorities have sufficient administrative capacity to follow up the plans that are made. Moreover, they must view their development cooperation in relation to broader-based efforts to promote the interests of developing countries in the international trade system and in relation to the overall framework conditions for investment. They must also consider the extent to which political decisions have broad political legitimacy and are not dictated by the vested interests of a small political and economic elite.

This is a fundamentally different and more coherent approach to development than an approach that primarily focuses on isolated assistance projects, as was usually the case before. It requires broader expertise and a wider perspective than are possessed by most organizations responsible for assistance and development cooperation today. This approach requires the capacity to combine economic insight with understanding of national political, social, cultural and institutional processes, and to understand how national, regional and global processes work and interact.

One important perspective on the role of development cooperation involves understanding that the poorest countries have fragile institutions. Democracy and political stability often lack a solid foundation in history and tradition. Small, violent groups may start destructive processes of internal unrest. Economies that are dependent on raw materials are vulnerable to a sudden drop in global market prices. Most of the least developed countries are seriously affected by rises in oil prices, which may result in internal unrest. Foreign private investment will quickly dry up in such situations, and this may reinforce an internal political crisis. Countries such as Rwanda, Burundi and Zimbabwe, and formerly Uganda and Mozambique, are examples of the fact that many years of development can be wiped out in the course of a few years. The consequences for poor people are enormous.

Development cooperation therefore has an important role to play in peace-building and in preventing instability and conflict. Assistance can be a stabilizing factor when foreign investments dry up, oil prices rise dramatically or the price of maize increases by several hundred per cent due to a poor harvest. A secure foundation based on a long-term partnership with international donors is also important for countries that are facing threatening developments in neighbouring countries. In situations like these, international partners must adopt a flexible, politically oriented approach to cooperation on implementing the authorities' poverty reduction plans. This perspective, together with the risk of setbacks and the importance of stability and long-term cooperation with our poorest development partners, is an important dimension in this action plan.

The Norwegian authorities also expect non-governmental organizations to adopt a constructive approach to national poverty reduction frameworks. This particularly applies in countries that give priority to poverty reduction in their policies and formulate good strategies. It is especially important in the context of Norwegian development co-operation policy, since in some partner countries non-governmental organizations are the largest single channel for Norwegian development assistance. Nevertheless, NGOs and their partners have their own specific mandates and play an important development policy role in helping to create viable, pluralistic societies. Their task may often be to challenge more than to cooperate. Non-governmental organizations must not become extensions of the authorities or clones of official development assistance administrations.

If Norwegian efforts to combat poverty are to yield results, they must be based on broad national and international alliances with partner countries, multilateral agencies, other industrialized countries, non-governmental organizations and the private sector. In purely quantitative terms, Norwegian assistance must, to a greater extent, be targeted towards the least developed countries.

We therefore intend to:

- Strengthen efforts to make combating poverty an even more central dimension of UN development activities. This is to be done by following up the Millennium Development Goals and the principles upon which this Action Plan is otherwise based in the governing bodies of UN funds and programmes, in the international financial institutions and in the WTO.
- Base dialogue with developing countries concerning poverty problems and their own development plans on the Millennium Development Goals. When measures are to be implemented to achieve these goals, they must be based on the OECD/DAC Guidelines on Poverty Reduction.
- Help to strengthen the role of the UN and the international financial institutions as driving forces in international efforts to reduce poverty, to clarify the respective roles of the international financial institutions, the various parts of the UN system, the WTO and other relevant international organizations and to improve the coordination of their efforts.
- Ensure that Norwegian bilateral assistance for the least developed countries amounts to at least 40 per cent of all bilateral assistance and intensify efforts to ensure that the multilateral organizations also set ambitious targets for assisting these countries. Africa should have higher priority, both bilaterally and multilaterally.
- Enable Norway's partner countries to formulate good poverty reduction strategies. Make technical resources available for this purpose and for efforts to reduce poverty in the broadest sense.
- Review Norway's efforts in relation to the priorities of partner countries' poverty reduction strategies. With the exception of measures that are initiated for special reasons, assistance projects and cooperation programmes that do not lie within the scope of these priorities or lack a basis in the Millennium Development Goals will be phased out.
- Make efforts to ensure that the policies of the international financial institutions consistently contribute to poverty reduction. Help to ensure that the advice provided by these institutions to developing countries concerning macro-economic policies support national poverty reduction strategies.
- Discuss with all alliance partners how the public authorities and non-governmental organizations can intensify their cooperation in order to support national poverty reduction strategies and realize the Millennium Development Goals.

We intend to contribute towards more effective, more partner-controlled development cooperation based on national poverty reduction strategies

It is important to remedy the deficiencies in donor coordination in development cooperation. This means promoting greater national ownership of plans and programmes. There must be greater emphasis on countries taking over the leading role themselves, and on mechanisms that reduce the administrative burden caused by international development assistance without this affecting its quality. Norwegian development assistance will be increased to 1 per cent of GNI by 2005 and our goal is to increase the proportion allocated to the least developed countries to 40 per cent of total bilateral assistance. In international contexts, in cooperation with like-minded countries and through its own development policy, Norway intends to help ensure that:

- Other donor countries decide to increase their assistance to at least the OECD/DAC target of 0.7 per cent of GNI and adopt schedules for such an increase.
- Government-to-government cooperation with developing countries is in general concentrated on areas that contribute to sustainable poverty reduction in the country concerned.
- As much assistance as possible is untied.
- Development assistance is, as far as possible, organized in accordance with the partner country's own development and poverty strategies.
- Norwegian country strategies are replaced by documents that relate assistance to national poverty reduction strategies and the contributions of other donor countries.
- The transition from project support towards various forms of budget and programme support, and help to improve macro-economic management by improving the management of public finances, continue. Norway will continue its own reorganization and make efforts to ensure that other donors do the same.
- More international assistance is aimed at strengthening the administrations of countries where a lack of capacity is an obstacle to development.
- The international financial institutions and the UNDP intensify their efforts to ensure that the developing countries themselves are as far as possible responsible for implementing development programmes and coordinating assistance from others at joint meetings with all donors.
- UN development agencies and funds, the international financial institutions and other bodies in the international development arena actually achieve the Millennium Development Goals and comply with the principles for poverty reduction. These organizations should devise joint strategic documents in order to coordinate their efforts.
- Bilateral discussions and negotiations will still take place as and when required. However, dialogue between Norway and relevant recipients of Norwegian assistance must as far as possible be coordinated with other donor countries.

A wall-painting at a Red Cross centre in Burkina Faso.
If Norwegian efforts to fight poverty are to bear fruit, they must be built on cooperation with multilateral organizations of this kind, and with non-governmental organizations, the private sector and other countries.

Photo: © Mikkel Østergaard / BAM / Samfoto

Efforts must be steered by the OECD/DAC Guidelines on Poverty Reduction

In a study of member states' efforts to combat poverty, published in 1999, the OECD/DAC pointed out that bilateral development cooperation has traditionally focused on individual projects. There has been too little emphasis on important conditions for the development of the private sector in developing countries, and too little focus on institutional, macro-economic and international challenges and their impact on development cooperation. It was also pointed out that the demands of the various donor countries on their partners were still poorly coordinated, with the result that the administrations of partner countries were over-stretched. Moreover, bilateral donors were not good enough at focusing their offers of development assistance on the areas to which the developing countries themselves gave priority. There was a tendency among donors to promote their own, often politically motivated, agendas in developing countries, and to serve their own economic interests instead of basing their assistance on developing countries' own strategies.

It was these weaknesses in traditional development cooperation that led the OECD/DAC to propose an approach whereby the concepts of national ownership, partnership, coordination, holistic thinking and the long-term view direct the way in which development cooperation is organized. The OECD/DAC Guidelines on how member states can best contribute to poverty reduction are an important contribution to this new approach. Most of the member states have contributed to the Guidelines, which are based on both their own and their partner countries' experiences. The Guidelines were coordinated with and supplement the OECD/DAC guidelines for assistance targeting women and the environment, and for harmonization of development cooperation. The main principles laid down in the OECD/DAC Guidelines on Poverty Reduction are as follows:

- The poverty reduction strategies led and owned by the developing country must provide the basis for decisions on donor contributions. This process must be supported by allocating sufficient time and resources to establishing genuine, mutual partnerships and maintaining them by means of effective mechanisms and networks.
- Development cooperation must be concentrated on the countries that have the best potential for poverty reduction, based on the proportion of people living in absolute poverty, the willingness of the government concerned to establish good governance and fight poverty, and the results that have been achieved, taking into account the external framework conditions.
- The burden of work that development cooperation entails for local partners must be reduced by donors being willing to combine their efforts, simplify their administrative requirements and coordinate their approaches and initiatives.
- In both the industrialized countries and the poorest countries, there must be more emphasis on developing human and institutional capacity and adapting working methods to the challenges and needs that a genuine partnership for poverty reduction entails.
- In work on poverty reduction measures, there must be emphasis on consideration for environmentally sustainable development and the gender perspective in all political approaches, programmes, instruments and forms of assistance.
- Poverty reduction cannot be achieved in a single budget year. Assistance for poverty reduction must as far as possible be based on multi-year programmes.
- The results of development cooperation in terms of their scope and impact on poverty reduction must be evaluated regularly. Local possibilities for monitoring the follow-up of poverty reduction and debt relief programmes must be strengthened. This must be done by using among other things local indicators and measurements for poverty reduction and strengthening the statistical, analytical and evaluation capacity of partners in developing countries.
- The Guidelines particularly point to the importance of greater "policy coherence" – i.e. coordination and synergy between different areas of policy – and advise member states to initiate processes to coordinate all areas of their policies towards developing countries in order to promote poverty reduction in these countries (see Appendix 2).

In important respects, Norwegian development cooperation is more poverty-oriented than that of the average OECD country. Norway's bilateral development cooperation is largely concentrated on the poorest countries in the world, and mainly on countries with, relatively speaking, good national governance. Norway's cooperation is also less tied to deliveries of its own products and services than assistance from most other countries. Moreover, Norway underlined the importance of national ownership at an early stage by basing its development cooperation on the principle of partner responsibility. Norway also strongly emphasizes the importance of the multilateral system. We channel

a substantial proportion of assistance through this system and stress the importance of the institutions we support adopting the Millennium Development Goals and the principles behind the OECD/DAC Guidelines on Poverty Reduction. Norway also emphasizes the importance of strengthening the participation of developing countries in, and their negotiating strength within, the international trade system.

The OECD Guidelines, new knowledge, and changes in the developing countries themselves, in the global framework conditions and in the interaction between the players in international development cooperation, all indicate that Norway must consider changing course in certain policy areas in order to make a more effective contribution towards the war on poverty. It is more important than ever to view Norway's efforts in relation to what other players are doing. We must adapt our contributions to the needs and strategies of the country concerned and the initiatives and special advantages of other donors. It is also necessary to improve the coherence of all Norwegian policy that affects the situation of poor developing countries.

All policy that is directly or indirectly targeted towards countries in the South should help to alleviate poverty in these countries. One of the important goals of Norwegian policy must be to improve coherence between policies in all areas, with a view to ensuring that they do not have a negative impact on poverty reduction in developing countries.

In Norway, the Ministry of Foreign Affairs will:

- Help relevant ministries and directorates to review their policies on the basis of, among other things, the OECD/DAC Checklist (cf. Appendix 2)
- Help to ensure that decisions made by the Norwegian authorities that are obviously important for the poverty situation in developing countries also take account of this perspective, and seek to ensure that political decisions contribute towards poverty reduction. Where appropriate, the consequences of such policies should be analysed.

At the international level, the Ministry of Foreign Affairs will:

- Seek to gain greater acceptance among OECD/DAC member states for comments by the organization, in its annual reports on cooperation with developing countries and in connection with country examinations, on individual countries' follow-up of the DAC Guidelines on Poverty Reduction and in particular their efforts to promote policy coherence.
- Help to ensure that the principles behind the DAC Guidelines are also discussed and complied with by relevant UN agencies and funds, and by the development banks.
- In general, contribute towards improved coherence in the policies of the industrialized countries towards the poorest developing countries, and help to put the poverty issue on the agendas of relevant international organizations and forums. This also means working to achieve changes in those policies of industrialized countries that perpetuate poverty in developing countries.
- Make efforts to ensure that there is a focus on the situation of developing countries in the WTO context, promote the active participation of these countries in WTO negotiations, and help to ensure that more account is taken of their interests in WTO rules.
- Make active efforts to identify and promote measures that will increase the flow of private capital to productive investment in developing countries, particularly the poorest countries.
- Work to ensure that issues raised by the policies of both donor and recipient countries that have an impact on poverty reduction in areas other than development cooperation are discussed in international consultations relevant to development cooperation and that developing countries raise such issues.
- Contribute towards improvements in the HIPC Initiative and its implementation, and in debt-swap arrangements for middle-income countries.
- Contribute towards increasing assistance for developing countries.

We intend to set clear objectives and priorities in development cooperation

Multilateral development cooperation

Assistance provided for and through the multilateral system is of great value to Norway. It is through international cooperation that we can help to resolve global challenges. As a small country, we are also dependent on this type of cooperation with others in order to be able to influence the development of international standards and policies. The multilateral agencies are the most important arenas for international debate on development issues, and the decisions made and the resolutions passed by these forums also provide standards for bilateral players and national authorities. In Norway's experience, strong multilateral involvement is a prerequisite for successful international development cooperation.

With the adoption of the Millennium Declaration by the UN General Assembly, we have achieved international agreement on a set of common goals. This is a significant step forward in international cooperation, and many of the goals and priorities of Norwegian multilateral development cooperation can be deduced from the Millennium Development Goals and the need for global security and peace. Increased cooperation between bilateral players and the multilateral system will improve development assistance coordination.

A large proportion of Norway's assistance to poor countries will be channelled through multilateral organizations. Far more attention will be paid to the results at country level. There are plans for permitting multilateral funds for priority areas to also be used to support the activities of multilateral organizations at country level in cases where this will enable these organizations to fulfil their role more effectively in coordinated interventions at country level.

Nearly all the UN agencies have undergone comprehensive reforms and rationalization programmes in recent years. This process must continue. The multilateral system must be given resources to help developing countries achieve the Millennium Development Goals. Norway will continue its efforts to strengthen the ability of the UN system to improve partner countries' ability to take the lead in the fight against poverty.

The international financial institutions are the most important channels for transferring resources to poor countries. Comprehensive reforms have been carried out in these institutions to increase their efficiency and the quality of their lending activities. Their advisory activities, based on their substantial expertise and analytical capacity, have become increasingly important. The World Bank in particular now plays a pivotal role in determining the premises for how the goal of poverty reduction is to be achieved in practice. The poverty orientation of the development banks' operational activities has been significantly strengthened in recent years, and issues such as the gender perspective and environmental considerations have been better integrated with these institutions' activities. Norway will continue working to intensify the efforts of the financial institutions to help developing countries solve their poverty problems, and will particularly seek to ensure that the focus of the International Monetary Fund (IMF) on poverty reduction is followed up in practice.

In Norway's view, it is important to undertake a regular evaluation of the multilateral organizations as channels of development assistance. An evaluation of this nature will particularly consider the efforts being made by these organizations to achieve the Millennium Development Goals, the extent to which they coordinate their programmes with national poverty reduction strategies, and cooperation between the multilateral players and with other external players. In this process, Norway will draw on and cooperate on similar reviews in the Utstein countries.

In general, Norway seeks to create a greater democratic balance in the international system of organizations and institutions so that the ability of poor countries to promote their own interests is improved.

Bilateral development cooperation

Norway will concentrate its long-term bilateral cooperation on a limited number of main partner countries, which will be among the group of least developed countries. In these countries, we plan to engage in comprehensive, long-term cooperation with a view to making a significant contribution towards their fight against poverty.

Norway emphasizes that the assistance for priority partner countries that is provided through government-to-government cooperation, through Norwegian institutions, companies and NGOs, and through multilateral organizations, must be based on the partner countries' own strategies, plans and priorities and must be genuine, recipient-led cooperation with other donors. In order to ensure coherence and avoid unnecessary strain on the administrations of partner countries, an increasing proportion of Norwegian assistance will be provided in the form of programme and budget support aimed at achieving the Millennium Development Goals.

The level and organization of cooperation will be dependent among other things on countries' needs, overall donor assistance, countries' ability to achieve results and their willingness to respect human rights and develop democracy, the rule of law and good governance. The form of cooperation with individual partner countries may vary over time, for example financial support may be reduced and dialogue and the transfer of expertise intensified in connection with a negative trend in the country's governance and a lack of results in the form of poverty reduction.

In addition to the priority partner countries, Norway plans to provide bilateral assistance for another group of partner countries. In these countries, efforts will be concentrated on sectors or areas that are considered to have significant potential for poverty reduction in the countries' own development plans, and where Norway is especially well qualified to provide advice and support. In this case, too, there will be strong emphasis on coordination with other donors. Projects and programmes financed by Norway that do not support the national poverty reduction strategies of partner countries or the Millennium Development Goals will be phased out. This does not apply to short-term development assistance interventions to help resolve conflicts or ease the transition to a normal situation, or for other special reasons.

Regional economic and political cooperation and greater economic integration in a region may lay the foundation for closer political cooperation and economic growth. This is particularly important in Africa, which has suffered from wars and conflicts for so many years. Norwegian development policy will contribute towards such cooperation.

We intend to promote coordination and alliance-building

Cooperation between industrialized countries that have an active development policy, and between these countries and developing countries, is a pre-requisite for achieving results in the form of poverty reduction. If it is to succeed, such cooperation must be based on the poverty reduction and development strategies of the partner countries themselves. Regional cooperation must be based on regional and sub-regional plans, such as the New Partnership for Africa's Development (NEPAD).[15] Coordination and other cooperation must include practical cooperation on financing and on requirements for reporting and results. Efforts must also be made to reduce administrative burdens and to ensure that stakeholders agree on poverty and development problems and act accordingly – in step with each other and on the basis of their special advantages.

In development cooperation, the donor community has had a tendency to engage in important discussions on development policy in forums to which partner countries are only sporadically invited. Development assistance agencies have also largely worked in isolation from forums where policies that are extremely important for developing countries are discussed and decisions that are crucial for these countries are taken. Both these situations may have led people to lose sight of factors and experience that could have provided a basis for greater coherence between vital areas of policy, such as trade, agriculture and fisheries, in the fight against poverty. This situation must change. We must ensure that agencies responsible for development issues, both Norwegian agencies and the international bodies where Norway is represented, become more proactive. In future, development assistance must be discussed, evaluated and administered in a broader context that includes all elements of significance for poverty reduction, particularly areas such as debt relief, trade, peace and security, governance and business development policy. In order to draw on experience gained by partners in developing countries, this dialogue should take place in forums that include representatives from both the North and the South. Forums such as the Global Coalition for Africa (GCA)[16] may serve as models of targeted, practical cooperation of this nature. It is only through this type of holistic approach that the enormous challenges faced by developing countries can be met.

In some countries the challenges require special approaches

Norway provides development assistance for many countries where, for various reasons, government-to-government assistance based on long-term agreements and national poverty reduction strategies is impossible or inappropriate. This has been the case for countries where there are or have recently been conflicts, such as Rwanda, Ethiopia and Afghanistan. It also applies to countries that have had significant problems in terms of weak governance and widespread human rights violations, such as Zimbabwe. Norway's assistance to such countries is often channelled through the UN system and non-governmental organizations. There are strong development policy and humanitarian reasons for close involvement of this nature. This type of assistance directly helps to save lives. It may also promote greater stability and provide a basis for peace if it is sensibly linked to political efforts to achieve negotiations and reconciliation. There have been an increasing number of examples of this.

In countries with weak governance or serious human rights problems, non-governmental organizations have a particularly important task in providing active support for constructive forces of change and supporting a viable civil society. They may also play a particularly important role in developing and maintaining basic services, such as primary health services and primary education for vulnerable groups. In recent years, Zimbabwe and Nicaragua have illustrated how development assistance has had to be adjusted in these directions.

Although ordinary government-to-government development cooperation may be reduced for short or longer periods, or halted altogether, it is still extremely important to continue political dialogue. Development policy does not cease in the absence of government-to-government cooperation.

In certain conditions, the private sector may also play a highly constructive role. This is particularly the case if financial investments can help to reduce tensions and frustrations among the population that are caused by deprivation, a lack of employment opportunities and extreme disparities.

15) Adopted at the summit of the Organization of African Unity (OAU) in Lusaka in 2001. www.oau-oua.org

16) www.gca-cma.org

4. The Action Plan – what we intend to do

**“Something will happen,
otherwise why have you come?”**
From Bangladesh

This Action Plan provides the principles for development policy at the overall level. The measures outlined in this chapter indicate priorities at this level. They explain what we intend to do. The measures are wide-ranging. This is because our development policy, particularly in international forums – multilaterally – must reflect a broad agenda. Thus in this plan we must deal with all the topics that are important for good, sustainable social development. We will also endeavour to do the same as a basis for dialogue on development at country level.

However, this does not mean that we intend to do everything that is mentioned here and do it in all contexts. To a large extent, giving measures a practical format, implementing them at country level and introducing them into relevant forums and processes will be up to the agencies and players that have direct operational responsibility. These will often be the people who will know in which context and sequence and to what extent the measures should be implemented.

In this connection, one thing is clear: in one context or another, whether it be the Norwegian authorities, our international alliance partners or our national partners that are responsible for the dialogue on or the financing of the measures outlined in the sections below, all these measures must be implemented if the Millennium Development Goals are to be achieved.

An African man searching for water with two sticks.
A number of measures must be implemented if we are to achieve the Millennium Development Goals. These goals include halving the number of people without access to safe drinking water by 2015 and greatly improving the living conditions of at least 100 million people living in slums by 2020.

Photo: © Mikkel Østergaard / BAM / Samfoto

It is also clear that our work must be based on the poverty reduction strategies of our partner countries. In the vast majority of situations, it is they who will be the players. Our role – the role of the Norwegian development policy players – is to provide advice and resources. However, we must be an active partner. We must have clear ideas about what we can and will provide advice about and where we can and will provide technical assistance, financial resources and know-how, and we must set clear limits for this. In this respect, the willingness of our partners to achieve good governance and be accountable will be particularly important factors in determining how strong official Norwegian involvement will be. Different framework conditions will require different approaches in our fight against poverty.

Contribute to peace and security

Peace and security are essential if people’s safety and living conditions are to be assured. Investment in peace can be an important means of promoting development and poverty reduction. Good co-ordination of the efforts of bilateral donors, multilateral agencies and civil society is crucial if we are to achieve satisfactory results. In making decisions on the division of labour the comparative advantages of the various players should be emphasized.

In countries affected by conflict, development assistance must be coordinated in a different way than in “normal” situations, where assistance will normally be based on national poverty reduction strategies. Humanitarian UN agencies, non-governmental organizations and the International Red Cross will often have essential and specific tasks with respect to humanitarian initiatives, peace and reconciliation efforts, and the provision of basic social services. Even in these situations, however, the perspective should be clear: it is primarily the country itself – its people, its authorities and the warring parties – that can stop the conflict and create a new foundation for peaceful national development. Consequently, one of Norway’s primary concerns is to ensure that the international donor community

Member of a mine clearance team holding a small Chinese bomb in Melange, Angola. Peace and security are basic conditions for all stable, positive development. This is why Norway will contribute to the continued struggle against the proliferation of small arms and the production and proliferation of anti-personnel mines.

Photo: © Trygve Bølstad / Samfoto

and non-governmental organizations do not disregard the authorities and institutions in the country concerned in their eagerness to solve crises and conflicts. Humanitarian and other assistance must reach the people who need it, but coordination between donors and ongoing communication with the authorities and other interested parties are vitally important. Such coordination should primarily be the responsibility of national authorities and the UN.

We intend to contribute towards:

- Conflict resolution and prevention coordinated by and through the UN and other international organizations, based on the special advantages of each player. National ownership of peace efforts must be promoted.
- Continued active efforts to prevent the spread of small arms and the production and spread of anti-personnel mines.
- Improving living conditions in vulnerable areas in order to reduce the likelihood of poor people being recruited into armed conflicts because of deprivation.
- Particular attention being paid to the situation of poor people, particularly that of especially vulnerable groups such as women and children, in connection with conflict prevention and peace-building efforts. The participation of such groups in the design of proposals and measures for conflict resolution will be emphasized.
- The development of expertise, capacity, institutions and processes that will enable the people involved to deal with conflicts in a non-violent manner.
- Promoting a coordinated, holistic approach to peace-building and a coherent, effective structure and financing model for international cooperation in this area.
- Ensuring that assistance for peace-making and conflict prevention activities has a clear regional perspective in cases where this is relevant.
- Ensuring that peace-building is integrated with development strategies for and programmes/projects in areas that are in conflict or in a post-conflict situation.
- Ensuring that peace is consolidated at an early phase when conflicts are resolved, with the help of humanitarian assistance and long-term assistance. There should be greater emphasis on a steady transition from short-term emergency relief to reconstruction and long-term development and poverty reduction (cf. the section on humanitarian assistance below).

Contribute to realizing human rights and democratic development

People's freedom and their possibilities for realizing their potential and for combating poverty are largely dependent on authorities' respect for human rights and democracy. Norwegian policy is, among other things, based on the various UN human rights conventions. We expect the countries with which we cooperate to respect the conventions they have ratified. In this connection, Norway supports the efforts of the authorities in many countries to improve their capacity to build and safeguard democracy and human rights.

We intend to contribute towards:

- A focus on civil, political, economic, social and cultural rights in dialogue with Norway's partner countries. The importance for economic development of a stronger protection of rights should be stressed, practical possibilities should be identified, and the normative role of human rights should be emphasized.
- In accordance with the Millennium Development Goals, a special focus on compliance with the conventions on women and children. Similarly, it is important for Norway to speak on behalf of particularly vulnerable groups and support them through strategic interventions. This particularly applies to disabled persons and indigenous peoples. Indigenous peoples must be assured the right to influence matters that affect their living conditions.
- Ensuring that poor people's property rights and their right to be independent economic players are a topic of the dialogue on national poverty reduction strategies.
- Building democratic frameworks and central democratic institutions (national assemblies, electoral institutions, etc.) and training personnel who work at such institutions.
- The development and application of indicators for democratic development that particularly measure countries' ability to invest in democratic processes and institutions.
- The development of democracy-building institutions in civil society, by financing cooperation between institutions of this type in the North and the South.

Several of the measures mentioned in other sections, such as those concerning health, education and the situation of women, are also highly relevant to human rights.

Strengthen institutions that promote good governance

Lack of technical expertise and institutional weaknesses are among the most important obstacles to development. That is why Norwegian development cooperation has increasingly been oriented towards capacity- and institution-building. This is also important in order for Norway to be able to use partner countries' own information systems to verify that Norwegian and other assistance funds are used as intended. Broad-based cooperation has been established with Norwegian institutions for this purpose and this process will be further developed.

We intend to contribute towards:

- Cooperation with the authorities on the development of institutions to ensure transparency and democratic control at both the administrative and political levels (including the office of the auditor general, other supervisory bodies in the field of finance, and the legislative assembly).
- Financial and technical support to improve administrative functions in partner countries. Particular priority will be given to the management of public finances, with a view to improving the correspondence between budget priorities and the use of funds, reporting and the use of such information when preparing budgets.
- Developing the judicial system to ensure its independence, and human resource development.
- Supporting organizations in civil society in partner countries through Norwegian non-governmental organizations and other partners to enable them to play their important role as "watchdogs" for good governance.
- Efforts to combat corruption in all sectors and at all levels, in close cooperation with international and national experts.
- Support for political parties (including through cooperation with Norwegian political parties), the development of independent, critical media and training for journalists who can train a critical spotlight on the authorities' activities and create forums for national debate.
- Particularly strengthening civil society during periods when the authorities of a country are reluctant or opposed to promoting good governance ("poor performers"). There will be emphasis on enhancing the ability of poor population groups to promote their interests during such periods and on providing more possibilities for them to do so.
- A greater degree of coordination of such assistance with other donors in order to make optimal use of resources.
- Giving priority to providing assistance in areas where Norwegian institutions have clear technical advantages.
- Reviewing partner countries in order to identify priority areas where Norwegian experts may be particularly well qualified to help improve governance.

Include the poorest developing countries in global integration processes

In an increasingly integrated world, countries with few resources risk lagging behind and becoming marginalized. This can be countered by active efforts on their part and support from the industrialized countries. Cooperation is also necessary to ensure responsible management of global public goods, such as those relating to the climate and the environment.

We intend to contribute towards:

- Ensuring that developing countries play a more active role in the WTO and other important international organizations.
- Ensuring that goods and services from developing countries have better access to markets in the industrialized countries, particularly in Norway.
- Developing the knowledge base relating to factors that prevent and promote the participation of developing countries in global integration processes in order to help strengthen their participation.
- Efforts to ensure that poor countries receive a greater proportion of international investment, and that their vulnerability to global financial and economic crises is reduced.
- Ensuring that better, more comprehensive arrangements for reducing risk and for guarantees for national capital and investment are developed at global and regional levels, with a view to activating available capital, both in individual countries and across national borders.
- Enhanced global cooperation to prevent crime that is spread through global integration processes.
- Improving poor countries' ability to utilize the opportunities offered by developments in the ICT area for access to market information and other information that is useful for the private sector, the public authorities and civil society.
- Increasing flexibility in the global labour market by making it easier for people from developing countries with occupational experience that Norway needs to apply for work in Norway.

Strengthen the position of poor countries in world trade

Trade is an important instrument for economic growth and development. We intend to contribute towards value creation, increased employment and private sector development by improving market access for the export products of developing countries and assisting in efforts to build capacity and expertise and exploit the market opportunities that are available. We will actively follow up the declaration from the WTO Ministerial Meeting in Doha in November 2001 on improving the integration of the poorest countries in the trade system and world trade. We intend to strengthen coherence between our industrial, trade and development policies in order to ensure better access to the Norwegian market.

We will make the following contributions:

- Improved integration of trade into our bilateral and multilateral development cooperation, and into the national development plans and poverty reduction strategies of developing countries.
- Improved coherence between Norwegian trade and industrial policy and Norwegian development policy for poverty reduction.
- Tariff and quota-free market access for all products but arms from the least developed countries, both in Norway and in other industrialized countries.
- Improved market access for agricultural products from developing countries other than the least developed countries.
- A review of tariffs on industrial goods with a view to reducing and eliminating most of the remaining tariffs from 1 January 2003.
- Identification of non-tariff trade barriers that impact on developing countries' possibilities for exporting products to Norway, and consideration of possible technical assistance in overcoming such barriers. We will seek to ensure that the export interests of developing countries are included in analyses of the introduction of new rules and regulations that have consequences for trade.
- More technical and financial assistance to build capacity and expertise in the field of trade and exports, particularly in the poorest developing countries. This includes implementing measures to ensure that the least developed countries are able to benefit from the new market opportunities that have been provided in Norway following the decision to allow tariff and quota-free market access for all products. It also includes improvements in Norwegian coordination of bilateral and multilateral technical assistance and active support for international coordinating mechanisms, such as the Integrated Framework for Trade-related Technical Assistance for the least developed countries.
- Intensified efforts to enable the poorest developing countries to utilize the WTO rules, enhanced technical and financial support for the participation of developing countries in multilateral trade negotiations so that they are better able to safeguard their own interests and, in general, active efforts to take better account of the interests of the poorest developing countries in WTO negotiations.
- Encouragement of more cooperation between Norwegian companies/importers and exporters/producers in developing countries in order to facilitate the production, inspection and export of goods that meet quality and safety standards in the North.

Combs for sale at a market in Dar es Salaam, Tanzania.
In many countries economic growth is well below population growth. Development assistance is necessary in order to increase economic growth, but private investment and trade are even more vital.

Photo: © Curt Carnemark / Mira / Samfoto

Contribute towards more comprehensive debt relief

Poor countries often have serious problems servicing their debts. This affects their possibilities for developing health and education services and their ability to implement measures to improve the situation of poor people. Debt relief is often an important instrument in the war on poverty. For Norway, the Norwegian Debt Relief Strategy has been an important instrument for structuring debt relief. Both contributions to the Heavily Indebted Poor Countries (HIPC) Initiative and debt cancellation for the poorest countries over and above this have been carried out according to plan. Debt relief has also been provided for other countries. However, the debt situation in the poorest countries is still difficult. Many countries need further debt relief in order to be able to solve their debt problems, particularly countries emerging from conflicts. Within the framework of international cooperation in this area, Norway intends to contribute towards further improvements in the international debt relief system.

We therefore intend to:

- Ensure full financing of the HIPC Initiative, as far as possible through organized multilateral negotiations.
- Improve the HIPC Initiative for countries that have been affected by wars and conflicts.
- Further develop the HIPC criteria in order to improve coherence in the treatment of countries and ensure that the demands that are made are reasonable and realistic.
- Cancel all Norwegian claims on countries where the HIPC Initiative is being applied.
- Work to achieve debt relief for middle-income countries with a high level of debt, preferably through multilaterally coordinated debt-swap operations.
- Support efforts to introduce internationally accepted debt moratoria.

Contribute to increased economic growth and private sector development

Economic development and growth that exceeds population growth are essential if we are to combat poverty on a lasting basis. A stable economic foundation is a prerequisite for the success and sustainability of measures in a longer-term perspective. This means that we must provide assistance for improved management of public finances and broad-based support for private sector development, particularly for development of the primary industries. It entails assistance to promote food security and economic development (including assistance for more sustainable debt-servicing arrangements). The main challenges faced by each country and the initiatives that are needed are defined in national poverty reduction strategies.

We intend to:

- Provide budget support and other measures to improve the macro-economic situation and macro-economic management in relevant partner countries.
- Help to ensure that vulnerable social groups are protected from cutbacks in connection with economic structural adjustments.
- Support the development of national institutional frameworks and infrastructures that facilitate investment, production and trade.
- Provide incentives to encourage investment and human resource development in order to promote sustainable commercial activity.
- Through NORFUND,[17] promote more investment and joint ventures and the transfer of expertise in the field of investment management and portfolio investment.
- Strengthen involvement in the least developed countries through NORFUND's own LDC programme.
- Undertake a country review in our partner countries in order to identify possibilities for private sector development and cooperation, including an evaluation, by sector, of obstacles to and opportunities for promoting private sector development and trade, and identify possibilities for cooperation with Norwegian companies and the use of Norwegian resource bases and expertise.
- Identify Norwegian resource bases that can assist with/cooperate on development of the private sector and commercial activity in the South.
- Improve the instruments for encouraging more Norwegian and foreign cooperation on trade and commerce with countries in the South, among other things by developing databases and cooperative mechanisms.
- Encourage partnerships between non-governmental organizations and the private sector, and between their sister organizations and companies in developing countries, with a view to developing the private sector in the South.
- Encourage social responsibility and the transfer of expertise in connection with investment and the establishment of Norwegian companies and institutions in developing countries, and support multilateral measures to promote corporate social responsibility.

17) Norwegian Investment Fund for Developing Countries: http://www.norfund.no/

- Help to secure the right of poor people to use and own land, housing and other assets, and their right to run their own businesses. Particular attention will be paid to the property and inheritance rights of women.
- Help to improve the coordination of bilateral and multilateral efforts to develop the private sector and commercial activity in the South.

Strengthen primary industries

The primary industries are the backbone of the economy in the poorest countries. It is largely these industries that have the economic potential for further development of business and trade in the poorest countries, both as regards primary production and as regards industrial development. These industries are crucial for food security in poor countries and they provide a platform for the efforts of large groups of poor people to improve their lives. The recent trend in Norwegian and international development cooperation away from investment in primary industries will be turned around.

In addition to the measures mentioned in the previous section that are relevant to the development of primary industries, we therefore intend to:

- Help to improve physical operating parameters, such as infrastructure, that are particularly important for economic development. This includes improving communications in rural areas.
- Promote a broad focus on the primary industries in connection with investment in private sector development.
- Support the development of further processing of agricultural products (agrobusiness) and export lines to Norway and other countries.
- Support agricultural educational and research institutions in the South, with an emphasis on applicable results and graduates with a practical orientation.
- Help to improve access to credit in rural areas, including micro-financing programmes under the auspices of non-governmental organizations and other institutions.
- Review Norwegian agricultural policy with a view to facilitating market access for agricultural products from developing countries.
- Review fishery policy measures, bearing in mind their potential contribution to poverty reduction and economic growth in developing countries. Relevant areas for consideration include more cooperation with developing countries in devising their strategies relating to international cooperation on fisheries and aquaculture in for example the UN Food and Agriculture Organization (FAO)[18] and regional fishery organizations.
- Contribute towards efforts to develop global action plans to reduce illegal, unregulated and unreported fishing and provide assistance for resource inventories, monitoring and management and human resource development at international and national levels. Dialogue with the EU on sustainable exploitation of poor countries' fish resources will also be appropriate.

Raise the level of education in partner countries

Without education there can be no economic and social development. Education is therefore the key priority. Norway will help to ensure that education has high priority in national poverty reduction strategies, and that assistance is channelled to this sector through official and other initiatives. There will be emphasis on the coordination of donor support and financing by the authorities, preferably through sector programmes and similar mechanisms in cases that require greater coordination of resources. This will be emphasized in dialogue on partner countries' strategic plans.

We will seek to ensure that priority is given to the following:

- Measures to increase the proportion of children receiving primary education, with special emphasis on measures that will help ensure that girls from poor families complete their primary education.

18) Food and Agriculture Organization of the United Nations, www.fao.org.

- Active support for the establishment of national programmes for the education sector in all partner countries in order to give this sector an additional boost.
- Literacy programmes that benefit poor groups.
- Strengthening the capacity of the primary education system and reforms in this sector in order to modernize curricula.
- Measures to recruit pupils and students from poor families and other vulnerable groups, particularly girls and women, to upper secondary and higher education.
- Strengthening vocational and technical training and courses that are directly related to working life.
- Developing relevant graduate studies and research-based education at universities in partner countries and at the regional level, in cooperation with Norwegian educational institutions.
- Exploring the use of information and communications technology (ICT) in increasing the efficiency of the education sector in developing countries.

Pupils at a school in South Africa.
A strategic focus on education entails particular emphasis on education for girls and women. This has proved to generate high returns in terms of benefits to society. From a socio-economic viewpoint, the education of girls and women is considered to be the most effective investment in poor countries.

Photo: © Aslak Aarhus / Samfoto

- In addition to a specific focus on the educational sector, we will also consider how educational and training elements relating to lifelong learning can be more systematically integrated with other forms of cooperation, for example in private sector development.
- Improved coordination of instruments for admissions and for financing studies for candidates from developing countries in Norway, including the State Educational Loan Fund's "quota scheme", the NUFU programme and NORAD's[19] grant programme.
- Assessments of the relevance of educational programmes for students from developing countries in Norway. In this connection, we will consider the possibility of locating more educational programmes in partner countries.

Contribute to improved health and social development

Poor health and social services for poor people do not only reflect the fact that these sectors are not well developed in many countries. Often, they are also a result of the fact that the services that do exist are primarily aimed at meeting the needs of other sections of the population. Since access to primary health services and a minimum of social services is a prerequisite for decent life, in dialogue with our partner countries we will emphasize that:

- National health programmes/sector programmes should have a clear poverty profile.
- Well-functioning national health systems should be developed, with decentralized services that reach large parts of the population
- National health policy should focus on tuberculosis, malaria, vaccination and reproductive health.[20]
- National health policy should give priority to target groups such as children, young people and women.
- The poverty profile of activities linked to GAVI and the Global HIV/AIDS, TB and Malaria Fund should be ensured.
- Social policy instruments relevant to poor people should be further developed.
- Social safety nets and national insurance systems should be developed.
- National health programmes should focus on efforts to reduce tobacco consumption and alcohol abuse.

Combat the HIV/AIDS epidemic

The fight against HIV/AIDS that Norwegian development cooperation is pursuing will continue at a high level. There will continue to be a focus on preventing new infection, with emphasis on greater breadth and diversity. Prevention and the consequences of HIV/AIDS will be evaluated in all development programmes and integrated where relevant. Norway will also seek to ensure that treatment is more easily available and cheaper for everyone, including poor people. There will be emphasis on an integrated approach.

We will seek to ensure that:

- The UN system and the development banks intensify their efforts to combat AIDS within the scope of their mandates.
- HIV/AIDS efforts are better linked to national poverty reduction strategies.
- The implementation of national plans and strategies is accelerated and strengthened, with special focus on rural areas and local communities.
- Cooperation between central players is promoted, including civil society at country level and the educational sector.
- The situation of women and young girls is improved.
- Interaction between the public and private sectors in efforts to combat HIV/AIDS is encouraged.
- Mother-to-child infection is prevented.
- Children who are in a difficult family situation because of HIV/AIDS are helped to cope with their situation and ensured care.
- Young people change hazardous behaviour and have access to contraceptives and counselling.
- Men are involved and made more responsible.
- Companies are called on to assume responsibility for anti-HIV activities as part of their responsibility as employers.
- Stigmatization is discouraged and the rights of people infected with HIV/AIDS are secured.
- Treatment becomes cheaper and more easily accessible and awareness of the link between HIV/AIDS and tuberculosis is enhanced.
- Efforts to develop an anti-HIV vaccine are strengthened.
- Alliance-building to combat HIV/AIDS in Norway is more closely linked to similar alliance-building in the South.
- The TRIPS agreement does not prevent poor countries from obtaining inexpensive HIV/AIDS medicines through compulsory licensing.

Strengthen the focus on women and gender equality

One of the main goals of Norwegian development cooperation in the 1990s was to promote equal rights and opportunities for women and men in all areas of society. The UN Millennium Declaration states that promoting gender equality and empowering women are effective ways of combating poverty, hunger and disease and encouraging sustainable development. We intend to strengthen the focus on women and gender equality in Norwegian development cooperation by:

- Giving the gender perspective a more prominent role in Norway's contributions to international dialogue on development issues.
- Strengthening the goal of integrating women and gender equality considerations in all development cooperation, both bilateral and multilateral. There will be greater emphasis on measures to operationalize the integration of the gender perspective.
- Seeking to help partner countries meet their legal obligations pursuant to the UN Convention on the Elimination of All Forms of Discrimination Against Women and their political obligations pursuant to the declarations and platforms of action of Beijing and Beijing+5.
- Helping to reduce violence against women and girls, and particularly protecting girls and women who are refugees or internally displaced persons from sexual abuse, rape and HIV/AIDS infection.
- Helping to safeguard the democratic, political, social and economic rights of women, with particular emphasis on voting rights and property and inheritance rights.
- In dialogue with partner countries, stressing the need to give priority to girls and women in national poverty reduction strategies.
- Continuing to give priority to private sector development measures (e.g. micro-financing) that have proved particularly suitable for strengthening the position of women in society.
- Emphasizing the role of women as producers and consumers of food in the further development of Norwegian strategic initiatives in the agricultural sector in development cooperation.
- Ensuring that efforts to strengthen the operationalization of the Norwegian Strategy for Private Sector Development in Developing Countries encompass the role and special needs of women.
- In dialogue with partner countries, pointing out that the promotion of gender equality is a vital element of efforts to strengthen good governance.
- Focusing on the gender perspective, i.e. the fact that the HIV/AIDS epidemic affects women and men differently, as an important element of the efforts to combat HIV/AIDS.
- Ensuring that education for girls is a central element in the preparation of a strategy for development cooperation in the education sector.

Safeguard children's rights

Children are particularly vulnerable in poor countries and, in practice, many of the other measures in this Action Plan target children and young people (cf. e.g. the sections on health and education above). In addition, measures to improve the situation of children are a separate priority area. We wish to ensure that children's rights are taken into account in the poverty reduction strategies of our partner countries. We also wish to help ensure that the conditions in which children grow up and children's

19) www.lanekassen.no, www.nufu.no, www.norad.no

20) As defined in Article 7.2 of the Programme of Action from the ICPD Conference in Cairo in September 1994.

An Afghan boy at an orthopaedic clinic in Peshawar, Pakistan. Children are hit especially hard by the increasing number of armed conflicts. Many children are kidnapped and used as child soldiers, many are injured by anti-personnel mines, and many live in wretched conditions as refugees.

Photo: © Heldur Netocny / Phoenix

rights are taken into account in countries where governance is deficient and in countries dominated by war and conflict. The UN Children's Fund (UNICEF),[21] the International Labour Organization (ILO)[22] and non-governmental organizations are important allies in this effort.

We intend to put children's rights on the agenda in dialogue with our partners on national poverty reduction strategies. This means that we will:

- Help to ensure that children, especially girls, receive education – without having to pay user fees.
- Help to ensure that children have access to high-quality health services.
- Help to ensure that the situation of children affected by HIV/AIDS is improved.
- Help to ensure that children's rights are safeguarded in situations of war and conflict; this includes helping to prevent children from being recruited as soldiers.
- Help to promote a focus on the needs of children in refugee situations.
- Support measures that prevent trafficking in children for slavery or prostitution.
- Help to eliminate child labour, while at the same time taking into account children's need for special strategies to provide them with a means of support. Prepare a new strategy for children in development cooperation.

Improve environmental and natural resource management

Every effort to combat poverty necessarily takes place within the limits set by the environment and the natural resource base. Environmental and natural resource problems are increasing in marginal areas, which are often inhabited and used by the very poorest members of society. Conservation and the sustainable use of biological diversity and scarce resources are important factors in securing the environment and livelihoods of a variety of population groups.

21) www.unicef.org

22) www.ilo.org

We therefore intend to contribute towards:

- Active participation by developing countries in international environmental negotiations.
- Enhancing the expertise and capacity of developing countries to monitor environmental status and trends and analyse the consequences for economic/productive activity and the living conditions of the population.
- Strengthening national environmental management so that partner countries can themselves set national priorities and be genuine partners in dialogue with relevant international partners.
- More long-term, coordinated assistance for capacity-building and for the implementation of national environmental action plans based on national priorities.
- Good coherence between national environmental action plans, economic sector plans and overarching development plans, including strategies for poverty reduction.
- Preparing a strategic plan for international assistance for the implementation of international environmental agreements in developing countries, based on these countries' own priorities and plans with an emphasis on capacity building and technology cooperation.
- Improved international environmental governance in order to ensure synergy, coherence and co-ordination between various environmental processes and environmental agreements at both national and global levels.
- A review of Norway's contribution towards the development of the global climate, based on the positive or negative contributions of various Norwegian agencies, institutions and companies.
- Development and implementation of the environmental component in the New Partnership for Africa's Development (NEPAD) as a strategic framework for environmental cooperation in Africa and as a framework for international cooperation and support.
- Better access to sufficient clean water and satisfactory sanitary conditions.
- Cooperation on the management of trans-boundary water resources in order to promote stable, fair and sustainable development. In this respect, management of fresh water resources at catchment area level is an important approach.

Reduce poverty through energy development

More efficient utilization of traditional energy sources and exploitation of cost-effective alternative or new energy sources may significantly increase the economic freedom of action of poor countries and reduce pressure on the environment and natural resources. Norway has broad-based and in-depth expertise in the energy sector that we wish to utilize to the benefit of these countries. We therefore intend to contribute in areas such as petroleum and water resource management, and marketing and distribution systems.

We intend to:

- Increase efforts to achieve better, safer and more sustainable energy supplies in developing countries by participating in relevant multilateral programmes under the World Bank and the UN system, with the main focus on the least developed countries.
- Develop financing models for official and private cooperation on energy supplies, taking into account the needs of poor groups and areas that have difficulty in paying for such services.
- Support the development of alternative energy sources and more efficient utilization of traditional energy sources, with a focus on access for poor population groups.
- Help to intensify efforts to develop sustainable energy supplies in priority partner countries, with a focus on exploiting energy to combat poverty.
- Cooperate with the World Bank and the UN system on following up the Norwegian international initiative to help developing countries use gas that is currently flared or emitted to the atmosphere in connection with oil production as an energy source.

- In Norway and internationally, in cooperation with the World Bank, seek to ensure that petroleum-related activities under public and private auspices have positive effects for poor countries and population groups and are not detrimental to their interests.
- Seek to ensure that a review of relevant elements of Norwegian petroleum and energy policy is carried out, in order to promote the best possible coherence between energy policy and development policy with respect to their contribution towards poverty reduction in developing countries. There will be an emphasis on the effects of technology transfers and human resource development in the petroleum sector, as well as in the hydropower and energy sector in general. The role of Norwegian companies will also be assessed.

Contribute towards more poverty-oriented humanitarian assistance

In connection with conflicts and acute disasters, measures to alleviate distress must target the people who are directly affected, regardless of their background. In the final phase of an immediate crisis or conflict or after it is over, it will often be necessary to continue to provide humanitarian assistance while at the same time initiating development cooperation with a more long-term, nation-building perspective.

We intend to:

- Seek to ensure that support for preventive measures reaches poor population groups, which are particularly vulnerable in disaster situations.
- Contribute towards rapid identification of vulnerable groups, paying particular attention to the situation of women and children, in connection with disaster or crisis situations. Priority will be given to providing assistance that will alleviate the situation for these groups.
- Provide transitional assistance in the form of support for fragile peace processes, clarification of property rights, private sector development, economic growth and institution-building for good governance. Both civil society and other institutions outside the problem zones are relevant partners. There will also be an emphasis on developing sustainable democratic institutions, strengthening the media and civil society, and strengthening legislation and the judicial system.
- Help to re-locate refugees in Norway, in agreement with the UN High Commissioner for Refugees, in order to relieve countries that have received large numbers of refugees from neighbouring countries.
- Provide support for refugees returning home and contribute towards educational programmes so that refugees are able to return to their native countries and participate in the reconstruction process.
- Demand that all states meet their obligation to receive refugees who return home.

Ensure broader, more relevant knowledge about poverty reduction

Human resource development and the mix of expertise in those parts of the Norwegian administration that have the primary responsibility for Norwegian development policy must reflect the fact that poverty reduction is the main goal.

It is a particular challenge to acquire sufficient knowledge of the effects of other areas of policy on living conditions in poor countries, help to spread such knowledge in the responsible institutions and acquire a better understanding of how poverty can be reduced in the relevant areas.

We therefore intend to:

- Seek to ensure that the Ministry of Foreign Affairs, NORAD, NORFUND, Norwegian non-governmental organizations, the private sector and cooperating institutions assess their need for expertise as regards both poverty reduction and knowledge of Norwegian areas of policy that are particularly relevant to poverty reduction.
- Seek to ensure that public agencies increase their expertise/capacity by means of systematic training, new recruitment and cooperation with external expert communities.
- Strengthen dialogue with non-governmental organizations, the social partners and the rest of civil society in order to promote similar enhancement of expertise in these bodies.
- Focus other human resource development efforts on areas where Norway has advantages of a technical, institutional, political or other nature.
- Contribute to the acquisition of new knowledge of the factors that cause and prolong poverty through research and other studies.

Who will do what?

Chapter III above describes how cooperation with partners in developing countries and industrialized countries should be organized. The following sections are intended to illustrate the roles the various players should normally play in development cooperation.

Partners in developing countries

- Dialogue with the authorities of partner countries must be based, among other things, on their national strategies for poverty reduction and budgets. Dialogue on development policy must be broad-based and address the framework conditions for private sector development and economic growth, matters relating to governance, human rights, and the international dialogue on trade and development financing.
- Civil society in partner countries has a key role to play in defending human rights and in efforts to build a democratic society. The development of relevant organizations will primarily take place through their sister organizations in Norway, although to a certain extent also directly. Civil society is a particularly important partner in countries with poor governance.
- The private sector in partner countries is an extremely important player when capital and know-how are to be transformed into value and income creation for both private individuals and society. Private enterprise must be provided with good opportunities for growth in order to create the best possible basis for a policy of equitable distribution. Norwegian and international companies will be given incentives to expand their cooperation with companies in partner countries in order to achieve this goal.

International partners

Cooperation with international partners in order to promote the broad, international development policy agenda described in this Action Plan is strongly emphasized. Our goal is to ensure that all partners pull in the same direction – i.e. towards realizing the Millennium Development Goals for poverty reduction.

- The World Bank, the IMF and UNDP have technical and financial expertise and good relations with the governments of partner countries, which makes them particularly valuable partners in cooperation. Dialogue with these organizations will be pursued in all relevant areas that can help to realize the goals of this Action Plan.
- The OECD plays a special role as an adviser for member states, and monitors their policies in many areas. It is particularly important to ensure that the OECD integrates the development perspective in all aspects of the organization's activities. In particular, the OECD/DAC must intensify its efforts to promote policy coherence for poverty reduction, increase official assistance to 0.7 per cent of GNI, improve donor coordination and promote the untying of assistance by member states.
- We will be cooperating within the WTO, the specialized UN agencies and other international, technically-oriented organizations in their specialized areas in order to achieve the goals of this Action Plan.
- Other industrialized countries, the EU and other regional organizations, and informal groupings of the above, often make good allies in efforts to exert influence on international organizations to increase development assistance, increase policy coherence, promote the untying of assistance, improve the division of work in development cooperation and lighten the "aid burden".
- International organizations can be particularly important partners in promoting measures at the local level, particularly in countries where it is difficult to engage in official assistance and development activities. They are also important dialogue partners in the light of their expertise in areas that are important for development, such as corruption, and their interesting perspectives on global development issues.

- International private sector and business organizations, such as the World Business Council for Sustainable Development (WBCSD),[23] wish to promote greater global responsibility in the private sector based on ethical principles. Dialogue with these institutions will help to set standards for the work of private companies in developing countries and find new forms of cooperation in order to increase investment in poor countries.

The Norwegian authorities

The challenges outlined in this Action Plan can only be met if national and international players cooperate. Some tasks fall naturally within the areas of responsibility of the Ministry of Foreign Affairs and NORAD. This applies, for example, to proposals concerning the various international organizations in which the Ministry of Foreign Affairs represents Norway.

In cooperation with NORAD, the Ministry of Foreign Affairs will undertake the necessary coordination and adaptation of working methods in order to ensure that the policy described in this Action Plan is promoted in all development cooperation, both multilateral and bilateral. In this connection, we face a significant challenge in organizing the training of personnel at home and abroad. The Norwegian Foreign Service Institute has an important role to play in this respect.

To ensure that development policy and assistance are as effective and performance-oriented as possible, including in relation to the Millennium Development Goals, a review will be carried out of the entire development assistance administration, in accordance with other modernization processes in the public sector.

Some tasks particularly affect NORAD, which in this context will evaluate its working methods and the organization of bilateral assistance in relation to the principles laid down in this Action Plan.

23) www.wbcsd.org

A large number of tasks come under the spheres of responsibility of other Norwegian institutions. Among other things, measures to achieve better overall coherence in Norwegian development policy with a view to reducing poverty in poor countries will affect many ministries and subordinate agencies. The Ministry of Foreign Affairs will pursue an active dialogue with these partners in order to encourage them to devise and implement their own measures to comply with the intentions of the Action Plan. As far as possible, the Ministry of Foreign Affairs will assist these partners in this effort. Various contact arrangements will be established for this purpose.

Norwegian business and industry

Developing countries' revenues will primarily have to come from activities in the private sector. A dynamic private sector is essential to generate development. Consequently, the authorities of developing countries and development assistance organizations must work with the private sector to ensure that the operating parameters are such that they attract private investment, both domestic and foreign.

Dialogue with the private sector in Norway will continue in order to find new forms of cooperation and define more clearly the role Norwegian business and industry can play in realizing this Action Plan, on the basis of, among other things, the Norwegian Strategy for Private Sector Development in Developing Countries.[24]

Civil society in Norway

Civil society is important in the efforts to combat poverty and plays a vital role in promoting human rights and democracy. A significant proportion of Norwegian development assistance is therefore channelled through Norwegian non-governmental organizations and institutions, in cooperation with similar organizations and institutions in developing countries. Most of these funds are spent on health and education. These are grassroots projects with a good development effect. At the same time, there has been a greater focus on measures to promote human rights and democratic development in recent years, and non-governmental organizations are increasingly important partners in this area.

It is emphasized that Norwegian NGOs, through their work, should seek to promote greater responsibility on the part of the authorities of host countries, enhance the capacity of local partner organizations to plan and administer projects and, insofar as is necessary, adapt such projects to local coordination measures and poverty reduction strategies. Norwegian NGOs are requested to define their unique characteristics, ideology and value base, and their development assistance strategies. However, organizations that are used as channels for Norwegian development assistance need to be accountable, not least as regards their coordination with other players and the poverty reduction strategies of partner countries. The quality of assistance activities and of the documentation of results will be emphasized.

Research communities in Norway and in developing countries are also important partners in development cooperation. In addition to this, we wish to expand our cooperation with media organizations, political parties and other players who can contribute, directly or indirectly, to strengthening the rule of law, governance and pluralism in partner countries.

Dialogue between the Norwegian authorities and Norwegian partners that receive and administer substantial amounts of development assistance will continue on a broad basis. The goal is to increase their ability to work in ways that support the principles governing poverty reduction efforts upon which this Action Plan is based.

24) May be obtained from the Ministry of Foreign Affairs. Also available on the Internet at: http://odin.dep.no/ud/norsk/bistand.

5. The goals must be tested

"If you are hungry, you will always be hungry; if you are poor, you will always be poor."
From Vietnam

Progress towards the Millennium Development Goals

The Millennium Development Goals are an important frame of reference for evaluating performance and the impact of our efforts. However, these goals can only be used to measure results over fairly long periods of time, which makes it difficult to use them as management instruments in development policy in the short term. There is, therefore, a general need to develop intermediate goals and indicators that will illustrate our progress towards achieving the Millennium Development Goals. UNDP has assumed special responsibility for reporting on these goals, both at country level and globally, and is expected to play a central role in international efforts to develop such indicators. Norway will also contribute to this process.

In this context, and as development cooperation is increasingly concentrated on budget support and sector programmes, there is also a need for indicators that describe the extent of the contributions made by Norway and other players towards poverty reduction. Measurements like these will be useful in connection with annual reporting to the Storting (the Norwegian parliament) and to the public at large on development cooperation. Norway will contribute to the international efforts to develop such indicators.

Women and children in Malawi queue for food. Development assistance and humanitarian relief alone cannot solve the problems of poverty. Other policies pursued by the industrialized countries, in areas such as trade, debt relief and investment, often have more impact on the situation in poor countries than development assistance.

Photo: © Mikkel Østergaard / BAM / Samfoto

Evaluations of the extent to which Norwegian development cooperation in the broadest sense makes an effective contribution towards poverty reduction must mainly be carried out on the basis of studies relating to individual countries and organizations. Such studies must be based on the fact that Norwegian development cooperation is intended to enhance the ability and willingness of partner countries to combat poverty on the basis of their own objectives and plans. Consequently, evaluations must largely focus on whether partner countries have adopted a policy that should yield results in relation to the Millennium Development Goals, and the extent to which such a policy has been pursued. Important indicators of whether Norway is successful in its development cooperation could therefore be whether our partners have good poverty reduction strategies and whether, in cooperation with all their partners, they have made an active effort to achieve their goals. Other possible indicators include how well Norway has contributed towards the implementation of such strategies, and the extent to which the overall efforts of all the various players, both bilateral and multilateral, have contributed to social and economic development.

In order to be able to relate them to international studies of this type, the intermediate goals and indicators on which Norway bases its evaluations at country level must primarily be those that are used by our partners and defined in the poverty reduction strategy of the developing country concerned or in other important planning documents. As regards evaluations relating to the Millennium Development Goals, Norway will base them on the criteria and data used by the UN, the OECD, the IMF and the World Bank.

Improving the system for measuring performance

In the light of the above considerations and the work that is being done in this field at the international level, the system for measuring the results of Norwegian development cooperation must also be strengthened so that we can better evaluate the following:

- Which channels and forms of assistance have a good impact and effect in relation to the overarching goal of poverty reduction.
- How and to what extent Norway's development policy efforts contribute to poverty reduction, globally and in individual countries.
- How the quality and cost-effectiveness of Norwegian assistance for poverty reduction can be improved.
- Whether Norwegian development assistance can be better organized, with a view to making an optimal contribution to national ownership of strategies and programmes for poverty reduction, and to the coherence and simplification of development cooperation, both in individual countries and internationally.
- How effective Norway's efforts to strengthen the role and capacity of the multilateral system in the efforts to reduce poverty are, and how the effect of our contributions can be strengthened.
- How and to what extent Norwegian policy in areas other than development cooperation contributes towards poverty reduction.

Norway's effort is one of many factors

Since it is often impossible to isolate the effects of Norway's efforts from other influences, it is necessary to include qualitative as well as quantitative considerations in our evaluations. Independent researchers and consultants will continue to be used to carry out evaluations that combine these approaches. Studies will, for example, include:

- *Cooperation with priority partner countries:* Countries' main challenges, strategies and achieved results in relation to the Millennium Development Goals. The relevance and effect of Norwegian efforts must be viewed in this light. The effectiveness of Norwegian development assistance will also be evaluated in relation to channels of assistance and the degree of coordination with other players. Areas of policy other than development cooperation must also be evaluated.
- *Priority areas:* Areas to which Norway gives priority in its international efforts to reduce poverty, including the realization of the Millennium Development Goals. Such studies will, for example, discuss Norway's efforts in relation to the main challenges, international strategies and development trends in these areas. The choice of channels and Norway's role in relation to other players will be important in assessments of effectiveness.
- *Achievement of the goals of development cooperation:* A relevant approach will be to develop a methodology for trying to identify Norway's contributions towards poverty reduction in general. One important prerequisite for this will be the development of common indicators linked to the Millennium Development Goals. At the same time, development assistance to strengthen statistical capacity and methodology in partner countries must be significantly increased. On this basis, we will be better able to measure the efforts that have been made and the results that have been achieved.

A "living" Action Plan

The Action Plan must be a dynamic, guiding instrument.

This Action Plan is going to be applied in a complex, ever-changing world. The political, economic and social reality that poor people face in their everyday lives is not constant. International economic cycles and framework conditions change, as does policy at both national and local levels. It is therefore extremely important to ensure that this Action Plan does not become a static document but is regularly updated and improved. Between now and 2015, we must therefore change both the plan's description of reality and the measures to be implemented in step with changed operating parameters and new insights. This will take the form of new, updated versions of the plan. It is essential to ensure that all interested parties have the opportunity to participate in this process.

We also intend to evaluate the progress of the plan by carrying out two or three thorough reviews between now and 2015. The main focus of these reviews will be the plan's contribution to the achievement of the Millennium Development Goals. Both this contribution, and progress in the individual measures described in the plan and those implemented by partners who have an independent role to play in the realization of the plan, will be evaluated. The committee that has been established to evaluate the results of development cooperation will play a role in this process. Given the challenges of separating Norwegian efforts from those of other donor countries and other factors, this work will be done with the support of research institutions and coordinated with other countries and organizations that have similar action plans and strategies. Through this follow-up effort, we will be able to identify the most crucial and critical obstacles to the achievement of our most important goals. This insight will be applied both in our own development cooperation and in active, targeted political dialogue at the international level. The Action Plan will function as a central foundation for our work in international organizations, such as the UN, the IMF, the World Bank and the WTO, and in international forums and processes that are important for efforts to combat poverty up to 2015.

Appendix 1

What is poverty and who are the poor?

"We have neither land nor work… Some of us have land in the reserve, but we can't transport our products from there because it is too far. It is difficult to carry it, and since I don't have land here, and only in the reserve, I am poor."
From Ecuador

Lack of choices is a key characteristic of poverty

In general, poverty can be said to be the lack of opportunity to live what we consider to be a decent life on the basis of our own judgement and standpoint. The OECD/DAC Guidelines on Poverty Reduction, which are based on a considerable amount of research and experience, are the result of a long process with broad international participation. The Guidelines present poverty as the lack of opportunity to:

- Earn an income, own assets of economic value and have basic material needs met so as to be able to withstand and cope with unexpected events such as natural disasters, violent conflict, major fluctuations in the prices of products, etc. Many people move in and out of poverty and large sections of the world's population live in uncertainty as to what the future will bring.
- Maintain health and acquire a basic education. People need adequate nutrition, clean water and protection from the elements as well as knowledge and reading and writing skills.
- Speak up for oneself, be respected and be heard in one's own community and country. Having rights and being free from oppression and coercion is essential for being able to influence one's own situation and escape from poverty.
- Maintain a sense of social and cultural affiliation and not be isolated. Many of those who are hardest hit by poverty say they feel isolated, are not respected as human beings and do not feel they belong to the society in which they live.

Despite the fact that poverty has many faces, many of which are difficult to quantify, there is a need for a simple, comparable, overall measurement of progress towards poverty reduction. The indicator "a dollar a day" is often used internationally for this purpose. The term must not be interpreted too literally, but designates the value of a set of fundamental goods needed to maintain life, and is adjusted for price variations between countries. Living below this limit is termed absolute or extreme poverty. It is estimated that almost 1.2 billion people live below this limit today. Sometimes people living on less than two dollars a day are defined as poor. On this basis, about 2.8 billion people live in poverty. These figures are very uncertain. If we used the definition at the beginning of this chapter, the number of poor people would be even more difficult to estimate, but it would probably be higher and perhaps include more than half the world's population.

Poor people are not merely passive victims of external circumstances. They are individuals who often possess considerable resources that they use creatively and actively every day in their struggle to survive. The full development and utilization of these resources are, however, inhibited in various ways by social, cultural, technological, political and economic circumstances. The war on poverty is therefore largely a matter of developing and liberating these resources in individuals and social groups by means of measures that target individuals, the country and international conditions.

Most of the poor are women. The situation of children

The UN has calculated that a majority of the people living in absolute poverty are women. Women's access to economic goods and factor inputs is often restricted by cultural, legal and economic structures. Twice as many women as men are illiterate, and child mortality is 28 per cent higher among girls than among boys. Greater gender equality and respect for women's rights are prerequisites for poverty reduction for large population groups. Combating poverty is to a great extent a question of better health and education, political rights and economic opportunities for women.

Children are a particularly vulnerable group. Chronic poverty, armed conflicts and the HIV/AIDS epidemic affect children disproportionately strongly. Their welfare and development are closely linked to their parents' situation. In order to help the family finances, many children are forced to go to work – work that is often detrimental to their health and development. According to the ILO, as many as 250 million children are working, and 50-60 million of them are forced into the worst forms of child labour. This includes a growing number of children who are the victims of trafficking, slave labour and prostitution.

Many children, particularly children in sub-Saharan Africa, have been hard hit by the AIDS epidemic. On a global basis, there are as many as 15 million orphans. Unless we implement effective measures, this number may increase to 40 million orphaned children by 2010. These children are forced to take on demanding responsibilities as carers and breadwinners. They seldom have access to adequate nutrition or education and have very limited possibilities for growing up and developing in a satisfactory manner. Moreover, 1.5 million children have HIV/AIDS, most of them infected by their mothers.

The growing number of armed conflicts is also having a particularly strong impact on children. First of all, armed conflicts limit children's access to basic health, vaccination and education services. The result is often high child mortality and a low literacy rate. Moreover, many children are brutally exploited in armed conflicts. Many are kidnapped and used as child soldiers, many are injured by anti-personnel mines and many live in squalid conditions as refugees.

Most of the poor live in Asia – the proportion of poor people is highest in Africa

The poverty picture is not all negative. Progress has been made in many areas in recent decades. The percentage of people living in absolute poverty in developing countries fell from over 29 per cent in 1990 to 24 per cent in 1998. There has been a decline in relative poverty in all regions except Central Asia, Eastern Europe and sub-Saharan Africa. Average child mortality in developing countries has been reduced by 50 per cent from 1970 to 1997, and average life expectancy increased from 55 to 67 years in the same period.

In spite of the drop in the *proportion* of people living in absolute poverty, the *number* of people living in absolute poverty has continued to rise in all regions of the world where developing countries dominate, except East Asia and the Middle East. In more than 40 developing countries, with a total population of more than 400 million, there has been virtually zero or negative per capita economic growth over the past 30 years. Inequality between the richest and the poorest countries has also increased substantially. The difference between the 20 richest and the 20 poorest countries in the world in terms of per capita GDP has doubled in the past 40 years. The main reason for this is the strong growth that has taken place in the rich part of the world.

The majority of the world's poor do not live in the least developed countries but in poor areas in large countries in Asia and Latin America. Of the 2.8 billion living on less than 2 dollars a day, most live in middle-income countries. Of those living in absolute poverty, 43 per cent live in South Asia alone, while the *proportion* is highest in Africa, where 48 per cent of the population live in absolute poverty. Of the 1.2 billion living in absolute poverty, 800 million live in Asia, while almost 300 million live in Africa.

It is estimated that the world's population will increase by 2 billion people in the course of the next 25 years. The developing countries will account for almost all of this increase. We will move from a world of 6 billion people to one of 8 billion – about 6.5 billion of whom will live in developing countries.

A large proportion of the world's poor will continue to live in rural areas and earn their living from agriculture, either as a main source of income or as a very important secondary source. Poverty reduction will therefore largely be a matter of increasing the returns from agricultural activities and improving income and legal protection for the rural population.

At the same time, urbanization is increasing rapidly, by an average of 3.5 per cent in Africa and 2.4 per cent in Asia. People leave rural areas because of slow growth in agricultural production, poverty, war and natural disasters, and move into towns in search of work, education and a "modern way of life". One in four town dwellers lives below the poverty line. Poverty in towns is different from poverty in rural areas. The social networks in many slum areas are, for example, weaker than they are in rural areas, and crime and social unrest are more common. Towns are part of the monetary economy and people are entirely dependent on a stable income to be able to pay for food, housing, fuel, etc. Indicators for income alone do not therefore provide a satisfactory basis for comparison.

Is there something to be learned from East Asia?

Between 1975 and 1995 the proportion of poor people in East Asia was reduced from 57 per cent to 21 per cent. The number of poor people was more than halved, from 717 million to 346 million people.

The reasons why it has been possible to lift so many people out of poverty vary from country to country, and they have also changed over time. Nonetheless, some features recur, and there are lessons that can be learned by many other poor countries:

- The countries of East Asia opened up to foreign investors and explored new export markets. In a short space of time they managed to achieve substantial savings, a high rate of investment and very rapid economic growth.
- They effectively exploited their own natural resources and new technology.
- There is less disparity in East Asian countries than in many other poor countries. In some countries land reform was consciously used to even out disparities. This meant that a large proportion of the population was able to participate actively in generating growth.
- The agricultural sector was given good framework conditions and an active role in creating economic growth. This was particularly important because the poverty problem was greatest in rural areas.
- The income generated by economic growth was distributed among the population by increasing investment in health and education. Several countries have invested in education, for girls as well as boys.

The causes of poverty are complex

Economic growth and poverty reduction must be ensured through macro-economic stability, including a low, stable inflation rate and reasonably stable exchange rates. To achieve this, it is important that the systems for managing public finances are improved so that there is greater confidence that the resources transferred are being managed properly. Better financial management systems will lay the foundations for the use of broad programmes instead of individual initiatives and small-scale projects.

This must be coupled with sensible and stable framework conditions for the private sector and development and regulation of the financial markets, so that savings can be channelled into investment in productive capital stock. Economic growth and poverty reduction require that people have access to various types of factor inputs, or capital in the broadest sense of the word. This means physical capital, in the form of infrastructure, natural capital, such as land, forests and minerals, financial capital, such as functioning credit and insurance schemes, and human and social capital, in the form of knowledge and skills, good health, solidarity, networks and entrepreneurial initiative. The whole population must be ensured better access to these assets. This is essential to the success of economic development that will benefit the poor.

The causes of poverty vary from country to country and from region to region, and explanations must be based on specific historical and cultural factors. However, there are some key, primary causes:

- In some countries, the population has increased partly because health services have been significantly improved while the high birth rates have not fallen equally rapidly.
- National political systems and government institutions are too weak to steer the country's economic and social policy in a favourable direction.
- There may be undemocratic systems that are often authoritarian, corrupt, and dominated by an elite with control over public and private funds.
- There may be political unrest or war.
- There may be strong pressure on and poor management of the natural environment, resulting in degradation of the resource base.
- Poor countries may have poor operating parameters for markets, including the lack of a well-functioning taxation system, legislation, a well-functioning judicial system, individual property rights and freedom to realize individual potential, a poorly developed financial sector and weak public controlling bodies.
- There may be inadequate allocations to health and basic education, which weakens personal incomes and national economic development. Moreover, in many poor countries diseases such as HIV/AIDS, malaria and tuberculosis are so widespread today that they are a threat to the development process itself. In many countries, women have particularly poor access to education, even though surveys show that educating women is in many cases among the most important measures that can be taken to achieve poverty reduction.

- Infrastructure, such as roads, electricity supply and telecommunications, may be poorly developed, resulting in high production prices that leave the country in a weak competitive position and highly vulnerable to fluctuations in the price of imported energy.
- Agricultural productivity may be too low, prices for agricultural products may be too low and the market system for selling the surplus from agricultural production may be too poorly developed. In addition, many poor people do not own the land they cultivate, resulting in dependency, insecurity and poor access to credit for investment. Women are particularly vulnerable.
- The private sector and trade may be poorly developed. There may be a lack of openness towards other countries and closed economies based on import substitution. State monopolies or manufacturing industries may be in the hands of a few operators, thus preventing competition.
- Social divisions may be strict, with little social mobility.
- There may be no middle class with purchasing power.

For historical reasons there is often an inequitable distribution of technological and organizational expertise. Some countries and regions are at a disadvantage, with weak administrations, weak human, technological and economic resources and stagnation, while others are developing in a positive direction, driven by strong resources and good administrations – and their economies are growing rapidly. While economically developed countries can benefit from trade liberalization, in the form of cheap raw materials and cheap labour, they largely restrict market access for products from developing countries, especially agricultural products, which are often the main source of foreign currency for poor countries. Economically developed countries are favoured in the global marketplace because they have broad-based, in-depth expertise, host the headquarters of most transnational companies, have better access to research and development data and have greater influence in multilateral organizations.

Despite the inequities in global structures, the crucial factor for poverty reduction is ultimately the quality of political decisions, governance and administration in the country concerned. If the political leadership and administrative apparatus in a developing country are unwilling or unable to give priority to poverty reduction, financial support from the international community and international agreements will be of little use. And international experience clearly shows that it is almost impossible to change national economic policy by direct external influence. Reforms must emerge nationally and must take historical, economic and cultural conditions into account. Pressure from external sources seems to have little effect in this context.

Better prospects for Africa?

In the mid-1990s, it appeared that economic growth in Africa was recovering and would stabilize at a higher level for the first time in very many years. Towards the end of the decade, however, there were more setbacks and a new period of very slow economic growth. Economic development has subsequently improved slightly. Developments over the past 10 years illustrate Africa's vulnerability to price fluctuations for a number of key commodities, but first and foremost they show that conflicts and wars are draining the continent of resources and the capacity for growth.

Solving the poverty problem in Africa depends on both strong economic growth and considerable reduction in income disparities within countries. The situation in Africa illustrates how complex the poverty problem is:

- Several African countries were involved in armed conflicts in the 1990s, resulting in large numbers of refugees and internally displaced persons.
- The framework conditions for investment and production are poor. Bureaucracy, corruption and the lack of economic stability are important obstacles to private sector development.
- For many African countries that are highly dependent on a small number of export products, particularly from the agricultural sector, commodity prices on the global market have been unfavourable. In most of these countries, processing of raw materials is very limited.
- The poor are economically, politically and socially marginalized. This means, for example, that they are not active participants in the process of promoting economic growth and prosperity. In most countries there is no policy for levelling out disparities and mobilizing poor population groups.
- HIV/AIDS is extremely widespread. This disease is not only a tragedy for the victims and their families, it also means that businesses and public administrations are drained of valuable resources, weakening the country's ability to generate growth and create social security. These trends need to be reversed to achive the Millennium Development Goals.

Appendix 2

The OECD/DAC Checklist on Policy Coherence for Poverty Reduction

The OECD/DAC Guidelines on Poverty Reduction contain a checklist to be used for reviewing all policy areas that may be important in the efforts to achieve poverty reduction. The following are some of the questions it raises:

- Have poverty reduction objectives been included in positions in international negotiations on trade, agricultural support, financial markets, the environment, governance and conflict prevention?
- Has action been taken to ensure that poor countries actually participate in international negotiations dealing with topics of particular relevance to poverty reduction?
- Have tariff regimes and other trade policy measures (anti-dumping, safety provisions, technical barriers to trade) taken objectives for poverty reduction into account?
- Are subsidies for the energy, agricultural or fisheries sectors being considered in the light of the impact they may have on poor countries?
- Are country-of-origin provisions being implemented in such a way that they support globalization of the production of various goods and services?
- Have national product standards been set solely to meet safety and environmental requirements or do they have underlying protectionist reasons?
- Has the country contributed to the development of an international system for monitoring and preventing financial crises?
- Does the country participate in debt relief measures for poor countries?
- Has adequate emphasis been given to the coordination of technical assistance so that the interests of the poorest countries are taken into account?
- Has the country contributed towards greater use of information technology in poor countries?
- Does the country take part in medical research programmes focused on diseases that are particularly problematic in poor countries?
- Does the country seek to avoid using its own surplus of agricultural products for famine relief?
- Does the country follow the principle that weapons that are exported should not be used in conflicts?
- Does the country work to bring about a more coordinated response from the international community in relation to wars and crises?
- Does the country take part in action to support democracy and good governance in poor countries?
- Has a national policy been established to combat the use of bribery by the country's own companies in poor countries?

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